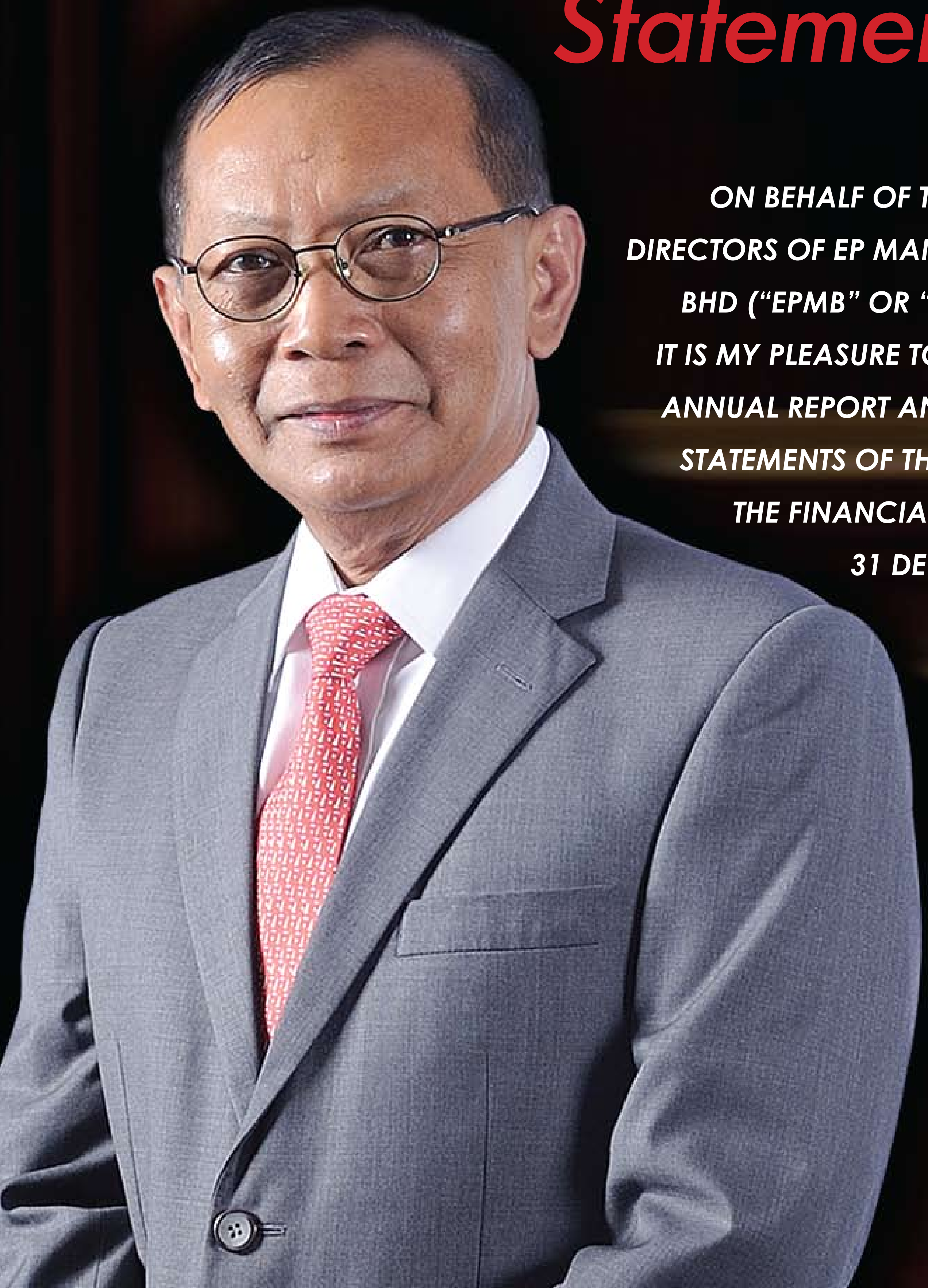
What's INSIDE

CHAIRMAN'S Statement



ON BEHALF OF THE BOARD OF DIRECTORS OF EP MANUFACTURING BHD ("EPMB" OR "THE GROUP"), IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014.

CHAIRMAN'S Statement

INDUSTRY REVIEW

The Malaysia Total Industry Volume (TIV) has grown steadily over the past 10 years with a Compounded Annual Growth Rate (CAGR) of 2.87%. In 2014, Malaysia recorded a TIV of 666,465 units as compared to 655,793 in 2013, this is an all-time high record achievement. Total registration of passenger vehicles in 2014 was also on an upward trend, increasing by 2% to 588,341 units as compared to 576,657 in the preceding year.

Perodua continues to lead the market, taking a market share of 30% with the launch of their Energy Efficient Vehicle (EEV), Perodua Axia. Proton continues to maintain its second position despite a lower market share in 2014 of 17.4% against 21.2% in 2013. Proton's monthly sales volume has been improving progressively since the launch of their Proton Iriz in September 2014. As at the end of 2014, the national OEMs make up to approximately 47% of the total automotive market with Perodua maintaining its peak production volume and holding its prime market position.

Over at the non-national car segment, Honda is the biggest gainer in 2014 with an increase of 3.7% in market share from 7.9% in 2013 to 11.6% in 2014. This is attributed to the strong sales of the Honda City and Jazz models, which were launched in March 2014 and July 2014 respectively. Riding with our new customer, Honda, we have enjoyed their upswing of volume and this in turn contributed to our revenue with us supplying critical chassis components from our Melaka plant. Honda's maiden contribution to our revenue is an injection of 12.6%. To grow our business and commit to the long-term growth of Honda Malaysia we are in the midst of increasing our base in Melaka with a bigger and more efficient facility close to the customer.

Proton and Perodua will continue to be our key customers, contributing 39.3% and 35.9% respectively to our revenue. We welcome Honda to our customer base and will support them with the same gusto as our original customers.

2014 recorded a favorable performance of the auto industry, a product of economic growth, stable employment market and aggressive round the year promotional campaigns by the various vehicle marques.

FINANCIAL PERFORMANCE

For the financial year ended 2014, our revenue increased by 14.7% to RM518.8 million as compared to RM452.3 million in the last financial year. Meanwhile, net profit attributable to owners of the company grew from RM16.4 million to RM18.7 million, increasing 14.0% year-on-year.

The improved financial performance was due to the localisation programme of passenger cars by Honda Malaysia. EPMB business for Honda started bearing fruits in March 2014. This augurs well for the Group as Honda is the fastest growing non-national OEMs in Malaysia.

