

**EP Manufacturing Bhd.**  
(Company No. 390116-T)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the year  
ended 31 December 2006**

## **EP Manufacturing Bhd.**

(Company No. 390116-T)

(Incorporated in Malaysia)

### **and its subsidiaries**

## **Directors' report for the year ended 31 December 2006**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2006.

### **Principal activities**

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### **Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net profit for the year	2,876	2,566

### **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

### **Dividends**

Since the end of the previous financial year, the Company paid:

- i) a third interim tax exempt dividend of 1.5% totalling RM1,842,824 in respect of the year ended 31 December 2005 on 19 May 2006; and
- ii) a final tax exempt dividend of 1.5% totalling RM1,863,477 on 30 August 2006 in respect of the year ended 31 December 2005.

The Directors do not recommend any final dividend to be paid for the period ended 31 December 2006.

## Directors of the Company

Directors who served since the date of the last report are:

Hamidon bin Abdullah  
 Y.B. Dato' Ibrahim Hussein @ Ibrahim bin Nyar Hussin  
 Shaari bin Haron  
 Dr. Linden Hamidon Nee Fong  
 Hew Voon Foo

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

**Number of ordinary shares of RM1 each or shares  
 to be issued arising from the exercise of  
 EPMB ICUPS, EPMB RCSPS and EPMB warrants**

	At 1.1.2006	Bought/ Converted	Sold/ Converted	At 31.12.2006
Shareholdings in which Directors have direct interest				
Interest in EP Manufacturing Bhd. ("EPMB"):				
Ordinary shares				
Hamidon bin Abdullah	7,047,133	1,400,000	-	8,447,133
Dr. Linden Hamidon Nee Fong	1,236,967	-	-	1,236,967
Y.B. Dato' Ibrahim Hussein @ Ibrahim bin Nyar Hussin	50,000	-	-	50,000
Shaari bin Haron	20,000	-	-	20,000
Shareholdings in which Directors have deemed interest				
Hamidon bin Abdullah				
- deemed interest*	29,801,967	-	-	29,801,967
- deemed interest**	1,236,967	-	-	1,236,967
Dr. Linden Hamidon Nee Fong				
- deemed interest**	36,849,100	1,400,000	-	38,249,100

Company No. 390116-T
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**Number of ordinary shares of RM1 each or shares  
to be issued arising from the exercise of  
EPMB ICUPS, EPMB RCSPS and EPMB warrants**

	At 1.1.2006	Bought/ Converted	Sold/ Converted	At 31.12.2006
<b>Irredeemable Convertible</b>				
<b>Unsecured Preference Shares ("EPMB ICUPS")</b>				
<b>Hamidon bin Abdullah</b>				
- deemed interest**	73,934	-	-	73,934
- deemed interest***	35,416,866	-	-	35,416,866
<b>Dr. Linden Hamidon Nee Fong</b>				
- direct interest	73,934	-	-	73,934
- deemed interest**	35,416,866	-	-	35,416,866
<b>Redeemable Convertible</b>				
<b>Secured Preference Shares ("EPMB RCSPS")</b>				
<b>Hamidon bin Abdullah</b>				
- deemed interest**	18,484	-	-	18,484
<b>Dr. Linden Hamidon Nee Fong</b>				
- direct interest	18,484	-	-	18,484
<b>EPMB Warrants</b>				
<b>Hamidon bin Abdullah</b>				
- direct interest	4,979,000	-	-	4,979,000
- deemed interest**	18,484	-	-	18,484
<b>Dr. Linden Hamidon Nee Fong</b>				
- direct interest	18,484	-	-	18,484
- deemed interest**	4,979,000	-	-	4,979,000
<b>Y.B. Dato' Ibrahim Hussein</b>				
@ Ibrahim bin Nyar Hussin	25,000	-	-	25,000
<b>Shaari bin Haron</b>				
	10,000	-	-	10,000

\* Deemed interested by virtue of his substantial shareholdings in EP Properties (M) Sdn. Bhd. and Mutual Concept Sdn. Bhd., the registered owner of the shares in the Company.

