



## 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

This interim report is prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2011.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2011, except for the adoption of the following revised Financial Reporting Standards (“FRSs”) :

<b>FRSs/Interpretations</b>	<b>Effective date</b>
Amendments to FRS 132 - Classification of Rights Issues	1 March 2010
FRS 1 - First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3 - Business Combinations (Revised)	1 July 2010
FRS 127 - Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 2 - Share-based Payments	1 July 2010
Amendments to FRS 5 - Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 - Intangible Assets	1 July 2010
IC Interpretation 9 - Reassessment of Embedded Derivatives (Amendments to IC Interpretation 9)	1 July 2010
IC Interpretation 12 - Service Concession Arrangements	1 July 2010
IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 - Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 - Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 - Group Cash-settle Share based Payment Transactions	1 January 2011
Amendments to FRS 3 - Business Combination	1 January 2011
Amendments to FRS 7 - Improving Disclosures about Financial Instrument	1 January 2011
Amendments to FRS 101 - Presentation of Financial Statements	1 January 2011
Amendments to FRS 121 - The Effect of Changes in Foreign Exchange Rates	1 January 2011
Amendments to FRS 128 - Investments in Associates	1 January 2011
Amendments to FRS 131 - Interests in Joint Ventures	1 January 2011
Amendments to FRS 132 - Financial Instruments: Presentation	1 January 2011
Amendments to FRS 134 - Interim Financial Reporting	1 January 2011
Amendments to FRS 139 - Financial Instruments: Recognition and Measurement	1 January 2011
IC Interpretation 4 - Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 13 - Customer Loyalty Programmes	1 January 2011
IC Interpretation 18 - Transfer of Assets from Customers	1 January 2011



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

#### **Malaysian Financial Reporting Standards (MFRS)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS141 Agriculture (MFRS141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

#### **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.

#### **A5. Changes in estimates**

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



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#### **A6. 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.

#### **A7. 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.

#### **A8. 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.

#### **A9. Events subsequent to the balance sheet date**

There was no material post balance sheet event subsequent to the end of the current interim period.

#### **A10. Changes in Group's composition**

Save for the acquisition of the 50% equity interest in M-Itech Sdn Bhd which was announced to Bursa Malaysia Securities Berhad on 21 February 2011 and completed on May 2011 and the acquisition of a wholly owned subsidiary, Ewein Land Sdn. Bhd. for a consideration of RM2.00, there were no changes in the composition of the Group for the current quarter under review.

#### **A11. 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.

#### **A12. Commitments**

There was a capital commitment as at 31 December 2011 in respect of the purchase of a 16 storey office building together with a 7 storey car park by a wholly owned subsidiary amounting to RM45,000,000.



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

##### B1. Review of performance

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
Revenue	27,375	27,993	93,635	117,479
Profit before taxation	2,681	1,878	7,155	11,759

##### *Current quarter against preceding year corresponding quarter*

The Group recorded a marginal decrease in revenue. However the Group profit before taxation increased by 42.7% due to the higher gross profit margin achieved. The higher gross profit margin recorded in this quarter was due to higher sales to overseas customers which gave higher profit margin as compared to local sales to the multi-national companies located in Malaysia.

##### *Current year to date against preceding year to date*

The Group recorded a decrease in revenue by 20% or approximately RM24 million. The decrease is due to lower orders from customers arising from the Japan earthquake and tsunami, the flood in Thailand and the sovereign debt crisis of certain European Union countries.

As a result the Group profit before taxation decrease by 39.1% or RM4,604 million.

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

	3 months ended 31.12.11 RM'000	3 months ended 30.9.11 RM'000
	Revenue	27,375
Profit before taxation	2,681	2,043

For the fourth quarter ended 31 December 2011, Ewein Group's revenue increased by 26.00% or RM5.621 million to RM27.271 million as compared to RM21.650 million of the immediate preceding third quarter. This was due to a surge in orders to cater for the Christmas season. Accordingly the Group profit before taxation increased by 31.2% to RM2,681 million.



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### Notes to the Unaudited Interim Financial Report

#### B3. Prospects

The Group foresees the next financial year ending 31 December 2012 to be a challenging one amidst the protracted debt crisis in Europe notwithstanding the efforts put in by member countries of the European Union to resolve the said crisis and signs of a slow recovery in the US economy. In the light of this and based on existing demand by customers, and the rental income contribution from the office building upon the completion of its acquisition, the Group expects to remain profitable for the next financial year.

#### B4. Variance between actual profit and forecast profit

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

#### B5. Profits from operations

The profit before taxation is arrived at after charging/(crediting) the following items :

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	(Unaudited) 31.12.11 RM'000	(Unaudited) 31.12.10 RM'000	(Unaudited) 31.12.11 RM'000	(Audited) 31.12.10 RM'000
Bad debts	-	-	-	-
Depreciation	482	564	2,142	2,243
Gain on disposal of property, plant and equipment	466	(201)	572	-
Impairment loss on receivables	-	-	-	-
Impairment loss on inventories	-	-	-	-
Interest income	45	329	938	926
Interest expense	41	50	191	126
Inventories written off	-	-	-	-
Property, plant and equipment written off	2	-	272	2
Realised loss on foreign exchange	-	-	-	-



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### Notes to the Unaudited Interim Financial Report

#### B6. Tax expense

	Current Quarter Ended 31 December 2011 RM'000	Current Year-to-date 31 December 2011 RM'000
Current tax expense	970	1,768
Deferred tax expense	-	-
	<u>970</u>	<u>1,768</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 certain subsidiaries.

#### B7. Unquoted investments and properties

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

#### B8. Quoted investments

	Carrying amount as at 31 December 2011 RM'000	Market Value as at 31 December 2011 RM'000
Quoted Shares	<u>1,794</u>	<u>1,794</u>

#### B9. 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 purchases 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 was approved by the shareholders of the Company at an extraordinary general meeting held on 29 February 2012 and the state consent was obtained on 15 February 2012.



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#### B10. Borrowings

Ewein Group's borrowings as at 31 December 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current :			
- Hire purchase obligations	-	289	289
- Term loans	290	-	290
	<u>290</u>	<u>289</u>	<u>579</u>
Non current :			
- Hire purchase obligations	-	289	-
- Term loans	1,267	-	1,267
	<u>1,267</u>	<u>289</u>	<u>1,267</u>
Total	<u>1,557</u>	<u>289</u>	<u>1,846</u>

The above borrowings are denominated in Ringgit Malaysia.

#### B11. 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.

#### B12. Material litigation

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

#### B13. Proposed dividend

The Directors recommend a first and final tax exempt dividend of 2.5sen per share for shareholders' approval at the forthcoming annual general meeting.

#### B14. Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue 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.



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**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	67,894
- Unrealised	(137)
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	67,757
Total share of retained profits from associated company:	
- Realised	295
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	66,462
Less: Consolidation adjustments	(9,194)
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Total group retained profits	57,268
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**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: 29 February 2012