Earnings per share for 2014 has also increased by 13.9% to 11.73 sen whilst net asset per share improved to RM2.13 as compared to RM2.05 in the previous financial year.

DIVIDENDS

In line with the improved performance, EPMB has paid a first and second interim tax exempt dividend totaling 2 sen per ordinary share on 22 January 2015 and 27 March 2015 respectively.

To further reward our shareholders for their continuous support, the Board of Directors has proposed a final single tier tax exempt dividend of 2 sen per ordinary share subject to the approval of shareholders at the forthcoming Annual General Meeting.

If approved, the total dividend in FY2014 will be 4 sen per ordinary share, bringing total dividend payout to RM6.4 million.

CHAIRMAN'S Statement (Cont'd)

PROSPECTS

Malaysian Automotive Association (MAA) has forecasted a TIV growth of 2.0% to 680,000 units for year 2015, this is in line with the Malaysia Automotive Institute (MAI) forecasted increase by 5.1% to 700,000 units in 2015.

Given the young demographic profile in Malaysia and the state of infrastructure growth, demand for new vehicles will continue to increase. Sales are expected to grow especially in the affordable car segment.

The National Automotive Policy (NAP) has a newly established framework to transform the domestic automotive industry and integrate it into an increasingly competitive regional and global industry network. Central to this policy is the vision of Malaysia to become an energy efficient vehicle (EEV) hub. The strategies and measures formulated focus on strengthening the entire value chain of the automotive industry.

Over the last few years, non-national car makers have been gaining market share. According to a recent news article, Honda maintained its top spot in the non-national car segment for the first quarter of this year and also achieved a 38% growth over the same period last year. We foresee that the non-national car maker will continue to do well in the future with Honda's sales picking momentum. We continue to invest resources to galvanize our commitment for productivity and quality to Honda Malaysia to help increase their share in their market segment.

Our traditional Toyota Middle East business continues to contribute approximately 10% of total revenue. EPMB has been supplying Toyota parts to the Middle East for more than a decade now, and we envisage that this business will continue to contribute to the revenue in the coming years.

EPMB will continue to leverage on our core know-how, technological capabilities and business network to set us apart from our competitors in the market. We constantly strive to improve production efficiency and methodology to provide value to our shareholders, customers and partners. Our expertise and credibility has been acknowledged with the expansion of our business with Honda Malaysia. This proves we are capable of responding to market liberalisation in our capacity as Tier 1 vendor and shows our willingness to integrate with global players to continuously push our competitive edge.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend my heartfelt gratitude to all our shareholders for their continuous support throughout the years.

My sincere appreciation also goes to the government bodies, business associates, financiers, and media for their confidence in the Group.

To the management and staff, thank you for your dedication and unwavering commitment in sustaining the Group's performance.

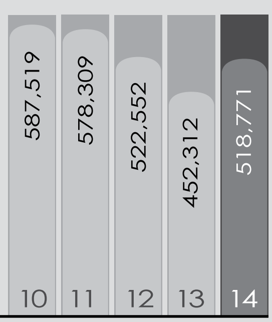
HAMIDON BIN ABDULLAH
Executive Chairman

5-YEAR GROUP
Financial Highlights

	Year Ended				
	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2014 RM'000
Revenue	587,519	578,309	522,552	452,312	518,771
EBIT (Earnings Before Interest and Taxes)	43,026	41,285	42,904	32,016	37,711
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	124,737	119,346	93,778	64,649	91,208
Profit/(Loss) before tax	32,469	30,176	33,838	20,591	26,980
Profit/(Loss) after tax	26,106	38,579	29,561	16,327	18,606
Net profit attributable to Owners of the Company	25,686	38,579	29,568	16,412	18,678
Total assets	565,820	568,081	620,227	654,595	696,475
Shareholders' equity	243,481	292,488	317,123	327,148	339,424
Gearing Ratio (Times)	0.80	0.55	0.66	0.72	0.79
Basic earnings per share (sen)	15.89	24.06	18.55	10.30	11.73
Net asset per share (RM)	1.51	1.82	1.99	2.05	2.13
Gross dividend per share (sen)	3	4	4	4	4
Gross dividend yield	0.05	0.05	0.06	0.06	0.05
Price earning (PE) ratio	0.04	0.03	0.04	0.07	0.07
Share price as at the financial year end (RM)	0.57	0.78	0.70	0.72	0.77

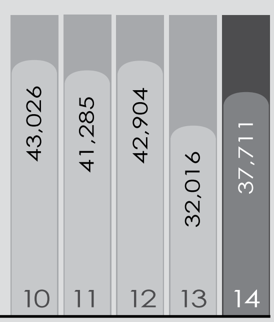
REVENUE

(RM'000)



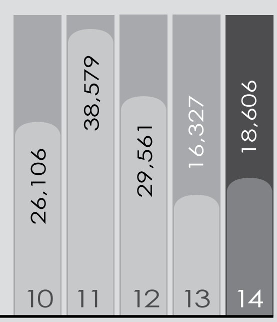
EBIT

(RM'000)



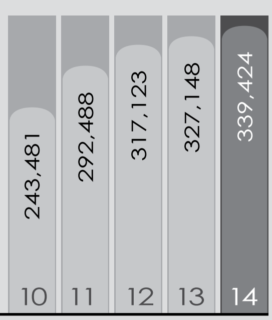
PROFIT AFTER TAX

(RM'000)



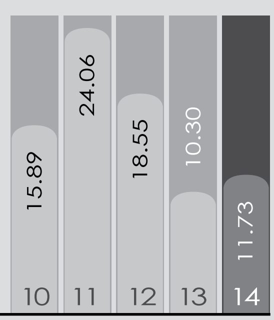
SHAREHOLDERS' EQUITY

(RM'000)



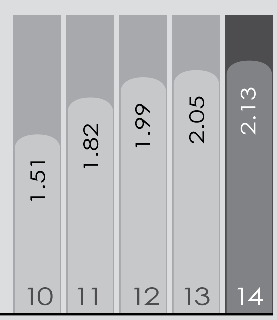
BASIC EARNINGS PER SHARE

(SEN)



NET ASSET PER SHARE

(RM)