\*\* Deemed interest in each others' shareholdings by virtue of their spousal relationship.

\*\*\* Deemed interested by virtue of his substantial shareholdings in Mutual Concept Sdn. Bhd.

Company No. 390116-T
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By virtue of their interests in the shares of the Company, Hamidon bin Abdullah, Dr. Linden Hamidon Nee Fong, Y.B. Dato' Ibrahim Hussein @ Ibrahim bin Nyar Hussin and Shaari bin Haron are also deemed interested in the shares of the subsidiaries during the financial year to the extent that EPMB has an interest.

The other Director holding office at 31 December 2006 had no interest in the ordinary shares of the Company and its related corporations during the financial year.

## **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **Issue of shares and debentures**

During the financial year, 3,133,426 EPMB ICUPS of RM0.10 each and 405,960 EPMB RCSPS of RM0.10 each were converted into 1,566,713 and 202,980 ordinary shares respectively.

There were no other changes in the authorised, issued and paid up capital of the Company during the financial year.

## **Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the outstanding warrants (as disclosed below), EPMB ICUPS and EPMB RCSPS.

The warrants are in registered form and constituted by a Deed Poll and entitle the registered holders to subscribe for One (1) new ordinary share of RM1.00 in the Company at a price of RM1.00 per ordinary share for every warrant held at any time during the five (5) year subscription period expiring on 3 September 2008. At the end of the financial year, 20,730,000 warrants remained unexercised.

Company No. 390116-T

At the end of the financial year, 80,912,000 EPMB ICUPS and 2,331,207 EPMB RCSPS remained unexercised.

The EPMB ICUPS, EPMB RCSPS and warrants holders are not entitled to participate in any share issue of any other company.

At an Extraordinary General Meeting held in June 2002, the Company's shareholders approved the establishment of an employees' share option scheme ("ESOS") of not more than 10% of the issued share capital of the Company at the date of offer, to eligible Directors and employees of the Group. At the date of this report, no options have been granted to any person pursuant to the ESOS. The ESOS will expire on 16 December 2007.

The salient features of the ESOS are as follows:

- i) Eligible employees are those who have been confirmed in writing as employees of the Group at the date of the offer and have attained the age of eighteen (18) years.
- ii) The option is personal to the grantee and is non-assignable.
- iii) The option price shall be determined by the weighted average market price of the Company's ordinary shares as shown in the daily official list of Bursa Malaysia Securities Berhad for the five market days immediately preceding the respective dates of the offer with an allowance for a discount of not more than ten per centum (10%) at the Option Committee's discretion or at the par value of the Company's ordinary shares, whichever is higher.
- iv) The options granted may be exercised at any time within a period of five (5) years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.
- v) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.
- vi) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

## **Other statutory information**

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the effects arising from the change in accounting policies arising from the adoption of FRS 123, borrowings costs as disclosed in Note 30, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### **Significant events during the year**

- a) On 4 January 2006, EPMB entered into a Sale and Purchase Agreement to acquire 2,000,000 ordinary shares of RM1.00 each representing 10% of the equity interest in PEPS-JV (M) Sdn. Bhd. ("PEPS-JV") for a total cash consideration of RM13,590,000 from Esanda Limited. Subsequently, EPMB owned 89.5% equity interest of PEPS-JV.

## Significant events during the year (continued)

- b) On 31 May 2006, EPMB via EP Polymers (M) Sdn. Bhd., a wholly owned subsidiary of EPMB, signed a Memorandum of Understanding ("MoU") with Teck See Plastic Sdn. Bhd., to form a separate business entity ("Newco") that will provide the parties with a platform for future growth in the automotive industry. Newco has not been incorporated as at 31 December 2006.
- c) On 2 October 2006, EPMB acquired the entire equity interest of Advance Product Systems Sdn. Bhd. from its wholly owned subsidiary, Fundwin Sdn. Bhd. for a purchase consideration of RM4,626,000.

