



WEIN BERHAD

(Company No. 742890-W)
(Incorporated in Malaysia)

Notes to the Unaudited Interim Financial Report

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2009, except for the adoption of the following:

| FRSs / Interpretations | Effective date |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| FRS 7 – Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8 – Operating Segments | 1 July 2009 |
| FRS 101 – Presentation of Financial Statements | 1 January 2010 |
| FRS 139 – Financial Instruments: Recognition and Measurement | 1 January 2010 |
| Amendments to FRS 139 – Reclassification of Financial Assets | 1 January 2010 |
| Amendments to FRS 132 – Eligible Hedged Items | 1 January 2010 |
| Amendments to IC Interpretation 9 and FRS 139 – Embedded Derivatives | 1 January 2010 |
| Amendments to FRS 1 and FRS 127 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 |
| Amendments to FRS 132 and FRS 101 – Puttable Financial Instruments and Obligations Arising on Liquidation | 1 January 2010 |
| IC Interpretation 9 – Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10 – Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Interpretation 11 , FRS 2 – Group and Treasury Share Transactions | 1 January 2010 |
| IC Interpretation 13 – Customer Loyalty Programmes | 1 January 2010 |
| IC Interpretation 14 , FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction | 1 January 2010 |

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of the following standards:

a) Amendments to FRS 101 – Presentation of Financial Statements.

The amendment to FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group has elected to show other comprehensive income in one statement of comprehensive income and hence, all owner changes in equity are presented in the consolidated statement of changes in equity, whereas non-owner changes in equity are shown in the consolidated statement of comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard.



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b) FRS 7 – Financial Instruments: Disclosures.

This standard requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures has been made in these interim financial statements.

c) FRS 139 - Financial Instruments : Recognition and measurement

Prior to the adoption of FRS 139, other investments in equity, other than investments in subsidiaries and associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in equity, other than investment in subsidiaries and jointly controlled entity are are now categorised and measured as available-for-sale as detailed above and measured at fair values with the gains or losses recognised in other comprehensive income.

The adoption of FRS 139 did not result in any adjustment made to the opening reserves as the carrying amount of the Group's other investments as at 31 December 2009/1 January 2010 approximate the market value as follows:

| | Carrying amount as at 31 December 2009 RM'000 | Market Value as at 31 December 2009 RM'000 |
|----------------------|--------------------------------------------------------|-----------------------------------------------------|
| Quoted Shares | <u>2,623</u> | <u>2,623</u> |

d) FRS 117 - Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as Prepaid lease payments in the Statement of Financial Position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent of risks and rewards incidental to ownership of the lands. Accordingly, the Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the prepaid land lease payments to property, plant and equipment. This change in classification has no effect on the results and financial position of the Group. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

| | 31 December 2009 | |
|-------------------------------|-----------------------|--------------------------------|
| | As restated RM'000 | As stated previously RM'000 |
| Property, plant and equipment | 20,248 | 13,788 |
| Prepaid lease payments | - | 6,460 |



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The following revised FRSs, new IC Interpretations and Amendment to FRSs applicable to the Group have been issued by the MASB and are effective for annual periods commencing on or after 1 March 2010, 1 July 2010, 1 January 2011 and 1 January 2012, and have yet to be adopted by the Group.

| | |
|-----------------------------------|---------------------------------------------------|
| Amendments to FRS 138 | Intangible Assets |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |

Amendments to FRSs contained in the document entitled “Improvements to FRSs(2010)”

| | |
|----------------------|--------------------------------------------------------------------------------|
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 1 | Limited Exemptions from Comparatives FRS 7 Disclosures for First-time Adopters |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 4 | Determining Whether an Agreement contains a Lease |
| FRS 124 | Related Party Transactions |

The initial application of the above FRSs and amendments to FRSs and Interpretation is not expected to have any significant impact on the Group.

A2. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Company’s statutory financial statements for the year ended 31 December 2009 in their report dated 29 April 2010.

A3. Seasonality or cyclical factors

As the customers base has broaden, the seasonality or cyclical factors affecting the Ewein Group have minimized.

A4. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the period under review.

A5. Changes in estimates

There were no changes in estimates that had a material effect in the current quarter and period to date results.

A6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter and period to date.



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A7. Dividend paid

There was no dividend paid by the Company in the current quarter other than the first and final tax exempt dividend of 2.5 sen per share for the financial year ended 31 December 2009 totaling RM2.65 million paid out on 20 August 2010.

A8. Segment information

There is only one reportable segment being the manufacturing of precision sheet metal fabricated parts, precision plastic injection moulding and related product finishing. Other operation of the Group mainly comprise investment holding which does not constitute a separately reportable segment.

A9. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The valuation of land and buildings has been brought forward without amendment from the previous audited financial statements.