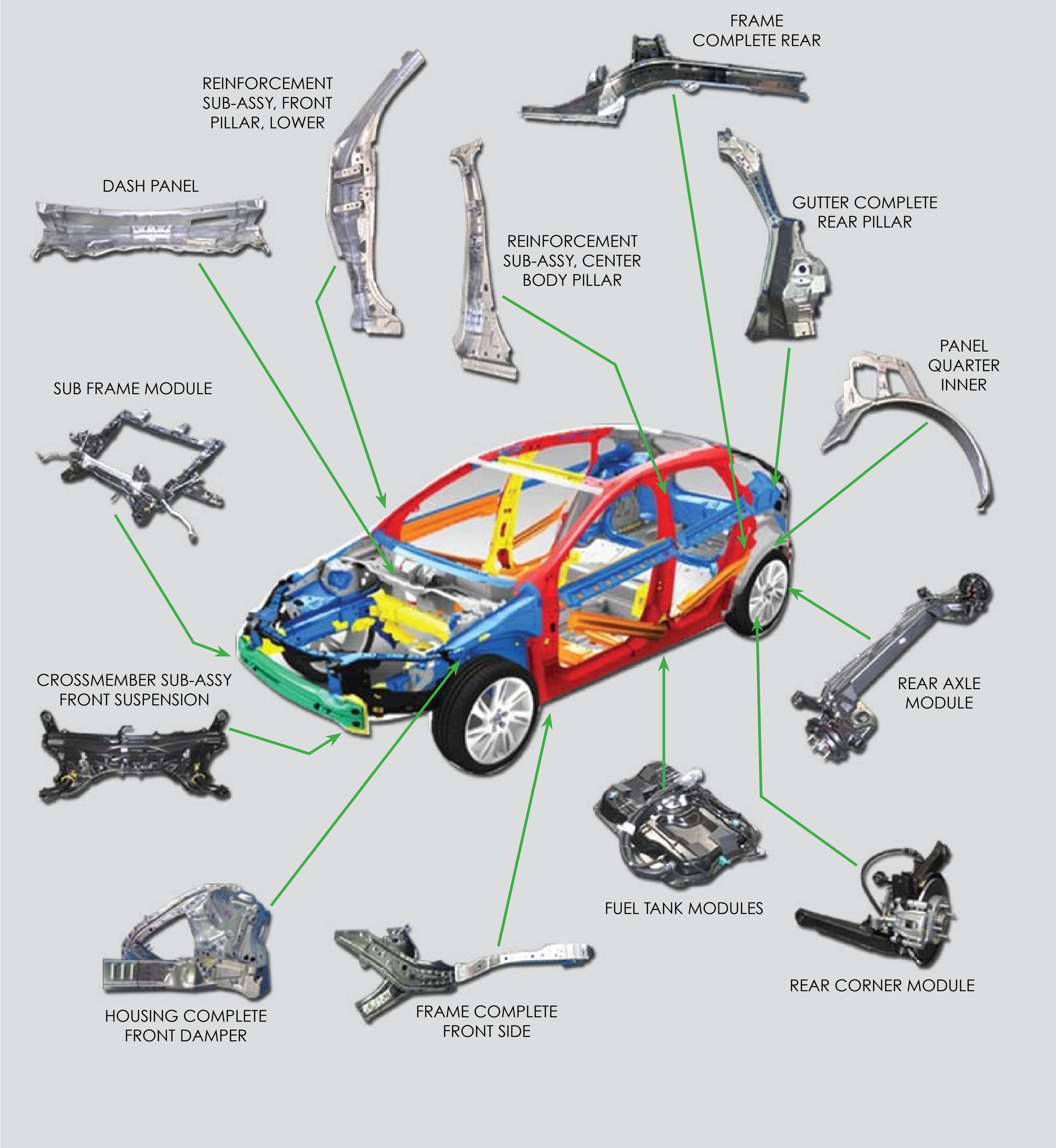


CORPORATE Structure

EP MANUFACTURING BHD
Company No. 390116-T

- 100% PEPS-JV (M) SDN BHD
  - 100% PEPS-JV (MELAKA) SDN BHD
- 100% EP POLYMERS (M) SDN BHD
- 100% FUNDWIN SDN BHD
- 100% PEPS-JV (GURUN) SDN BHD (F.K.A EPMEX SDN BHD)
- 100% ADVANCE PRODUCT SYSTEMS SDN BHD
- 100% EP MOULDS & DIES (M) SDN BHD
- 100% EPMB (AUSTRALIA) PTY LTD
- 100% PEPS-JV (KEDAH) SDN BHD (F.K.A EP METERING SERVICES SDN BHD)
  - 90% PT EP METERING & SERVICES
    - 90% PT TIRTA SERANG MADANI

OUR
Products



CORPORATE Information

BOARD OF DIRECTORS

Hamidon Bin Abdullah
(Executive Chairman)

Johan Hamidon
(Executive Director)

Aidan Hamidon
(Executive Director)

Dato' Seri Ismail Bin Shahudin
(Independent Non-Executive Director)

Dato' Ikmal Hijaz Bin Hashim
(Independent Non-Executive Director)

Shaari Bin Haron
(Independent Non-Executive Director)

Hew Voon Foo
(Independent Non-Executive Director)

Tan Sri Datuk Hussin Bin Haji Ismail
(Independent Non-Executive Director)

Dr Linden Hamidon
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Shaari Bin Haron (Chairman)
Dato' Seri Ismail Bin Shahudin
Dato' Ikmal Hijaz Bin Hashim
Hew Voon Foo

COMPANY SECRETARY

Tay Li Li (MAICSA 7007996)

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 8 & 10, Jalan Jurutera U1/23
Seksyen U1, Kawasan Perindustrian
Hicom Glenmarie
40150 Shah Alam
Selangor
Tel: 603-78036663
Fax: 603-78049761

MANUFACTURING PLANTS

1. Lot 1403, 1406 & 1409
   Batu 29, Jalan Ipoh
   44300 Batang Kali
   Selangor
2. No. 8 & 10
   Jalan Jurutera U1/23
   Seksyen U1
   Kawasan Perindustrian
   Hicom Glenmarie
   40150 Shah Alam
   Selangor
3. SP 1650
   Jalan Industri 4
   Kawasan Industri Rembia
   78000 Alor Gajah
   Melaka

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber
Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 603-26924271
Fax: 603-27325388

AUDITORS

KPMG
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor
Tel: 603-77213388
Fax: 603-77213399

PRINCIPAL BANKERS

Affin Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
Malaysian Industrial Development Finance Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name: EPMB
Stock Code: 7773

WEBSITE

www.epmb.com.my

DIRECTORS' Profiles

01.
HAMIDON BIN ABDULLAH
AGED 62, MALAYSIAN
EXECUTIVE CHAIRMAN

Encik Hamidon Bin Abdullah is the controlling shareholder and the Executive Chairman of the Company. He was appointed to the Board of EPMB on 20 January 1997. Encik Hamidon is the founder of EPMB Group which he started in 1988.