## Subsequent events

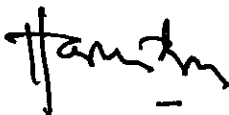
From 19 January 2007 to 9 February 2007, 34,000 EPMB ICUPS of RM0.10 each at an issue price of RM0.50 per EPMB ICUPS and 21,000 EPMB RCSPS of RM0.10 each at an issue price of RM0.50 per EPMB RCSPS were converted into 17,000 and 10,500 ordinary shares of RM1.00 each respectively.

On 27 April 2007, the Company announced that it had entered into a sale and purchase agreement ("SPA") with Hamidon bin Abdullah (being a related party), Ahmad Kamaruzaman bin Mohamed Baria and Anthony Buxton Dix for the acquisition of the entire issued and paid up share capital of Circle Ring Network Sdn. Bhd. representing 1,250,000 ordinary shares of RM1.00 each for a total cash consideration of RM38,500,000.

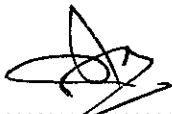
## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....  
**Hamidon bin Abdullah**



.....  
**Hew Voon Foo**

Kuala Lumpur,

Date: 30 April 2007



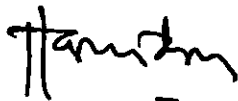
**EP Manufacturing Bhd.**

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

**and its subsidiaries****Statement by Directors pursuant to Section 169(15)  
of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 12 to 77 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....  
**Hamidon bin Abdullah**



.....  
**Hew Voon Foo**

Kuala Lumpur,

Date: 30 April 2007

**EP Manufacturing Bhd.**

(Company No. 390116-T)

(Incorporated in Malaysia)

**and its subsidiaries****Statutory declaration pursuant to  
Section 169(16) of the Companies Act, 1965**

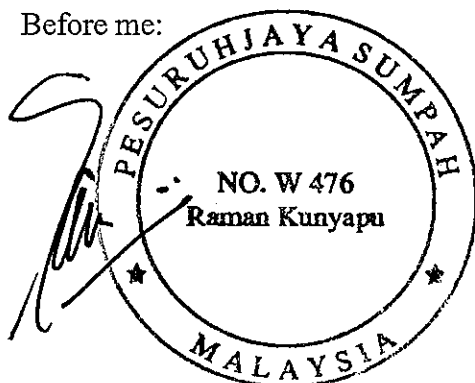
I, **Hew Voon Foo**, the Director primarily responsible for the financial management of EP Manufacturing Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 30 April 2007.



.....  
**Hew Voon Foo**

Before me:



Unit No 50-8-1, Tkt 10  
Wisma UOA Damansara  
50 Jalan Dungun  
Damansara Heights  
50490 Kuala Lumpur

**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Wisma KPMG  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur, Malaysia

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## **Report of the auditors to the members of EP Manufacturing Bhd.**

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

We have audited the financial statements set out on pages 12 to 77. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

Company No. 390116-T

The subsidiaries in respect of which we have not acted as auditors are identified in Note 4 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



**KPMG**  
Firm Number: AF 0758  
Chartered Accountants



**Siew Chin Kiang @ Seow Chin Kiang**  
Partner  
Approval Number: 2012/11/08(J)

Kuala Lumpur,

Date: 30 April 2007

## EP Manufacturing Bhd.

(Company No. 390116-T)

(Incorporated in Malaysia)