A10. Events subsequent to the balance sheet date

There were no material post balance sheet events subsequent to the end of the current interim period other than the acquisition of 50% equity interest in M-Itech Sdn. Bhd. on 21 February 2011 for a cash consideration of RM2,250,000.00.

A11. Changes in Group's composition

There were no changes in the composition of the Group for the current quarter and financial period to-date, except for the following:

- i) Acquisition of a wholly owned subsidiary, The Esplanade Park Sdn Bhd, with an issued and paid up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each only, for a cash consideration of RM2.00 as announced on 15 November 2010, and
- ii) Cash subscription for 69,000 shares in Tekun Innovasi Sdn. Bhd, ("TISB") and bringing the Group's interest in TISB to 70%.

A12. Changes in contingent liabilities and assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A13. Commitments

There was no capital commitment as 31 December 2010.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

For the 12 months period ended 31 December 2010, Ewein Group reported a revenue of RM121.406 million and a profit after taxation of RM10.011 million as compared to RM97.995 million and RM9.127 million respectively in the corresponding period last year. The revenue and profit after tax increased by 23.89% and 9.69% respectively due to the strong demand from customers arising from the recovery of the electronics industry.

B2. Variation of results against preceding quarter

For the fourth quarter ended 31 December 2010, Ewein Group's revenue dropped by 10.91% or RM3.428 million to RM27.993 million as compared to RM31.421 million of the immediate preceding third quarter. However the Group recorded a higher profit after tax of RM1.585 million as compared to RM1.282 million in the immediate preceding quarter due to sales of higher profit margin products.

B3. Current year prospects

The anti-inflationary measures taken by major high growth countries may curb consumers spending. Coupled with the slow recovery of the developed nations and the latest developments in the Middle East countries, the Group is looking cautiously towards its performance for the financial year 2011 but expects to maintain its profitability.

B4. Variance between actual profit and forecast profit

This is not applicable as no profit forecast has been published.

B5. Tax expense

| | Current Quarter Ended 31 December 2010 RM'000 | Current Year-to-date 31 December 2010 RM'000 |
|----------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Current tax expense | 293 | 2,097 |
| Deferred tax expense | - | - |
| | <u>293</u> | <u>2,097</u> |

The effective tax rate is lower than the statutory rate of 25% due to the utilization of unabsorbed tax loss and reinvestment allowance by its subsidiaries.



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B6. Unquoted investments and properties

There were no disposal of unquoted investments and properties for the current quarter and financial period-to-date.

B7. Quoted investments

| | Carrying amount as at 31 December 2010 RM'000 | Market Value as at 31 December 2010 RM'000 |
|----------------------|------------------------------------------------------------------|---------------------------------------------------------------|
| Quoted Shares | <u>2,218</u> | <u>2,218</u> |

B8. Status of corporate proposals

There are no corporate proposals announced as at the date of this announcement.

B9. Borrowings

Ewein Group's borrowings as at 31 December 2010 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-----------------------------|---------------------------|-----------------------------|-------------------------|
| Current : | | | |
| - Hire purchase obligations | 399 | - | 399 |
| - Term loans | 319 | - | 319 |
| | <u>718</u> | <u>-</u> | <u>718</u> |
| Non current : | | | |
| - Hire purchase obligations | - | - | - |
| - Term loans | 1,417 | - | 1,417 |
| | <u>1,417</u> | <u>-</u> | <u>1,417</u> |
| Total | <u>2,135</u> | <u>-</u> | <u>2,135</u> |

The above borrowings are denominated in Malaysia.



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B10. Off balance sheet financial instruments

During the financial period to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

B11. Material litigation

Ewein Group is not engaged in any material litigation for the current financial period.

B12. Proposed dividend

The Directors recommend a first and final tax exempt dividend of 2.5 sen per share in respect of the financial year ended 31 December 2010 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B13. Basic earnings per share

The calculation of basic earnings per ordinary share for the current quarter and the twelve months financial period ended 31 December 2010 is based on the net profit attributable to ordinary shareholders of RM1.585 million and RM10.011 million respectively and the weighted average number of ordinary shares outstanding during the current quarter and the twelve months financial period ended 31 December 2010 of 105,462,600.



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B14. Realised and unrealised retained earnings

Current financial
Period/financial year
(RM'000)

Total retained profits of Ewein Berhad and its subsidiaries :

| | |
|--------------|---------|
| - Realised | 101,728 |
| - Unrealised | (251) |
| | ----- |
| | 101,477 |

Total share of retained profits from associated company :

| | |
|--------------|---------|
| - Realised | - |
| - Unrealised | - |
| | ----- |
| | 101,477 |

Less : Consolidation adjustments (46,540)

Total group retained profits / (accumulated losses)
as per consolidated accounts 54,937

B15. Authorisation for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board.

By Order of the Board

Chee Wai Hong (MIA 17181)
Secretary

Date: 23 February 2011