Encik Hamidon obtained his Bachelor's Degree in Applied Mathematics & Computer Science in 1974 and a Master's Degree in Urban Planning in 1975 from the University of Adelaide, Australia. Upon graduation in 1975, he started his career as a System Analyst with the South Australia Highway Department. After 4 years, he was engaged as an Urban Planning Consultant with P.G. PakPoys & Associates (KL). In 1983, he joined an architect firm, Hijjas Kasturi & Associates. He is also the Executive Chairman of Nadayu Properties Berhad.

His spouse, Dr Linden Hamidon and two sons, Johan Hamidon and Aidan Hamidon, are also Directors and shareholder of the Company.

02.
JOHAN HAMIDON
AGED 36, MALAYSIAN
EXECUTIVE DIRECTOR

Johan Hamidon was appointed to the Board of EPMB on 28 August 2012. He obtained his Bachelor of Arts Degree from Murdoch University, Perth Australia in 2002.

He has extensive experience in automotive business functions in business development, manufacturing operations and supply distribution. In his incumbencies he has reengineered business operations, improved logistical supply practices, improved manufacturing efficiencies and laid down foundations for operational growth.

His parents, Hamidon Bin Abdullah and Dr Linden Hamidon and brother, Aidan Hamidon are also Directors and major shareholder of the Company.

DIRECTORS' Profiles (Cont'd)

03. AIDAN HAMIDON

AGED 32, MALAYSIAN

EXECUTIVE DIRECTOR

Encik Aidan Hamidon was appointed to the Board of EPMB on 28 August 2012. He graduated from the University of Melbourne in 2004 with a Bachelor of Commerce majoring in Actuarial Studies. En Aidan brings a combination of experience from the Australian banking industry as well as the Malaysian property industry to the Group.

En Aidan started his career in National Australia Bank having exposure ranging from market settlements, asset management, and performance and risk reporting. Major clients serviced included active fund managers, institutional superannuation and Australian state government funds.

En Aidan also has 3 years of experience in the Malaysian property development industry, with exposure to financing, product development, market & sales strategies and overall strategic direction.

Since joining EPMB, En Aidan has played key roles in the strategic outlook of the Group and developing the Group's business. Along with exposures to operations, business development, project management and group financing.

He also sits on the board of Nadayu Properties Berhad.

His parents, Hamidon Bin Abdullah and Dr Linden Hamidon and brother, Johan Hamidon are also Directors and major shareholder of the Company.

04. DATO' SERI ISMAIL BIN SHAHUDIN

AGED 64, MALAYSIAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Seri Ismail Bin Shahudin was appointed to the Board of EPMB on 28 November 2008. He holds a Bachelor of Economics (Honours) Degree from University of Malaya, majoring in Business Administration.

Upon Dato' Seri Ismail's graduation in 1974, he joined ESSO Malaysia Berhad and served for 5 years in its Finance Division. He then joined Citibank in 1979 and held senior positions both in Malaysia and New York. In 1988, he served United Asian Bank Berhad as Deputy General Manager until 1992. Subsequently, he joined Maybank where he was appointed Executive Director in 1997. He left Maybank in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad. He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008.

Currently, he also served on the Board of Faber Group Berhad, Malayan Banking Berhad, Maybank Islamic Berhad, UEM Group Berhad, Aseana Properties Limited (listed on London Stock Exchange), Opus International Consultants Ltd (listed on New Zealand Stock Exchange) and MCB Bank Limited, Pakistan (listed on Karachi Stock Exchange).

Dato' Seri Ismail is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

DIRECTORS' Profiles (Cont'd)

05.
DATO' IKMAL HIJAZ BIN HASHIM
AGED 62, MALAYSIAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ikmal Hijaz Bin Hashim was appointed to the Board of EPMB on 5 May 2009. He holds a Master of Philosophy (Land Management) from University of Reading, U.K., and Bachelor of Arts (Honours) from University of Malaya.

He began his career in the Administrative and Diplomatic Service of the Government from 1976 to 1990. He then joined United Engineers (Malaysia) Berhad as the General Manager of the Malaysian-Singapore Second Crossing Project. On 1 January 1993, he was appointed as the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad (PLUS) and subsequently as its Managing Director from January 1995 to June 1999 and remained as a Director until November 2001. He was then appointed as the Managing Director of Prolink Development Sdn Bhd ("Prolink") in July 1999. In February 2000, he was appointed President of the Property Division of the Renong Group while maintaining his position as Managing Director of Prolink. He held the position of Managing Director of Renong Berhad from 2002 until October 2003. From 2003 to 2007, he was appointed as the CEO of Pos Malaysia Berhad as well as the Group Managing Director/ Chief Executive Officer of Pos Malaysia & Services Holdings Bhd. He then served as the Chief Executive Officer of Iskandar Regional Development Authority (IRDA) from February 2007 until end of February 2009.

His directorships in other public companies include Nadayu Properties Berhad and Scomi Engineering Berhad.

Dato' Ikmal is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

06.
SHAARI BIN HARON
AGED 64, MALAYSIAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Encik Shaari Bin Haron was appointed to the Board of EPMB on 20 January 1997. He obtained his Bachelor of Law (Honours) Degree from the International Islamic University in 1991. He was admitted to the Bar in May 1993 and thereafter commenced his law practice in Kuala Lumpur. He is currently the Managing Partner of Messrs Abu Bakar & Yong. In the corporate sector, Encik Shaari also sits on the board of Voir Holdings Berhad as an independent director.

Encik Shaari is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

DIRECTORS' Profiles (Cont'd)

07.
HEW VOON FOO

AGED 54, MALAYSIAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Hew Voon Foo was appointed to the Board of EPMB on 17 April 2002 as a Non-Independent Non-Executive Director. He was re-designated as Independent Non-Executive Director on 26 April 2013. He is a Fellow member of the Chartered Institute of Management Accountants ("CIMA") and the Malaysian Institute of Accountants ("MIA").