### and its subsidiaries

#### Balance sheets as at 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000
<b>Assets</b>					
Property, plant and equipment	3	304,354	215,341	36,386	42,624
Investments in subsidiaries	4	-	-	185,673	167,458
Other investments	5	13	13	-	-
Intangible assets	6	91,277	88,224	-	-
Deferred tax assets	7	3,665	3,665	-	-
Advances to subsidiaries	8	-	-	140,215	106,568
<b>Total non-current assets</b>		<b>399,309</b>	<b>307,243</b>	<b>362,274</b>	<b>316,650</b>
Receivables, deposits and prepayments	8	77,801	97,459	28,035	16,339
Inventories	9	27,686	27,502	-	-
Current tax assets		725	966	42	19
Cash and cash equivalents	10	30,164	33,084	2,071	1,307
<b>Total current assets</b>		<b>136,376</b>	<b>159,011</b>	<b>30,148</b>	<b>17,665</b>
<b>Total assets</b>		<b>535,685</b>	<b>466,254</b>	<b>392,422</b>	<b>334,315</b>
<b>Equity</b>					
Share capital	11	131,528	130,065	131,528	130,065
Reserves	11	70,663	75,644	45,439	50,504
<b>Total equity attributable to shareholders of the Company</b>		<b>202,191</b>	<b>205,709</b>	<b>176,967</b>	<b>180,569</b>
Minority interest	12	10,015	18,531	-	-
<b>Total equity</b>		<b>212,206</b>	<b>224,240</b>	<b>176,967</b>	<b>180,569</b>

## Balance sheets as at 31 December 2006 (continued)

	Note	Group		Company	
		2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000
<b>Liabilities</b>					
Borrowings	13	175,014	114,067	147,668	113,909
Deferred tax liabilities	7	4,176	2,541	1,332	1,197
<b>Total non-current liabilities</b>		<u>179,190</u>	<u>116,608</u>	<u>149,000</u>	<u>115,106</u>
Payables and accruals	14	47,019	65,187	44,838	27,177
Borrowings	13	96,016	57,377	21,000	9,000
Current tax liabilities		318	105	-	-
Provision for warranties	15	319	274	-	-
Dividend payable		617	2,463	617	2,463
<b>Total current liabilities</b>		<u>144,289</u>	<u>125,406</u>	<u>66,455</u>	<u>38,640</u>
<b>Total liabilities</b>		<u>323,479</u>	<u>242,014</u>	<u>215,455</u>	<u>153,746</u>
<b>Total equity and liabilities</b>		<u>535,685</u>	<u>466,254</u>	<u>392,422</u>	<u>334,315</u>

The notes on pages 24 to 77 are an integral part of these financial statements.

# EP Manufacturing Bhd.

(Company No. 390116-T)

(Incorporated in Malaysia)

## and its subsidiaries

### Income statements for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000
<b>Revenue</b> -- manufacturing		228,223	299,488	-	-
-- services rendered		-	655	-	-
-- dividend income		-	-	4,232	7,100
-- rental income		285	-	1,545	2,424
		<u>228,508</u>	<u>300,143</u>	<u>5,777</u>	<u>9,524</u>
Other operating income		3,574	4,615	1,051	-
Changes in inventories		(2,309)	916	-	-
Raw materials and consumables used		(145,377)	(187,732)	-	-
Staff costs		(22,297)	(29,282)	(443)	(218)
Depreciation and amortisation		(15,927)	(15,966)	(596)	(617)
Operating expenses		<u>(34,537)</u>	<u>(41,793)</u>	<u>(2,815)</u>	<u>(1,393)</u>
<b>Operating profit</b>	16	<u>11,635</u>	<u>30,901</u>	<u>2,974</u>	<u>7,296</u>
Finance costs	18	(5,471)	(3,382)	(206)	(217)
Interest income		233	152	33	35
<b>Profit before tax</b>		<u>6,397</u>	<u>27,671</u>	<u>2,801</u>	<u>7,114</u>
Tax expense	19	(1,835)	(1,411)	(235)	(16)
<b>Profit for the year</b>		<u><u>4,562</u></u>	<u><u>26,260</u></u>	<u><u>2,566</u></u>	<u><u>7,098</u></u>
<b>Attributable to:</b>					
Shareholders of the Company		2,876	21,188	2,566	7,098
Minority interests		1,686	5,072	-	-
<b>Profit for the year</b>		<u><u>4,562</u></u>	<u><u>26,260</u></u>	<u><u>2,566</u></u>	<u><u>7,098</u></u>
Basic earnings per ordinary share (sen)	20	<u>1.19</u>	<u>12.26</u>		
Diluted earnings per ordinary share (sen)	20	<u>1.19</u>	<u>12.16</u>		

The notes on pages 24 to 77 are an integral part of these financial statements.

