



## 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 issued by the Malaysian Accounting Standards Board (“MASB”) 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 2010.

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 2010, except for the adoption of the following new/revised standards mandatory for the current financial year under review :

##### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010*

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

##### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011*

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- Improvements to FRSs (2010)

The initial application of the above standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

##### 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 2010 in their report dated 28 April 2011.

##### A3. Seasonality or cyclical factors

As the customers base has broadened, 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.



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#### **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.

#### **A7. Dividend paid**

The first and final tax exempt dividend of 2.5 sen per share in respect of the financial year ended 31 December 2010 was paid on 19 August 2011.

#### **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 comprises investment holding which does not constitute a separate 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 was no material post balance sheet event subsequent to the end of the current interim period.

#### **A11. Changes in Group's composition**

Save for the acquisition of the 50% equity interest of M-Itech Sdn Bhd which was announced to Bursa Malaysia Securities Berhad on 21 February 2011 and completed on May 2011, there were no changes in the composition of the Group for the current quarter under review.

#### **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 30 September 2011.



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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 9 months period ended 30 September 2011, Ewein Group reported revenue of RM66.260 million and a profit after taxation of RM5.010 million as compared to RM93.413 million and RM8.425 million respectively in the corresponding period last year. The drop in revenue by 29.07% was due to the lower global demand which had affected the gross profit margin. As a result profit after tax was reduced by 40.53%.

##### B2. Variation of results against preceding quarter

For the third quarter ended 30 September 2011, Ewein Group's revenue decreased by 6.31% or RM1.457 million to RM21.650 million as compared to RM23.107 million of the immediate preceding second quarter. However the Group recorded a marginally higher profit after tax of RM1.932 million as compared to RM1.283 million in the immediate preceding quarter due to the higher sales of better margin products.

##### B3. Current year prospects

The Group anticipates a slow down in demand for its products for the remaining quarter of the financial year arising from the current flood situation in Bangkok which has interrupted to a certain degree the supply chain activities of its customers, and from the impact of the European Union sovereign debt crisis. Despite this, the Group is cautiously optimistic that the performance for the financial year 2011 is expected to remain profitable.

##### 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 30 September 2011 RM'000	Current Year-to-date 30 September 2011 RM'000
Current tax expense	111	577
Deferred tax expense	-	-
	<hr/>	<hr/>
	111	577

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

##### B6. Unquoted investments and properties

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



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#### B7. Quoted investments

	Carrying amount as at 30 September 2011 RM'000	Market Value as at 30 September 2011 RM'000
Quoted Shares	<u>2,154</u>	<u>2,154</u>

#### B8. Status of corporate proposals

On 22 September 2011, the Company announced that its wholly owned subsidiary, Ewein Land Sdn Bhd has on the same day entered into a Sale and Purchase Agreement with IJM Properties Sdn Bhd to purchase all that piece of freehold land and hereditaments known as Lot. No.777 held under Geran No. Hakmilik 77968, Seksyen 4, Bandar Jelutong, Daerah Timur Laut, Pulau Pinang (“the Property”) for a total cash consideration of RM50 million (“Proposed Acquisition”). The Proposal Acquisition is subject to the approval being obtained from the shareholders of the Company at an extraordinary general meeting to be convened and the consent of the State Authority being obtained for the transfer of the Property.

#### B9. Borrowings

Ewein Group’s borrowings as at 30 September 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current :			
- Hire purchase obligations	-	-	-
- Term loans	311	-	311
	<u>311</u>	<u>-</u>	<u>311</u>
Non current :			
- Hire purchase obligations	-	-	-
- Term loans	1,485	-	1,485
	<u>1,485</u>	<u>-</u>	<u>1,485</u>
Total	<u>1,796</u>	<u>-</u>	<u>1,796</u>

The above borrowings are denominated in Ringgit Malaysia.

#### 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.



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**B12. Proposed dividend**

No dividend has been proposed for the current quarter ended 30 September 2011.

**B13. Basic earnings per share**

The calculation of basic earnings per share for is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding of 105,462,600.

The diluted earnings per share is the same as the basic earnings per share as the Company has no convertible financial instruments.

**B14. Realised and unrealised retained earnings**

	<b>Current financial Period/financial year (RM'000)</b>
Total retained profits of Ewein Berhad and its subsidiaries:	
- Realised	61,341
- Unrealised	(324)
	----- 61,017
Total share of retained profits from associated company:	
- Realised	-
- Unrealised	146
	----- 61,163
Less: Consolidation adjustments	(4,386)
	----- 56,777 =====

**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: 22 November 2011