

## EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

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

for the financial period ended 30 September 2024 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2024 RM'000	Preceding year corresponding quarter ended 30/9/2023 RM'000	Current year- to-date 30/9/2024 RM'000	Preceding year- to-date 30/9/2023 RM'000
<b>Revenue</b>	<b>139,781</b>	<b>158,382</b>	<b>449,377</b>	<b>448,367</b>
Operating expenses	(136,070)	(150,196)	(423,589)	(424,745)
Depreciation and amortisation	(5,916)	(7,105)	(19,666)	(19,503)
Other income	3,205	1,584	8,910	20,353
<b>Results from operating activities</b>	<b>1,000</b>	<b>2,665</b>	<b>15,032</b>	<b>24,472</b>
Finance costs	(2,882)	(2,345)	(8,766)	(8,646)
Finance income	45	97	203	470
Net finance costs	(2,837)	(2,248)	(8,563)	(8,176)
Share of profit of equity-accounted joint venture, net of tax	420	744	1,941	1,992
<b>(Loss)/Profit before tax</b>	<b>(1,417)</b>	<b>1,161</b>	<b>8,410</b>	<b>18,288</b>
Taxation	3,073	(753)	358	(1,010)
<b>Profit for the period</b>	<b>1,656</b>	<b>408</b>	<b>8,768</b>	<b>17,278</b>
<b>Total comprehensive income for the period</b>	<b>1,656</b>	<b>408</b>	<b>8,768</b>	<b>17,278</b>
<b>Profit attributable to :</b>				
Owners of the Company	1,891	408	9,356	17,278
Non-controlling interests	(235)	-	(588)	-
<b>Profit for the period</b>	<b>1,656</b>	<b>408</b>	<b>8,768</b>	<b>17,278</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	1,891	408	9,356	17,278
Non-controlling interests	(235)	-	(588)	-
<b>Total comprehensive income for the period</b>	<b>1,656</b>	<b>408</b>	<b>8,768</b>	<b>17,278</b>
Earnings per ordinary share (sen):				
Basic	0.86	0.19	4.25	7.85
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 2023 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 30 September 2024 - (Unaudited)

	30/9/2024 (Unaudited) RM'000	31/12/2023 (Audited) RM'000
<b>Assets</b>		
Property, plant and equipment	245,698	214,200
Right-of-use assets	3,653	6,526
Investment properties	14,417	14,417
Intangible assets	84,435	84,597
Investment in a joint venture	479	751
Inventories	54,857	54,847
Deferred tax assets	3,079	3,079
<b>Total non-current assets</b>	<b>406,618</b>	<b>378,417</b>
Inventories	48,221	63,684
Trade and other receivables	49,039	76,478
Contract assets	12,958	32,014
Current tax assets	2,272	2,540
Prepayments and other assets	8,276	7,550
Other investment	2,955	2,955
Cash and cash equivalents	47,435	53,967
<b>Total current assets</b>	<b>171,156</b>	<b>239,188</b>
<b>Total assets</b>	<b>577,774</b>	<b>617,605</b>
<b>Equity</b>		
Share capital	218,932	218,932
Reserves	95,806	86,450
<b>Equity attributable to owners of the Company</b>	<b>314,738</b>	<b>305,382</b>
<b>Non-controlling interests</b>	<b>(2,148)</b>	<b>(1,560)</b>
<b>Total equity</b>	<b>312,590</b>	<b>303,822</b>
<b>Liabilities</b>		
Loan and borrowings	25,168	39,389
Lease liabilities	2,244	3,139
Deferred income	1,681	1,822
Deferred tax liabilities	1,988	5,259
<b>Total non-current liabilities</b>	<b>31,081</b>	<b>49,609</b>
Loan and borrowings	129,362	148,343
Lease liabilities	2,303	4,703
Deferred income	188	188
Contract liabilities	8,341	6,460
Current tax liabilities	2,702	1,726
Provision for warranties	230	186
Trade and other payables	90,977	102,568
<b>Total current liabilities</b>	<b>234,103</b>	<b>264,174</b>
<b>Total liabilities</b>	<b>265,184</b>	<b>313,783</b>
<b>Total equity and liabilities</b>	<b>577,774</b>	<b>617,605</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.43</b>	<b>1.38</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**EP MANUFACTURING BHD.**