He has extensive experience in financial management gained over the years in an audit firm and as financial controller in a local manufacturing company. Currently, he also served on the board of Genetec Technology Berhad.

Mr Hew is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

08.
DR LINDEN HAMIDON

AGED 62, AUSTRALIAN/MALAYSIAN PR

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr Linden Hamidon was appointed to the Board of EPMB on 20 January 1997. She holds a Bachelor of Dentistry Degree from the University of Adelaide, Australia and has been a practicing Dentist since 1979.

Her spouse, Hamidon Bin Abdullah and two sons, Johan Hamidon and Aidan Hamidon, are also Directors and major shareholder of the Company.

DIRECTORS'
Profiles (Cont'd)

09.
TAN SRI DATUK HUSSIN BIN HAJI ISMAIL
AGED 62, MALAYSIAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Datuk Hussin Bin Haji Ismail was appointed to the Board of EPMB on 27April 2015. Tan Sri holds a Diploma in Police Science from Universiti Kebangsaan Malaysia.

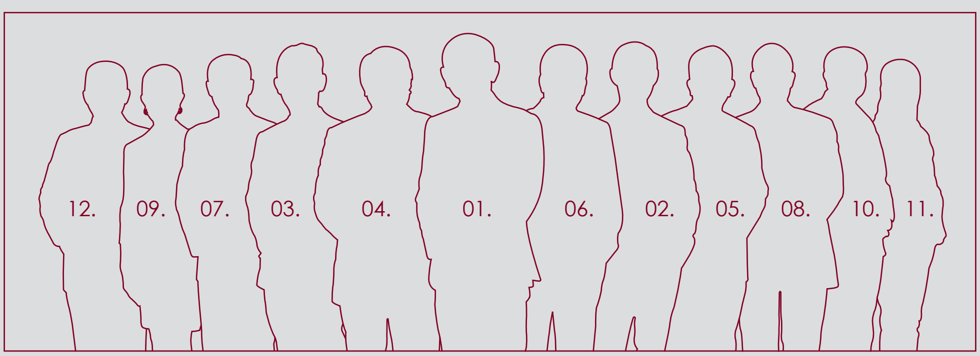
Tan Sri Hussin is a former Deputy Inspector General of Police in Royal Malaysian Police (RMP). His excellent achievements are attributed to 39 years of working experience in various senior positions in RMP. The exposure of managing at various levels in RMP are added values to extensive policing knowledge and skills which have further enhanced personal capabilities and credibility in managing the force in the higher position. Tan Sri Hussin is also a member of the Police Force Commission appointed by SPB Yang Di-Pertuan Agong in 2013 and the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of JAKS Resources Berhad and Tecnic Group Berhad.

Save as disclosed, none of the Directors have:

1. *any family relationship with any Director and/or major shareholder of the Company;*
2. *any conflict of interest with the Company; and*
3. *any convictions for offences within the past 10 years other than traffic offences.*

BOARD OF DIRECTORS
And Management Team



01. HAMIDON BIN ABDULLAH
Executive Chairman

02. JOHAN HAMIDON
Executive Director

03. AIDAN HAMIDON
Executive Director

04. DATO' SERI ISMAIL BIN SHAHUDIN
Independent Non-Executive Director

05. DATO' IKMAL HIJAZ BIN HASHIM
Independent Non-Executive Director

06. SHAARI BIN HARON
Independent Non-Executive Director

07. HEW VOON FOO
Independent Non-Executive Director

08. TAN SRI DATUK HUSSIN BIN HAJI ISMAIL
Independent Non-Executive Director

09. DR LINDEN HAMIDON
Non-Independent Non-Executive Director

10. MOHD NIZAM BIN MOHAMED
Director - Manufacturing

11. ONG TSUEY YUN
Director - Finance & Special Project

12. ZULKEFLY BIN BAHARUDDIN
Director - Business & Development

STATEMENT ON Corporate Governance

The Board of Directors is committed to ensure and to continue uphold good corporate governance as an integral part of its business dealings and culture with the objective of achieving its corporate mission and enhancing sustainable shareholders' value.

This statement sets out the manner in which the Group has applied the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") and except where stated otherwise, the extent to which it has complied with the recommendations of the Code.

BOARD OF DIRECTORS

Roles and responsibilities

The Board assumed the following principal roles and responsibilities in discharging its fiduciary and leadership functions:-

- Reviewing and adopting strategic business plans for the Group;
- Overseeing the conduct of business and financial performance of the Group and evaluate the performance against the strategies;
- Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage and control significant financial and business risks;
- Succession planning for Board and Senior Management;
- Ensuring and implementing an investor relations program or shareholder communications policy for the Group; and
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for regulatory compliance.

Composition of the Board

Presently, the Board is made up of nine (9) directors comprising an Executive Chairman, two Executive Directors and six Non-Executive Directors of which five are Independent Directors, in line with Recommendation 3.5 of the Code which stated that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an independent director.

The Nomination Committee and the Board having reviewed the size and composition, are satisfied that the current size and composition constitute an effective Board with diverse mix of skills, adequate and appropriate professional experience and background.

Independent Non-Executive Directors are important to assure the necessary check and balance to the Board. The high caliber and independent-minded Independent Non-Executive Directors are independent of management and they provide objectivity, unfettered and independent views and judgement in board deliberations on strategies proposed by Management and exercise impartiality in decision-making with the objective to safeguard the interest of shareholders and other stakeholders.

Encik Shaari Bin Haron is the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

Consistent with Recommendation 3.2 of the Code, the Nomination Committee and Board had reviewed the retention of En Shaari Bin Haron who has served the Board for more than nine (9) years, as Independent Director on the Board. The Board recommended the retention of En Shaari Bin Haron as Independent Director in view that En Shaari continues to fulfill the criteria and definition of an independent director as set out in the Listing Requirements. With his extensive experience in legal practice, he is able to contribute valuable independent professional views and judgement in board discussion and decision making.

STATEMENT ON
Corporate Governance (Cont'd)

BOARD OF DIRECTORS (CONT'D)

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office at each annual general meeting ("AGM") but shall be eligible for re-election. All Directors shall retire at least once in every three years. A Director appointed during the year shall retire from office and be eligible for re-election at the next following AGM after his appointment.

This provision is adhered to by the Board in every AGM and information of Directors standing for re-election are provided in the annual report.