## EP Manufacturing Bhd.

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

### and its subsidiaries

## Consolidated statement of changes in equity for the year ended 31 December 2006

Group	Note	Share capital		Attributable to shareholders of the Company		Non distributable		Distributable		Total equity RM'000
		Ordinary shares RM'000	Financial instruments* RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury share RM'000	Retained profits RM'000	Minority interest RM'000	
<b>At 1 January 2005</b>		120,760	5,995	38,050	4,146	(2,415)	-	7,416	13,459	187,411
- As previously reported		-	-	-	-	-	-	1,239	-	1,239
- Effect of adopting FRS 123										
<b>At 1 January 2005, restated</b>		120,760	5,995	38,050	4,146	(2,415)	-	8,655	13,459	188,650
Issuance of EPMB ICUPS	11	-	1,814	7,255	-	-	-	-	-	9,069
Conversion to ordinary shares										
- EPMB ICUPS	11	1,232	(213)	(851)	-	-	-	-	-	168
- EPMB RCSPS	11	577	(100)	(399)	-	-	-	-	-	78
<b>Balance carried forward</b>		122,569	7,496	44,055	4,146	(2,415)	-	8,655	13,459	197,965



## Consolidated statement of changes in equity for the year ended 31 December 2006 (continued)

	Attributable to shareholders of the Company									
	Share capital			Non distributable			Distributable			
Group (continued)	Ordinary shares RM'000	Financial instruments* RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance brought forward	122,569	7,496	44,055	4,146	(2,415)	-	8,655	184,506	13,459	197,965
Net gains recognised directly in equity	-	-	-	-	1,311	-	-	1,311	-	1,311
Profit for the year	-	-	-	-	-	-	19,188	19,188	5,072	24,260
Total recognised income and expense for the year	-	-	-	-	1,311	-	19,188	20,499	5,072	25,571
Effect of adopting FRS 123	-	-	-	-	-	-	2,000	2,000	-	2,000
Profit for the year, restated	-	-	-	-	-	-	21,188	22,499	5,072	27,571
Preference dividends	-	-	-	-	-	-	(1,024)	(1,024)	-	(1,024)
- EPMB ICUPS	-	-	-	-	-	-	(30)	(30)	-	(30)
- EPMB RCSPS	-	-	-	-	-	-	-	-	-	-
Ordinary dividends	-	-	-	-	-	-	(4,277)	(4,277)	-	(4,277)
- 2004 final	-	-	-	-	-	-	(3,675)	(3,675)	-	(3,675)
- 2005 interim	-	-	-	-	-	-	-	-	-	-
At 31 December 2005, restated	122,569	7,496	44,055	4,146	(1,104)	-	20,837	197,999	18,531	216,530

-----Note 11-----

## Consolidated statement of changes in equity for the year ended 31 December 2006 (continued)

Group	Attributable to shareholders of the Company									
	Share capital			Non distributable			Distributable			
	Ordinary shares	Financial instruments*	Share premium	Capital reserve	Exchange translation reserve	Treasury shares	Retained profits	Total	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2005</b>										
restated but before opening balance adjustment	122,569	7,496	44,055	4,146	(1,104)	-	20,837	197,999	18,531	216,530
- effect of adopting FRS3	-	-	-	-	-	-	7,710	7,710	-	7,710
<b>At 31 December/1 January 2006, restated</b>	122,569	7,496	44,055	4,146	(1,104)	-	28,547	205,709	18,531	224,240
Conversion to ordinary shares										
- EPMB ICUPS	1,566	(270)	(1,082)	-	-	-	-	214	-	214
- EPMB RCSPS	202	(35)	(140)	-	-	-	-	27	-	27
Net loss recognised directly in equity	-	-	-	-	(57)	-	-	(57)	-	(57)
Profit for the year	-	-	-	-	-	-	2,876	2,876	1,686	4,562
Total recognised income and expense for the year	-	-	-	-	(57)	-	2,876	2,819	1,686	4,505
Balance carried forward	124,337	7,191	42,833	4,146	(1,161)	-	31,423	208,769	20,217	228,986