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity**

for the financial period ended 30 September 2024 - (Unaudited)

<----- Attributable to equity holders of the Company ----->  
*Non Distributable    Distributable*

	Share Capital RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>At 1 January 2024</b>	218,932	86,450	305,382	(1,560)	303,822
Profit for the period	-	9,356	9,356	(588)	8,768
Total comprehensive income for the period	-	9,356	9,356	(588)	8,768
<b>At 30 September 2024</b>	218,932	95,806	314,738	(2,148)	312,590
<b>At 1 January 2023</b>	218,932	64,921	283,853	(252)	283,601
Profit for the period	-	17,278	17,278	-	17,278
Total comprehensive income for the period	-	17,278	17,278	-	17,278
<b>At 30 September 2023</b>	218,932	82,199	301,131	(252)	300,879

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 2023 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 period ended 30 September 2024 - (Unaudited)

	9 months Ended 30/9/2024 RM'000	9 months Ended 30/9/2023 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	8,410	18,288
Adjustments for:		
Non-cash items	20,251	22,502
Non-operating items	7,966	7,942
Gain on disposal of assets classified as held for sale	-	(12,534)
Share of profit of equity-accounted joint venture, net of tax	(1,941)	(1,992)
<b>Operating profit before changes in working capital</b>	<b>34,686</b>	<b>34,206</b>
<b>Changes in working capital:</b>		
Inventories	12,253	(6,997)
Trade and other receivables, prepayments and other assets	29,097	(23,399)
Trade and other payables	(10,805)	(11,837)
Contract liabilities	1,881	8,168
Contract assets	19,056	1,842
<b>Cash generated from operations</b>	<b>86,168</b>	<b>1,983</b>
Interest paid	(5,427)	(5,429)
Tax (paid)/refund	(1,669)	2,099
Warranties paid	(81)	(75)
<b>Net cash from/(used in) operating activities</b>	<b>78,991</b>	<b>(1,422)</b>
<b>Cash flows from investing activities</b>		
Development costs	(6)	615
Acquisition of property, plant and equipment	(47,449)	(25,141)
Dividend received from a joint venture	2,213	1,782
Interest received	203	470
Proceeds from disposal of assets classified as held for sale	-	15,562
Proceeds from disposal of property, plant and equipment	42	-
<b>Net cash used in investing activities</b>	<b>(44,997)</b>	<b>(6,712)</b>
<b>Cash flows from financing activities</b>		
Net repayment of bankers' acceptances	(12,544)	(2,739)
Net (repayment)/drawdown of term loans	(20,432)	17,725
Interest paid	(3,339)	(3,398)
Payment of lease liabilities	(3,985)	(2,527)
Net repayment of other bank facilities	(152)	(235)
<b>Net cash (used in)/from financing activities</b>	<b>(40,452)</b>	<b>8,826</b>
Net (decrease)/increase in cash and cash equivalents	(6,458)	692
Cash and cash equivalents at beginning of the year	45,103	51,949
Cash and cash equivalents at end of the period	<b>38,645</b>	<b>52,641</b>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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

Short-term deposits	4,101	12,086
Cash and bank balances	43,334	49,294
Cash and cash equivalents in the statements of financial positions	47,435	61,380
Bank overdraft	(8,790)	(8,739)
Cash and cash equivalents in the statements of cash flows	<b>38,645</b>	<b>52,641</b>

# EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2024

## 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 2024 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 2023. 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 2023.

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 2023 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”):

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Supplier Finance Arrangements*

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

# EP MANUFACTURING BHD.

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Interim Financial Report for the Third Quarter ended 30 September 2024

## A1. Basis of preparation (continued)

The Group has not applied the following accounting standards, interpretations and amendments which have been issued as at the end of reporting period but are not yet effective:

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025**

- Amendments to MFRS 121, *The Effect of Changes in Foreign Exchange Rates - Lack of Exchangeability*

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2026**

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2027**

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

### **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 initial application of the above accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

## A2. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2023 was not subject to any qualification.

# **EP MANUFACTURING BHD.**

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## **A3. 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.