Board Charter

The Board is guided by a Board Charter which sets out the roles and responsibilities of the Board, code of conduct, as well as the practices and procedures to be applied by the Board and its committees in carrying out their functions. The Board Charter also incorporated the whistle blowing procedures for employees and other stakeholders to raise genuine concerns of any unethical behavior, misconduct or violation of policies.

The Board will review and update the Charter whenever necessary and in accordance with any new regulations affecting the discharging of their responsibilities. The Board Charter is also available on EPMB website.

Board Meetings

The Board scheduled to meet on quarterly basis with additional meetings be convened when necessary. The Board met four (4) times during the financial year ended 31 December 2014, and the attendance record for each Director is shown below:-

Name	Attendance	%
Hamidon Bin Abdullah	4/4	100
Johan Hamidon	4/4	100
Aidan Hamidon	4/4	100
Dato' Seri Ismail Bin Shahudin	4/4	100
Dato' Ikmal Hijaz Bin Hashim	4/4	100
Shaari Bin Haron	3/4	75
Hew Voon Foo	4/4	100
Dr Linden Hamidon	4/4	100
Tan Sri Datuk Hussin Bin Haji Ismail	None *	

* Appointed on 27 April 2015

The Board reviewed and deliberated the businesses set out in a formal agenda including principal matters on financial and operational performance, annual budget, business development and investment plans during the meetings. Prior to each meeting, the agenda together with the relevant board papers are forwarded to all Directors for prior review to facilitate decision making on matters to be deliberated at the meeting. All matters discussed and resolutions passed at the Board meetings are properly recorded in the minutes of meetings.

Sustainability

The Board is mindful of the importance of building a sustainable business when developing its strategy. In the Company's effort to promote sustainability, the Board regularly reviewed the operational and business development plans, progress of business operations and new projects to ensure necessary actions were carried out to improve and enhance existing business operations, taking into consideration any changes of business environment, risk factors and regulatory requirements.

STATEMENT ON
Corporate Governance (Cont'd)

BOARD OF DIRECTORS (CONT'D)

Access to Information and Advice

All Directors have full and unrestricted access to information pertaining to the Group's business and affairs to enable the discharging of their duties effectively. The Management and the Company Secretary will provide timely and quality information to the Board whenever required. The Directors have access to the advice of the Company Secretary and where necessary, may seek independent professional advice at the Company's expense.

Directors' Remuneration

The remuneration package for Executive Directors shall link rewards to corporate and individual performance. All Directors are provided with Directors' fees, which are approved by the shareholders at the Annual General Meeting, based on the recommendation of the Board.

Breakdown of the remuneration of the Directors of the Company on Group basis for the financial year ended 31 December 2014 are shown below:-

	Salary RM	Fees RM	Bonus RM	Benefits-in-kind & others RM	Total RM
Executive	984,000	150,000	287,000	188,904	1,609,904
Non-Executive	-	412,000	-	44,807	456,807

The number of Directors whose remuneration fall into the following bands are as follows:

	Executive	Non-Executive
RM50,000 and below	1	3
RM50,001 – RM100,000	-	1
RM200,001 – RM250,000	-	1
RM300,001 – RM350,000	1	-
RM1,200,001 – RM1,250,000	1	-

Directors' Continuing Development Program

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors are continuously encouraged to attend appropriate professional programs to enhance their knowledge and skills and keep abreast with the changing environment in which the business operates. During the year, the Directors have attended the following development programs:-

Director	Program
Hamidon Bin Abdullah	• Board Chairman Series – The Role of the Chairman
Dato' Seri Ismail Bin Shahudin	• Building Asian Futures: Integration, Welfare and Growth • The Entrepreneurs' Conference 2014: Creating Tomorrow's Visionaries • Investment Malaysia 2014: Asean's Multinational Marketplace • Khazanah Megatrends 2014 Forum
Dato' Ikmal Hijaz Bin Hashim	• MINDA Directors forum – The Innovation Zone : Unleasing the mindset
Shaari Bin Haron	• Audit Committee Institute breakfast forum – The impact on cyber security at board level
Hew Voon Foo	• Understanding Goods & Services Tax in Malaysia • Transition from PERS to MPERS – A Practical Guide • GST Updates • Risk Management & Internal Control workshop for Audit Committee members
Tan Sri Datuk Hussin Bin Haji Ismail	• Overview of Environment, Social and Governance Index (ESG) & Industry Classification Index

STATEMENT ON
Corporate Governance (Cont'd)

BOARD OF DIRECTORS (CONT'D)

Directors' Continuing Development Program (Cont'd)

Director	Program
Dr Linden Hamidon	• Goods & Services Tax (GST) for Manufacturers, Importers and Exporters
Johan Hamidon	• Goods & Services Tax (GST) for Manufacturers, Importers and Exporters • MINDA Corporate Directors Advanced Program (CDAP) – Innovation • The Family Enterprise Challenge program by INSEAD
Aidan Hamidon	• Goods & Services Tax (GST) for Manufacturers, Importers and Exporters • The Family Enterprise Challenge program by INSEAD

During the financial year, the Board visited the new manufacturing plant in Melaka and was briefed of the operations management of the newly set up facilities.

The Board was continuously informed and updated by the Management and Company Secretary of the operational and business development of the Group, new projects or investments, changes in regulatory requirements and corporate governance matters where applicable, at its quarterly meetings.

THE BOARD COMMITTEES

The Board has three formally constituted committees which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities by reviewing the financial information, the system of internal control and risk management and audit process. Detailed information on the Audit Committee is set out in the Audit Committee Report of this Annual Report.

Nomination Committee

The Nomination Committee ("NC") comprises of 4 Independent Non-Executive Directors:-

Shaari Bin Haron (Chairman)
Dato' Seri Ismail Bin Shahudin
Hew Voon Foo
Dato' Ikmal Hijaz Bin Hashim

The NC's primary function is to consider and make recommendation to the Board, candidates for directorships to be filled and carry out assessment of the Board and its Committees. In the nomination and selection process, specific consideration is given to the candidate's skills, knowledge, experience, competencies, other directorships, time availability and the overall balance composition of the Board and in the case of independent director, his ability to discharge such responsibilities or functions as expected from an independent director. The Board does not practice gender, age, ethnicity or religion discrimination for appointment. The decision for appointment or re-election of directors shall be determined by the Board after considering the recommendation of the NC.

The NC also assists the Board in annual assessment and evaluation of the effectiveness of the Board and Board committees, review of the required mix of skills and succession planning.

