



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 also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board. 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 form 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 accordingly.

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

The business of Ewein Group is not affected by any seasonality or cyclical factors.

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 period to date except for the first and final tax exempt dividend of 2.5 sen per share totaling RM2,636,562 in respect of the financial year ended 31 December 2011 which was paid on 17 August 2012.



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9. Segment information

With the completion of the acquisition of the IJM office building on 31 May 2012, the Ewein Group has a new business segment under investment holdings. The segment information is as follows:

	6 Months Ended 30 June 2012 RM'000	6 Months Ended 30 June 2011 RM'000
Segment Revenue		
Manufacturing	49,063	50,683
Investment holding	290	-
Total revenue including inter segment sales	49,353	50,683
Elimination of inter-segment sales	(5,952)	(6,760)
Total revenue excluding inter segment sales	43,401	43,923
Interest income	430	687
	<u>43,831</u>	<u>44,610</u>
Segment Results		
Manufacturing	2,865	3,626
Investment holding	122	-
Total results	2,987	3,626
Elimination	(38)	(508)
Results excluding inter segment sales	2,949	3,118
Interest expense	(127)	(95)
Interest income	430	687
Profit before taxation	3,252	3,710
Taxation	(575)	(466)
Profit for the period	<u>2,677</u>	<u>3,244</u>

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. Other investments

The Group's other investments comprise quoted shares which are categorised as available-for-sale financial assets.

Other investments are measured at their fair values with the gains or losses recognised in other comprehensive income.



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12. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the current quarter.

13. Changes in Group's composition

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

14. 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.

15. Commitments

There were no material capital commitments as at 30 June 2012 to be disclosed as at the date of this report.

16. Review of performance

	Individual Quarter 3 Months Ended 30 June 2012 RM'000	Individual Quarter 3 Months Ended 30 June 2011 RM'000	Cumulative Quarter 6 Months Ended 30 June 2012 RM'000	Cumulative Quarter 6 Months Ended 30 June 2011 RM'000
Revenue	23,907	23,107	43,831	44,610
Profit before taxation	2,112	1,850	3,252	3,710

Comparison with previous year corresponding quarter

Despite the slowdown of the Global economy, the Group has managed to record a marginal increase in revenue as compared to the previous year corresponding quarter, the Group profit before tax has also increased due to rental income earned in June 2012.

Comparison with previous year corresponding year to date

For the six months period ended 30 June 2012, the Group has recorded a marginal decrease in revenue as compared to the previous year corresponding period due to the prolonged debt crisis in the Eurozone and the slow recovery in the US economy which has affected the global market. However the Group profit before taxation decreased by 12% to RM3.252million due to lower margin from the products sold which was mitigated by higher other operating income and the rental income earned in June 2012.



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17. Variation of results against preceding quarter

	3 Months Ended 30 June 2012 RM'000	3 Months Ended 31 March 2012 RM'000
Revenue	23,907	19,924
Profit before taxation	2,112	1,140

For the current quarter, the Group recorded an increase in revenue and profit before tax by 20% and 85% respectively when compared to the preceding quarter due to surge of customer orders.

18. Current year prospects

The Group anticipates a slowdown in business for the remaining quarters of the financial year owing to the prolonged Eurozone debt crisis and the slow recovery of the US economy. However, with the completion of the acquisition of the 16 storey office building on 31 May 2012, the rental income earned will help to mitigate the slowdown faced by the manufacturing division. The Group expects to remain profitable for the rest of the financial year.

19. Variance between actual profit and forecast profit

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

20. Tax expense

	Current Quarter Ended 30 June 2012 RM'000	Current Year-to-date 30 June 2012 RM'000
Current tax expense	359	575
Deferred tax expense	-	-
	<hr/>	<hr/>
	359	575

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.



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21. Status of corporate proposals

- a) 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 (“Acquisition”).

The shareholders had approved the Acquisition at the Extraordinary General Meeting of the Company held on 29 February 2012 and the consent of the State Authority was obtained on 15 February 2012 and the Acquisition was completed on 31 May 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 of the Company held on 21 May 2012.

The Proposed Bonus Issue was completed following the listing and quotations of the 52,731,300 warrants on 14 June 2012.

22. Borrowings

Ewein Group’s borrowings as at 30 June 2012 are as follows:

	Secured RM’000	Unsecured RM’000	Total RM’000
Current :			
- Finance lease obligations	-	77	77
- Term loans	4,522	-	4,522
	<u>4,522</u>	<u>77</u>	<u>4,599</u>
Non current :			
- Finance lease obligations	-	121	121
- Term loans	38,945	-	38,945
	<u>38,945</u>	<u>121</u>	<u>39,066</u>
Total	<u>43,467</u>	<u>198</u>	<u>43,665</u>
Denominated in:			RM’000
Ringgit Malaysia			5,321
USD			38,344
			<u>43,665</u>



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23. Material litigation

Ewein Group is not engaged in any material litigation for the current quarter and year to date.

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 in issue of 105,462,600.

There is no diluted earnings per share as the warrants are anti-dilutive.

25. Profit before taxation

	Current/Cumulative Quarter Ended 30 June 2012 RM'000
Profit before tax is arrived at after charging/(crediting):-	
Interest income	430
Other income	2,510
Dividend income	-
Interest expense	127
Depreciation	962
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	418
Gain)/Loss on derivatives	-
Exceptional items	-

26. Realised and unrealised retained earnings

	Current Financial Period RM'000
Total retained profits of Ewein Berhad and its subsidiaries:	
- Realised	61,605
- Unrealised	(780)

	60,825
Total share of retained profits from associated company:	
- Realised	-
- Unrealised	265

	61,090
Less: Consolidation adjustments	(4,353)

Total Group's retained profits	=====
	56,737
	=====



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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 (BC/C/1470)
Secretary

Date: 27 August 2012