## **A4. Material changes in estimates**

There were no significant estimates or changes in estimates that have had any material effect on the results of the financial period-to-date.

## **A5. Changes in the composition of the Group**

There were no major changes in the composition of the Group for the quarter under review and up to the date of this report.

## **A6. Seasonality or cyclicity of operations**

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

## **A7. 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.

## **A8. 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.

## **A9. Material impairment of assets**

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

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## A10. Capital commitments

Capital commitments not provided for in the financial statements as at 30 September 2024 are as follows:

	RM'000
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>18,389</u>

## A11. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2023 are summarised as follows:-

	RM'000
Balance as at 31 December 2023	73,723
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>(16,548)</u>
Balance as at 30 September 2024	<u>57,175</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.

## A12. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review.

## 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 event subsequent to the end of the financial year

Save as disclosed in Note B6 of this report on the status of Corporate Proposals, there was no other material event subsequent to the current quarter ended 30 September 2024 up to the date of this report.



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Interim Financial Report for the Third Quarter ended 30 September 2024

## A15. 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 30/9/2024 RM'000	Preceding year corresponding quarter ended 30/9/2023 RM'000	Amount RM'000	%	Current year-to-date 30/9/2024 RM'000	Preceding year-to- date 30/9/2023 RM'000	Amount RM'000	%
Revenue	139,781	158,382	(18,601)	(11.7)	449,377	448,367	1,010	0.2
Operating profit	1,420	3,409	(1,989)	(58.3)	16,973	26,464	(9,491)	(35.9)
(Loss)/Profit before tax	(1,417)	1,161	(2,578)	(222.0)	8,410	18,288	(9,878)	(54.0)
Profit after tax	1,656	408	1,248	305.9	8,768	17,278	(8,510)	(49.3)
Profit attributable to owners of the Company	1,891	408	1,483	363.5	9,356	17,278	(7,922)	(45.9)

For the quarter ended 30 September 2024, the Group recorded a lower revenue of RM139.8mil, a decrease of RM18.6mil or 11.7% compared with revenue of RM158.4mil in the corresponding quarter ended 30 September 2023. The lower revenue in current quarter was mainly due to different sales product mix as compared to Q3'2023.

Consequently, the Group recorded loss before tax of RM1.4mil as compared to profit before tax of RM1.2mil in the preceding year corresponding quarter. However, the Group recorded profit after tax of RM1.7mil after reversal of overprovision of tax in the preceding year.

For the nine months ended 30 September 2024, the Group recorded higher revenue of RM449.4mil, an increase of RM1.0mil or 0.2% compared with revenue of RM448.4mil in the same period last year. The higher revenue was mainly due to higher demand from the Group's OEM customers in first half of current year.

For the nine months ended 30 September 2024, the Group's profit before tax was RM8.4mil compared to corresponding period in preceding year of RM18.3mil. The Group recorded higher profit before tax in year-to-date ended 30 September 2023 was mainly due to gain on disposal of assets of RM12.5mil.

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## B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 30/9/2024	Immediate preceding quarter ended 30/6/2024	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	139,781	144,833	(5,052)	(3.5)
Operating profit	1,420	5,138	(3,718)	(72.4)
(Loss)/Profit before tax	(1,417)	2,275	(3,692)	(162.3)
Profit after tax	1,656	2,676	(1,020)	(38.1)
Profit attributable to owners of the Company	1,891	2,893	(1,002)	(34.6)

The Group's revenue decreased quarter-on-quarter ("QoQ") by 3.5% in Q3'2024 from RM144.8 mil in Q2'2024 to RM139.8 million, mainly due to different sales product mix as compared to Q2'2024.

In line with the decreased in sales volume and unfavorable sales mix, the Group recorded loss before tax of RM1.4mil as compared to profit before tax of RM2.3mil in the preceding quarter.