The NC met once during the financial year. The NC performed annual assessment and evaluation on the Board and Board committees, performance and contribution of individual director and the independence of independent directors as well as the re-election of the Directors retired by rotation. The NC also reviewed and satisfied with the board composition, mix of skills, knowledge and experience and other qualities and competencies of the Directors for effective functioning of the Board.

STATEMENT ON
Corporate Governance (Cont'd)

Remuneration Committee

The Remuneration Committee ("RC) comprises of 4 Independent Non-Executive Directors:-

Shaari Bin Haron (Chairman)
Dato' Seri Ismail Bin Shahudin
Hew Voon Foo
Dato' Ikmal Hijaz Bin Hashim

The RC shall develop and establish with the Board a formal remuneration framework and recommends to the Board the remuneration package of the Executive Directors in all forms, drawing outside advice as necessary. The determination of the remuneration package for Non-Executive Directors shall be a matter for the board as a whole.

The RC aims to ensure that the remuneration package is robust and effective to link executive directors' rewards to corporate and individual performance and to link non-executive directors' remuneration to their experience and level of responsibilities undertaken. The remuneration package shall comprise of a number of separate elements, i.e. salary, fees, allowance, bonus and other non-cash benefits. The individuals concerned should abstain from discussion of their own remuneration.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company recognizes the importance of effective communications and maintaining constructive relationship with its shareholders, investors and other stakeholders. The Board practices transparency and accountability by ensuring timely dissemination of material information relating to the Group's business activities, major development and financial performance via annual reports, quarterly financial results, announcement to Bursa Malaysia, analyst reports, media releases and circular to shareholders. Information on the Group is also available on the Company's website at www.epmb.com.my.

General Meetings are important avenues for shareholders to exercise their rights and to access and engage in dialogue with the Board and Management. Shareholders are encouraged to participate and raise their concerns and to exercise their voting rights on the proposed resolutions and their rights to demand for a poll vote at general meetings. The Chairman provided sufficient time and appropriate responses on issues raised. External auditors also present to provide their professional and independent advice on relevant issues raised. Press conferences were held and media releases were distributed to the media after general meetings.

The Company also maintained constructive engagements with investment analysts and fund managers to keep them abreast of corporate development and financial performance of the Group.

CORPORATE DISCLOSURE POLICY

The Company is committed to ensure that the communication and dissemination of material information pertaining to the Group performance and operations to the shareholders, stakeholders, regulators, analysts, media and investing public are timely, accurate, factual, informative and in accordance with the applicable regulatory and legal requirements.

The Company has established a Corporate Disclosure Policy and Procedures which applies to all Directors, Management and employees and outlines the approach and procedures for determination and dissemination of material information to be consistently practiced throughout the Group. The Company is also guided by the Corporate Disclosure Guide issued by Bursa Malaysia.

Whilst ensuring timely disclosure of information to its shareholders, the Board is wary of the regulatory requirements on release of material and price-sensitive information. Such information will be disclosed to the public as soon as practicable after due consideration through Bursa Malaysia announcements or media releases.

STATEMENT ON
Corporate Governance (Cont'd)

INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

In presenting the quarterly financial results and annual financial statements to shareholders, the Board aims to provide a balanced and comprehensive assessment of the Group's financial performance and prospects.

The Audit Committee reviewed the quarterly financial results and annual financial statements prior to submission to the Board for consideration and approval to ensure adequacy and completeness of information for reporting purpose.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements for financial year ended 31 December 2014 give a true and fair view of the state of affairs of the Company and the Group and in accordance with the applicable Financial Reporting Standards, provisions of the Companies Act, 1965 and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgement and estimates based on reasonableness and prudence;
- ensured that applicable approved financial reporting standards have been followed; and
- ensured that proper accounting and other records which disclose with reasonable accuracy the financial position of the Company and the Group are kept.

Relationship with Auditors

The Company maintained a professional and transparent relationship with the Auditors, both internal and external, in seeking their professional advices and ensuring compliance in matters pertaining to accounting standards, risk management and internal control. The Audit Committee was rendered the authority to communicate directly with the External and Internal Auditors.

The Audit Committee also carried out private session discussion with the External Auditors, in the absence of Executive Directors and Management, to discuss any issues of concern.

The External Auditors have reported to the Board their policies, ethics and systems implemented to ensure and maintain independence and objectivity throughout the conduct of the audit engagement.

RECOGNISE AND MANAGE RISKS

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management and reviewing its effectiveness to safeguard shareholders' investment and Group assets. As with any such system, controls can only provide reasonable but not absolute assurance against material misstatement or loss. The Group is continuously looking into the adequacy and integrity of its system of internal control.

The internal auditors conducted independent audit on the departments and functions within the Group and reported their findings to the Audit Committee during its quarterly meetings.

A Statement on Risk Management and Internal Control of the Group is set out in this Annual Report.

STATEMENT ON
Corporate Governance (Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group considers corporate social responsibility as an integral aspect and on-going commitment of our business principles as our business activities would have an impact on the workplace, employees, communities, environment and market place.

Health and safety is given utmost priority within the Group operations. The Group endeavours to provide and uphold a safe, secured and healthy working environment for the employees. The Group has a Safety and Health Committee which overseas and ensures the health and safety policies and procedures adheres to the safety measures of the Occupational Safety and Health Act or any other applicable safety rules. Safety trainings, health awareness campaigns, fire drill and regular inspection of safety equipment at plants and offices were carried out and monitored by the Committee. Notices on safety measures were also displayed at plants and offices to instill safety consciousness and ensure adherence at all levels.

Employees are the principal assets and their commitment and contribution are vital for the success of the business. Recruitments are based on individual capability and professionalism. Employees of different background, gender, age and ethnicity are given equal opportunities for career development and advancement. The Group acknowledged the importance of human capital development and continues to provide its employees with on-job trainings, external workshops and seminars to upgrade their skills, knowledge and competencies.

The group master trainers continued to provide regular in-house trainings to employees of various levels and divisions with the objective of sharing and developing leadership, management and motivational skills among employees. These master trainers also extended their educational and motivational trainings to employees' children and children of the neighbourhood community.

The Group continued to subscribe internship program by providing industrial trainings to students from various local institutes and universities. They were assigned to various divisions of the plants and offices to gain relevant technical and management knowledge and experience.

Sports activities, morning Taiso exercise and festive open house were also held to foster closer working relationship and promote group unity and networking among employees.

During the year, the Group also support good causes through donations to orphanage homes and masjids and fund raising in aid of flood victims.