## Consolidated statement of changes in equity for the year ended 31 December 2006 (continued)

Group	Note	-----Attributable to shareholders of the Company-----									
		-----Share capital-----					-----Non distributable-----				
		Ordinary shares RM'000	Financial instruments* RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance brought forward		124,337	7,191	42,833	4,146	(1,161)	-	31,423	208,769	20,217	228,986
Treasury shares acquired		-	-	-	-	-	(1,783)	-	(1,783)	-	(1,783)
Acquisition of minority interest	26	-	-	-	-	-	-	-	-	(10,202)	(10,202)
Preference dividends		-	-	-	-	-	-	(896)	(896)	-	(896)
- EPMB ICUPS		-	-	-	-	-	-	(25)	(25)	-	(25)
- EPMB RCSPS		-	-	-	-	-	-	(1,863)	(1,863)	-	(1,863)
Ordinary dividends		-	-	-	-	-	-	(2,011)	(2,011)	-	(2,011)
- 2005 final	21	-	-	-	-	-	-	(1,863)	(1,863)	-	(1,863)
- 2006 interim		-	-	-	-	-	-	(2,011)	(2,011)	-	(2,011)
At 31 December 2006		124,337	7,191	42,833	4,146	(1,161)	(1,783)	26,628	202,191	10,015	212,206

-----Note 11-----

\* Par value of the equity components of EPMB ICUPS and EPMB RCSPS.

## EP Manufacturing Bhd.

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

### Statement of changes in equity for the year ended 31 December 2006

Company	Note	-----Share capital-----		Non distributable		Distributable		Total equity RM'000
		Ordinary shares RM'000	Financial instruments* RM'000	Share premium RM'000	Capital reserve RM'000	Retained profits RM'000		
At 1 January 2005		120,760	5,995	38,050	4,146	4,211		173,162
Issuance of EPMB ICUPS	11	-	1,814	7,255	-	-		9,069
Conversion to ordinary shares								
- EPMB ICUPS	11	1,232	(213)	(851)	-	-		168
- EPMB RCSPS	11	577	(100)	(399)	-	-		78
Net profit for the year		-	-	-	-	7,098		7,098
Preference dividends								
- EPMB ICUPS		-	-	-	-	(1,024)		(1,024)
- EPMB RCSPS		-	-	-	-	(30)		(30)
Ordinary dividends								
- 2005 final	21	-	-	-	-	(4,277)		(4,277)
- 2006 interim	21	-	-	-	-	(3,675)		(3,675)
At 31 December 2005		122,569	7,496	44,055	4,146	2,303		180,569

-----Note 11-----

Company No. 390116-T

## Statement of changes in equity for the year ended 31 December 2006 (continued)

Company	Note	-----Share capital-----		-----Non distributable-----			Distributable Retained profits RM'000	Total RM'000
		Ordinary shares RM'000	Financial instruments* RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000		
<b>At 1 January 2006</b>		122,569	7,496	44,055	4,146	-	2,303	180,569
Conversion to ordinary shares								
- EPMB ICUPS	11	1,566	(270)	(1,082)	-	-	-	214
- EPMB RCSPS	11	202	(35)	(140)	-	-	-	27
Net profit for the year		-	-	-	-	-	2,566	2,566
Treasury shares acquired		-	-	-	-	(1,783)	-	(1,783)
Preference dividends								
- EPMB ICUPS		-	-	-	-	-	(896)	(896)
- EPMB RCSPS		-	-	-	-	-	(25)	(25)
Ordinary dividends								
- 2005 final	21	-	-	-	-	-	(1,863)	(1,863)
- 2005 interim	21	-	-	-	-	-	(1,842)	(1,842)
<b>At 31 December 2006</b>		<b>124,337</b>	<b>7,191</b>	<b>42,833</b>	<b>4,146</b>	<b>(1,783)</b>	<b>243</b>	<b>176,967</b>

-----Note 11-----

\* Par value of the equity components of EPMB ICUPS and EPMB RCSPS.