## B3. Prospects for the financial year

The Group is positioning itself as a contract vehicle assembler in automotive assembly industry. The strategic decision to move upstream is intended to ensure the growth and sustainability of the Group moving forward. Alongside the strategic move into contract vehicle assembly business, the Group will continue to strengthen its existing business in manufacturing of automotive parts components which is expected to contribute positively to the Group's financial results.

The strategic collaborations with Great Wall Motor ("GWM") and BAIC International Development Co., Ltd ("BAIC") may also provide future business opportunities to the Group, which may include the manufacturing of automotive parts and components for GWM and BAIC, among others.

## B4. Profit forecast or profit guarantee

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

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## B5. Taxation

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2024 RM'000	Preceding year corresponding quarter ended 30/9/2023 RM'000	Current year- to-date 30/9/2024 RM'000	Preceding year-to- date 30/9/2023 RM'000
<b>Income tax:</b>				
-Current year	470	1,206	6,288	1,463
-Prior years	(3,375)	25	(3,375)	25
	<u>(2,905)</u>	<u>1,231</u>	<u>2,913</u>	<u>1,488</u>
<b>Deferred tax:</b>				
-Current year	(168)	(478)	(3,271)	(478)
-Prior years	-	-	-	-
	<u>(168)</u>	<u>(478)</u>	<u>(3,271)</u>	<u>(478)</u>
	<b><u>(3,073)</u></b>	<b><u>753</u></b>	<b><u>(358)</u></b>	<b><u>1,010</u></b>

The Group's effective tax rate (excluding the results of joint ventures, which is equity accounted net of tax) for the current year quarter was higher than the statutory tax rate mainly due to certain expenses are not tax deductible.

## B6. Status of corporate proposals

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

On 11 September 2024, Maybank Investment Bank Berhad ("Maybank IB") on behalf of the Board of Directors of EP Manufacturing Bhd ("EPMB") announced that the Company proposes to undertake the followings:

i) Proposed Placement

proposed placement of 66,084,878 new ordinary shares in EPMB ("EPMB Shares"), representing approximately 30% of the total number of issued EPMB Shares ("Proposed Placement"); and

ii) Proposed Employees' Share Grant Plan

proposed establishment of an employees' share grant plan of up to 5% of the total number of issued EPMB Shares ("Proposed SGP").

(The Proposed Placement and the Proposed SGP are collectively referred to as the "Proposals")

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Interim Financial Report for the Third Quarter ended 30 September 2024

## **B6. Status of corporate proposals (continued)**

On 30 October 2024 the Company announced that Bursa Securities had, vide its letter dated 30 October 2024, resolved to approve the following:

- (i) Listing and quotation of 66,084,878 new ordinary shares to be issued pursuant to the Proposed Placement; and
- (ii) Listing and quotation of such number of new ordinary shares, representing up to 5% of the total number of issued EPMB shares to be issued pursuant to the Proposed SGP.

The approval by Bursa Securities for the Proposed Placement and Proposed SGP is subject to, among others, the following conditions:

- (i) EPMB and Maybank IB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) at all times pertaining to the implementation of the Proposed Placement and Proposed SGP;
- (ii) Maybank IB to inform Bursa Securities upon the completion of the Proposed Placement;
- (iii) Maybank IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Placement is completed;
- (iv) Maybank IB to submit a confirmation to Bursa Securities of full compliance of the Proposed SGP pursuant to the Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation, together with the following:
  - (a) A certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed SGP; and
  - (b) Letter of compliance in relation to the By-Laws pursuant to Paragraph 2.12 of the Listing Requirements together with copy of the final By-Laws; and
- (v) EPMB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed SGP as the end of each quarter together with a detail computation of listing fees payable.

Extraordinary General Meeting was conducted on 21 November 2024 and the corporate proposals were duly approved.