As an ISO 14001:2004 (International specification for environment management system) accredited company, the Group strived to ensure our production processes and products complied with the applicable environmental laws and regulations. This is achieved by continuous control and reduce any adverse environmental impact by increase operational efficiency, reduce energy usage, waste management, recycle of materials and improve health and safety practices. Its waste water treatment system was regularly checked and upgraded to ensure waste water from production processes was properly treated before discharge and no issue of pollution.

The Group values its business relationships with all its stakeholders through good corporate governance practices to meet shareholders' expectations, employee satisfaction and career advancement, high standard and quality products with continuous improvement in technology and processes to ensure customer satisfaction as well as fair procurement practices for suppliers.

AUDIT COMMITTEE
Report

The Audit Committee comprises of four (4) members of which all are Independent Non-Executive Directors, complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

CHAIRMAN

Shaari Bin Haron
(Senior Independent Non-Executive Director)

MEMBERS

Dato' Seri Ismail Bin Shahudin
(Independent Non-Executive Director)

Dato' Ikmal Hijaz Bin Hashim
(Independent Non-Executive Director)

Hew Voon Foo^
(Independent Non-Executive Director)

^ *Member of the Malaysian Institute of Accountants*

TERMS OF REFERENCE

COMPOSITION

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall compose of not fewer than three (3) members. All members must be non-executive directors, with a majority of them being independent directors.

At least one member of the Audit Committee:-

i) must be a member of the Malaysian Institute of Accountants (MIA); or

ii) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
   (a) have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
   (b) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

iii) fulfils such other requirements as prescribed or approved by the Exchange.

The Chairman of the Audit Committee shall be an Independent Non-Executive Director.

In the event of any vacancy in the Audit Committee resulting in non-compliance with Paragraph 15.09(1) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board shall appoint a new member within three (3) months.

The Board of Directors shall review the term of office and the performance of the Audit Committee and each of its members at least once in every three (3) years.

No alternate Director shall be appointed as a member of the Audit Committee.

MEETINGS AND REPORTING PROCEDURES

The Audit Committee shall meet at least four (4) times a year and the quorum shall be at least three (3) persons with majority being Independent Directors.

The Audit Committee may invite other board members, senior management to attend meetings, including the presence of external auditors, where deemed necessary.

AUDIT COMMITTEE
Report (Cont'd)

MEETINGS AND REPORTING PROCEDURES (CONT'D)

The Audit Committee shall meet with the external auditors without presence of executive board members at least once a year. Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditors may bring to the attention of the Directors or shareholders.

The Company Secretary shall act as secretary of the Audit Committee and shall keep the minutes of each Audit Committee meeting.

AUTHORITY

The Committee is authorised by the Board to:-

(i) have authority to investigate any matter within its terms of reference;

(ii) have the resources and unrestricted access to information which are required to perform its duties;

(iii) have direct communication with the external auditors, internal auditors and senior management;

(iv) be able to obtain legal and external independent professional or other advices; and

(v) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors or employees, whenever deemed necessary.

DUTIES AND FUNCTIONS

(i) Review the quarterly results and year-end financial statements of the Company, focusing particularly on:
- any changes in the accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(ii) Review with external auditors before the audit commences, the audit scope and planning, including any changes to the planned scope of audit.

(iii) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

(iv) Review the external and internal audit reports, major audit findings and management response and ensure that appropriate actions are taken by management on the audit findings and recommendations.

(v) Review the assistance given by the Company's officers to the auditors and any issues, difficulties and reservations arising in the course of audit, or any matters the auditors may wish to report or communicate.

(vi) Review the independence and objectivity of the external auditors and their services rendered, including non-audit services and professional fees.

(vii) Review the appointment and assess the performance of external auditors and internal auditors, the audit fees and any questions of resignation or dismissal.

(viii) To review and discuss with management, the external auditor and internal auditor the adequacy, effectiveness of or weaknesses of the Company's internal control system, significant findings and recommendations of the auditors, management responses and implementation of corrective actions.

AUDIT COMMITTEE
Report (Cont'd)

DUTIES AND FUNCTIONS (CONT'D)

(ix) Review and evaluate the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimise such risks.

(x) To direct and where appropriate, supervise any specific projects or internal investigation and review with management the investigation report.

(xi) Review any related party transactions and conflict of interest situation that may arise within the Company or the Group.

(xii) Review any other activities as defined and authorised by the Board.

MEETINGS

During the financial year ended 31 December 2014, the Audit Committee held four (4) meetings and the details of the members' attendance are as follows:-

Member	Attendance	%
Shaari Bin Haron	3/4	75
Dato' Seri Ismail Bin Shahudin	4/4	100
Dato' Ikmal Hijaz Bin Hashim	4/4	100
Hew Voon Foo	4/4	100

The Audit Committee and representatives of the external auditors met once during the financial year without the presence of executive board members and management team.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out the following activities in the discharge of its functions and duties:-

- Reviewed the unaudited quarterly results of the Company and the Group together with the announcements, before recommending to the Board for approval.
- Reviewed the annual audited financial statements of the Company and the Group together with the Management and External Auditors before Board approval, focusing on any changes and compliance with applicable accounting policies and standards and any significant judgement made affecting the financial performance.
- Reviewed with external auditors the scope and coverage of their audit planning, major audit findings, significant risks areas, management representation together with management's response.
- Reviewed the effectiveness of audit process and recommended for Board approval the External Auditors' audit fee structure. The External Auditors also reported to the Committee their policies, ethics and systems implemented to ensure and maintain independence and objectivity in discharging their professional responsibilities.
- Considered and approved the scope and coverage of Internal Audit plan and authorized ad-hoc assignments for the internal auditors.
- Reviewed the Internal Auditor's reports on the functions or activities audited, their audit findings, recommendations and improvement actions taken by the Management to enhance the internal control system.
- Reviewed internal auditors' follow-up reports on previously reported outstanding audit issues to monitor the effectiveness of improvement actions taken by Management.
- Reviewed recurrent related party transactions entered by the Group to ascertain as to whether the transactions are carried out according to the shareholders' mandate and on normal commercial terms.
- Reviewed the risk register of the Group setting out the risk areas identified and evaluated by the heads of operational units and the Management and the relevant control actions to manage or mitigate impact of the risks.
- Reviewed and recommended the Statement on Risk Management and Internal Control, Audit Committee Report and Statement on Corporate Governance for Board approval.