The notes on pages 24 to 77 are an integral part of these financial statements.

## EP Manufacturing Bhd.

(Company No. 390116-T)

(Incorporated in Malaysia)

### and its subsidiaries

## Cash flow statements for the year ended 31 December 2006

	Group		Company	
	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	6,397	27,671	2,801	7,114
Adjustments for:				
Bad debts written off	507	157	-	-
Depreciation	15,673	15,584	596	617
Development costs - amortisation	254	382	-	-
- written off	81	-	-	-
Dividend income	-	(1)	(4,232)	(7,100)
Net gain on disposal of property, plant and equipment	(1,325)	(161)	(1,033)	-
Finance costs	5,471	3,382	206	217
Interest income	(233)	(152)	(33)	(35)
Property, plant and equipment written off	73	88	-	-
Net unrealised foreign exchange (gain)/loss	131	388	(17)	-
Operating profit before working capital changes	27,029	47,338	(1,712)	813
Change in inventories	(184)	3,824	-	-
Change in receivables, deposits and prepayments	19,020	(25,958)	(45,326)	57
Change in payables and accruals	(18,168)	10,027	19,793	5,179
Change in provision for warranties	45	(85)	-	-
Cash generated from/(used in) operations	27,742	35,146	(27,245)	6,049
Income taxes refund / paid	254	(1,392)	(123)	(226)
<b>Net cash generated from/(used in) operating activities</b>	<b>27,996</b>	<b>33,754</b>	<b>(27,368)</b>	<b>5,823</b>

## Cash flow statements for the year ended 31 December 2006 (continued)

	Group		Company	
	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000
<b>Cash flows from investing activities</b>				
Dividends received	-	1	2,100	2,100
Increase in investments in subsidiaries	-	-	(18,215)	-
Intangible cost capitalised	-	(278)	-	-
Interest received	233	152	33	35
Release / (pledged) of deposits with licensed banks	9,692	151	(167)	-
Proceeds from disposal of property, plant and equipment	7,117	295	6,675	-
Purchase of property, plant and equipment (ii)	(78,362)	(41,147)	-	-
Additional shares acquired from minority interest	(13,590)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>(74,910)</b>	<b>(40,826)</b>	<b>(9,574)</b>	<b>2,135</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>				
Ordinary dividends paid to shareholders of the company	(5,756)	(6,113)	(5,526)	(6,757)
Preference dividend paid to EPMB ICUPS and EPMB RCSPS holders	(946)	(1,054)	(946)	(1,104)
Finance costs paid	(5,471)	(3,382)	(206)	(217)
Net repayment in hire purchase	(354)	-	-	-
Net proceeds of borrowings	68,074	16,035	46,000	-
Purchase of treasury shares	(1,783)	-	(1,783)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash from/(used in) financing activities</b>	<b>53,764</b>	<b>5,486</b>	<b>37,539</b>	<b>(8,078)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Cash flow statements for the year ended 31 December 2006 (continued)

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	6,850	(1,586)	597	(120)
Cash and cash equivalents at beginning of year	(i) 20,409	22,000	307	427
Foreign exchange differences on opening balances	2	(5)	-	-
<b>Cash and cash equivalents at end of year</b>	<b>(i) 27,261</b>	<b>20,409</b>	<b>904</b>	<b>307</b>

### (i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits (excluding deposits pledged)	16,967	2,796	-	135
Cash and bank balances	10,294	17,693	904	172
Bank overdrafts	-	(80)	-	-
	<u>27,261</u>	<u>20,409</u>	<u>904</u>	<u>307</u>

### (ii) *Purchase of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM110,549,000 (2005 – RM41,147,000), of which RM32,187,000 (2005 – nil) were acquired by means of hire purchase.

The notes on pages 24 to 77 are an integral part of these financial statements.