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## B7. Memorandums and Agreements

- i) Memorandum of Understanding between EP Manufacturing Bhd with SJQ Investments LLC ("SJQ"), CVI Kildsen Sdn Bhd ("CK") and Sharkgulf Technologies Group Limited ("Sharkgulf")

On 19 September 2022 the Board of Directors announced that the Company had on 15 September 2022 entered into a Memorandum of Understanding ("MOU") with SJQ, CK and Sharkgulf to form a strategic cooperation with one another for the expansion and development of 2-Wheel EVs and other related products in the Middle East market (hereinafter referred to as the "Strategic Cooperation").

Up to the date of this report, there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

- ii) Exclusive Distributor Agreement between EP 4Wheeler Sdn Bhd ("EP4W") and Hubei Dongfeng Power Auto Trade Co., Ltd and Xiamen Tsingyan Hylong Motor Technology Co., Ltd ("Tsingyan")

On 28 December 2022 the Board of Directors announced that its wholly owned subsidiary, EP 4Wheeler Sdn Bhd ("EP4W" or the "Distributor") has on 27 December 2022 entered into an Exclusive Distributor Agreement with Hubei Dongfeng Power Auto Trade Co., Ltd. and Tsingyan for the exclusive right granted by Tsingyan to assemble and sell the right-hand drive LINGBOX Auto Products under the brand name and marks of LINGBOX Auto, Qingyan Hailong or EP4W's own auto mark in Malaysia and Indonesia for a period of five (5) years commencing from 1 January 2023 and expiring on 31 December 2027 and shall be automatically renewed for a further period of five (5) years, subject to the terms and conditions as set out in the Exclusive Distributor Agreement.

Up to the date of this report, there is no material development pertaining to the above. Any material and significant development will be updated accordingly.

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## B7. Memorandums and Agreements (continued)

- iii) Master Agreement for the supply of product between Averte Global Pte Ltd, Blueshark Group Limited and EP Blueshark Sdn Bhd ("EPBS")

On 9 January 2023 the Board of Directors announced that EPBS had entered into a master agreement ("Master Agreement") with Averte Global Pte Ltd and Blueshark Group Limited to collaborate to form a strategic cooperation with one another for the purposes of capturing the e-MotorBike business opportunities in Indonesia and Vietnam.

Up to the date of this report, there is no material development pertaining to the Agreement. Any material and significant development will be updated accordingly.

## B8. Material Litigation

The Plaintiff VMG Transport (M) Sdn.Bhd. ("VMG") has instituted a civil suit against Peps-JV (Melaka) Sdn.Bhd. ("Peps-JV") for an alleged breach of transportation agreement. Peps-JV had filed its defence and counterclaim in response to the suit.

Peps-JV had entered into a transport agreement with VMG to provide transport services to deliver automotive parts to the Peps-JV's client and time is of the essence. As a result of VMG's unilateral stopping of their transportation services without notice to deliver the Peps-JV's automotive parts during critical time, at that material time Peps-JV was compelled to terminate the said transport agreement with the VMG based on repudiatory breach of the said transport agreement as Peps-JV is contractually bound to pay a penalty under the contract between the Peps-JV and its client.

Peps-JV had to appoint another company to replace VMG to deliver its automotive parts to its client in order to avoid the said contractual penalty. Dissatisfied with the termination, VMG filed the said suit claiming a judgment sum of RM1,917,495.86 for an alleged unpaid invoice ("Judgment Sum Claim") and special damages amounting to RM10,929,689.99, together with interests and costs ("Special Damages Claim"). Peps-JV counterclaimed for damages sustained amounting to RM1,511,984.50 for the said repudiatory breach of the said transportation agreement by VMG.

The Company's Board of Directors have been advised by the Peps-JV solicitors that Peps-JV has a high chance of success in having VMG's claim dismissed on the ground of the said repudiatory breach; and its counterclaim allowed.

The trial for this case was conducted on 24.11.2021, 7.12.2021 and 26.10.2023; and oral submissions were heard on 7.6.2024.

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## **B8. Material Litigation (continued)**

On 13 September 2024, the High Court of Melaka made the following decisions (“High Court Decisions”):

- (a) the Judgement Sum Claim was allowed;
- (b) the Special Damages Claim was dismissed,
- (c) the nominal damages of RM30,000.00 were granted to VMG for alleged wrongful termination of the Transportation Agreement;
- (d) Peps-JV Counterclaim was dismissed; and
- (e) the costs of RM10,000.00 were awarded to VMG.

