



WEIN BERHAD

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

Notes to the Unaudited Interim Financial Report

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated audited financial statements of the Group for the financial year ended 31 December 2011.

The Group's unaudited interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards had been applied.

The adoptions of these standards, amendments and interpretations have no material impact to the interim financial report.

2. Significant Accounting Policies

The accounting policies applied by the Group in the interim financial report are the same as those applied by the Group in its consolidated annual financial statements for the year ended 31 December 2011.

3. 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 2011 in their report dated 24 April 2012.

4. Seasonality or cyclical factors

As the customer base has broadened, the seasonality or cyclical factors affecting Ewein Group have minimized.

5. Exceptional and extraordinary items

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

6. Changes in estimates

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

7. Debt and equity securities

There were no issuance and repayments of debt and equity securities for the current financial period.

8. Dividend paid

There was no dividend paid by the Company in the current quarter and the period to date.



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Notes to the Unaudited Interim Financial Report

9. 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.

10. 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.

11. Events subsequent to the balance sheet date

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

12. Changes in Group's composition

There were no changes in the composition of the Group for the current quarter under review.

13. 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.

14. Commitments

There is a capital commitment as at 31 March 2012 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 million.

15. Review of performance

	Current and Cumulative Quarter Ended 31 March 2012 RM'000	Current and Cumulative Quarter Ended 31 March 2011 RM'000
Revenue	19,924	21,503
Profit before tax	1,140	1,860

For the 3 months period ended 31 March 2012, the Group recorded a drop in revenue due to slower demand from overseas customers especially USA and Europe. The lower profit achieved as compared to the corresponding quarter last year is mainly due to the reduction of higher profit margin products being sold during this quarter.



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16. Variation of results against preceding quarter

	3 months Ended 31 March 2012 RM'000	3 Months Ended 31 Dec 2011 RM'000
Revenue	19,924	27,375
Profit before tax	1,140	2,681

The drop in profit by 57.5% from the preceding quarter is due to the decrease in revenue by 27.2% and lower demand of higher value added products from overseas customers in the current quarter.

17. Current year prospects

The Group expects the remaining quarters of the financial year to be a challenging one in the light of the uncertainties arising from the euro zone debt crisis and the slow recovery of the US economy. Notwithstanding this, the Group is cautiously optimistic that the performance for the rest of financial year 2012 will remain profitable as besides the manufacturing profit, the Group looks forward to the recognition of the rental income upon the completion of the acquisition of the 16 storey office building.

18. Variance between actual profit and forecast profit

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

19. Tax expense

	Current Quarter Ended 31 March 2012 RM'000	Current Year-to-date 31 March 2011 RM'000
Current tax expense	(216)	(233)
Deferred tax expense	-	-
	<u>(216)</u>	<u>(233)</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.

20. 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 Proposed Acquisition is subject to the approval being obtained from the shareholders of the Company at an extraordinary general meeting to be



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Notes to the Unaudited Interim Financial Report

convened and the consent of the State Authority being obtained for the transfer of the Property.

The shareholders had approved the Proposed Acquisition at the Extraordinary General Meeting of the Company convened on 29 February 2012.

- b. On 29 February 2012, Alliance Investment Bank, on behalf of the Company, announced that the Company proposed to undertake a bonus issue of 52,731,300 free Warrants on the basis of one (1) free warrant for every two (2) existing shares of the Company held on an entitlement date to be determined later ("Proposed Bonus Issue"). The Proposed Bonus Issue is subject to the approval being obtained from the shareholders of the Company and such approval was obtained at the Extraordinary General Meeting convened on 21 May 2012.

21. Borrowings

Ewein Group's borrowings as at 31 March 2012 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current :			
- Hire purchase obligations	-	77	77
- Term loans	270	-	270
	<u>270</u>	<u>77</u>	<u>347</u>
Non current :			
- Hire purchase obligations	-	121	121
- Term loans	874	-	874
	<u>874</u>	<u>121</u>	<u>995</u>
Total	<u>1,144</u>	<u>198</u>	<u>1,342</u>

The above borrowings are denominated in Ringgit Malaysia.



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Notes to the Unaudited Interim Financial Report

22. Material litigation

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

23. Proposed dividend

The Directors recommended a first and final tax exempt dividend of 2.50 sen per share in respect of the financial year ended 31 December 2011 which was approved by the shareholders at the just concluded Annual General Meeting held on 21 May 2012.

24. 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 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.

25. Profit Before Tax

	Current/Cumulative Quarter ended 31 March 2012 RM'000
Profit before tax is arrived at after charging/(crediting):-	
Interest income	168
Other income	-
Dividend income	-
Interest expense	37
Depreciation	481
Provision/Write off of receivables	-
Provision/Write off of inventories	-
(Gain)/Loss on disposal of quoted or unquoted investments or properties	-
Impairment of assets	-
Realised Foreign exchange (gain)/loss	(354)
(Gain)/Loss on derivatives	-
Exceptional items	-



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26. Realised and unrealised retained earnings

	Current/Cumulative Quarter ended 31 March 2012 RM'000
Total retained profits of Ewein Berhad and its subsidiaries:	
- Realised	58,368
- Unrealised	-

	58,368
Total share of retained profits from associated company:	
- Realised	-
- Unrealised	135

	58,503
Less: Consolidation adjustments	(433)

Total group retained profits	58,070
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27. 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: 21 May 2012