An interim stay of execution of the High Court Decisions was granted until the full and final disposal of the hearing of the imminent stay application by Peps-JV against the High Court Decisions.

On 11 October 2024, Peps-JV filed a notice of appeal against parts of the High Court Decisions (i) allowing the Judgment Sum Claim; (ii) the dismissal of the Peps-JV Counterclaim; and (iii) the order as to costs set out in item (e) above (“Peps-JV’s Appeal”).

On 14 October 2024, VMG filed a notice of appeal against the High Court Decisions dismissing the Special Damages Claim (“VMG’s Appeal”).

As at the date of this report, Peps-JV is still awaiting the draft judgment of the High Court of Melaka from VMG’s lawyers which will set out the definitive sums awarded.

The Company will make an announcement as and when there is any material development in the matter.

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## B9. Loans and borrowings

	As at 30/9/2024 RM'000	As at 30/9/2023 RM'000
<b>Non- Current</b>		
Term loans	24,940	47,180
Other bank facilities	228	400
<b>Total</b>	<b>25,168</b>	<b>47,580</b>
<b>Current</b>		
Term loans	22,319	23,389
Banker's acceptance	73,098	86,922
Revolving credit	25,000	25,000
Bank overdraft	8,790	8,739
Other bank facilities	155	203
<b>Total</b>	<b>129,362</b>	<b>144,253</b>
<b>Total loans and borrowings</b>	<b>154,530</b>	<b>191,833</b>

Borrowings are secured and denominated in Ringgit Malaysia.

Loans and borrowings of the Group decreased to RM154.5mil as at 30 September 2024 as compared to RM191.8mil as at 30 September 2023 mainly due to lower utilisation of Banker's acceptances and repayment of term loans.

The weighted average interest rate of borrowings is 6.19% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 30/9/2024 RM'000	As at 30/9/2023 RM'000
Fixed interest rate borrowings	119,095	151,036
Floating interest rate borrowings	35,435	40,797
<b>Total loans and borrowings</b>	<b>154,530</b>	<b>191,833</b>



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## B10. 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 2024.

## B11. Dividend

The Board of Directors does not declare any dividend for the current quarter ended 30 September 2024.

## B12. 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 30/9/2024	Preceding year corresponding quarter ended 30/9/2023	Current year-to-date 30/9/2024	Preceding year-to-date 30/9/2023
Profit for the period attributable to owners of the Company (RM'000)	1,891	408	9,356	17,278
Weighted average number of ordinary shares ('000)	220,283	220,123	220,283	220,123
Basic earnings per share (sen)	0.86	0.19	4.25	7.85
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.

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Interim Financial Report for the Third Quarter ended 30 September 2024

## B13. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended	Preceding year corresponding quarter ended	Current year-to-date	Preceding year-to-date
	30/9/2024 RM'000	30/9/2023 RM'000	30/9/2024 RM'000	30/9/2023 RM'000
Finance income	45	97	203	470
Other income	3,205	1,584	8,910	<sup>(N1)</sup> 20,353
Finance costs	(2,882)	(2,345)	(8,766)	(8,646)
Depreciation and amortisation	(5,916)	(7,105)	(19,666)	(19,503)
Inventories written off	(22)	-	(3,101)	(228)
Impairment loss on trade receivables	-	(1,824)	-	(3,220)
Reversal of impairment loss on trade and other receivables	500	-	2,615	-
Allowance for slow moving inventories	(162)	-	(458)	-
Reversal of allowance for slow moving inventories	-	327	358	327
Gain on disposal of property, plant and equipment	42	-	42	-
Foreign exchange gain/(loss)	(1,508)	506	(1,350)	379

*N1 – Includes gain on disposal of asset classified as held for sale (Glenmarie properties) of RM12,534,000.*

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.

Lim Seck Wah  
Company Secretary  
Shah Alam  
Date: 22 November 2024