



EWEIN 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 2012.

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 2012.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine**
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans**
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*



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FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

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 2012 in their report dated 29 April 2013.

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 1 sen per share totaling RM1,054,626 in respect of the financial year ended 31 December 2012 which was paid on 23 August 2013.



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9. Segment information

The following comprises the main business segments of the Group :-

	Individual Quarter		Cumulative Quarters	
	3 months ended		6 Months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Manufacturing	12,620	23,327	25,319	49,063
Investment holding	972	290	1,925	290
Total revenue including inter segment sales	13,592	23,617	27,244	49,353
Elimination of inter-segment sales	-	-	-	(5,952)
Total revenue excluding inter segment sales	13,592	23,617	27,244	43,401
Interest income	205	262	371	430
	<u>13,797</u>	<u>23,879</u>	<u>27,615</u>	<u>43,831</u>
Segment Results				
Manufacturing	(164)	2,116	(154)	2,865
Investment holding	269	169	850	122
Total results	105	2,315	696	2,987
Elimination	-	-	-	(38)
Results excluding inter segment sales	105	2,315	696	2,949
Interest expense	(151)	(371)	(325)	(127)
Interest income	205	168	371	430
Profit before taxation	159	2,112	742	3,252
Taxation	(35)	(359)	(247)	(575)
Profit for the period	<u>124</u>	<u>1,753</u>	<u>495</u>	<u>2,677</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 and year-to-date 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 Jun 2013 to be disclosed as at the date of this report.



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16. Review of performance

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30 Jun 2013 RM '000	30 Jun 2012 RM '000	30 Jun 2013 RM '000	30 Jun 2012 RM '000
Revenue	13,592	23,617	27,244	43,541
Profit before taxation	159	2,112	742	3,252

Comparison with previous year corresponding quarter

The slowdown in global economy had dampened market in general and this had resulted in significant drop in Group revenue. As a result, the Group profit before tax decreased by 92.5% to RM0.159 million which was also partly caused by the loss of foreign exchange on the USD term loan.

Comparison with previous year corresponding year to date

The year to date Group Revenue showed a decline of 37.4% due basically to the slowdown in the global economy which affected customers' demand. Accordingly, Group profit before tax took a dive of 77.2% to RM0.742 million which was also partly caused by the loss of foreign exchange on the USD term loan.

17. Variation of results against preceding quarter

	3 Months Ended 30 Jun 2013 RM'000	3 Months Ended 30 Jun 2012 RM'000
	Revenue	13,592
Profit before taxation	159	2,112

The decrease in the current quarter's results was caused by the decrease in customers' demand and loss of foreign exchange on the USD term loan.

18. Current year prospects

The year to date performance up to 30 June 2013 was not very encouraging due to the slowdown in the global economy with some countries not meeting their targeted growth rates and the lingering uncertainties of certain EU member countries. Notwithstanding, management is confident that existing customers will continue to buy from the Group albeit lower sales volume and with the cost cutting exercise and the recognition of full year's rental income from investment properties, the directors foresee that the Group will remain positive for the rest of the financial year 2013.



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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 Jun 2013 RM '000	Current Year-to-date 30 Jun 2013 RM '000
Current tax expense	35	247
Deferred tax expense	-	-
	35	247
	35	247

This disproportionate tax charge is mainly due to the tax on rental income.

21. Status of corporate proposals

There were no corporate proposals outstanding at the date of this report.

22. Borrowings

Ewein Group's borrowings as at 30 Jun 2013 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Current :			
- Finance lease obligations	-	77	77
- Bank Overdraft	5,867	-	5,867
- Term loans	6,602	-	6,602
	12,469	77	12,546
	12,469	77	12,546
Non current :			
- Finance lease obligations	-	39	39
- Term loans	36,479	-	36,479
	36,479	39	36,518
	36,479	39	36,518
Total	48,948	116	49,064



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Denominated in:

	RM '000
Ringgit Malaysia	1,125
USD (Ringgit Malaysia equivalent)	47,939
	<hr/> <hr/> 49,064

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 Quarter Ended 30 Jun 2013 RM'000	Cumulative Quarters 6 Months Ended 30 Jun 2013 RM'000
Profit before tax is arrived at after charging/(crediting):	-	-
Interest income	205	371
Other income	-	-
Dividend income	-	-
Interest expense	(151)	(325)
Depreciation	559	1,105
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	329	(153)
Unrealised foreign exchange (gain)/loss	(687)	-
(Gain)/Loss on derivatives	-	-
	-	-



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26. Realised and unrealised retained earnings

	As at 30 June 2013
	RM'000
Total retained profits of Ewein Berhad and its subsidiaries:	
– Realised	48,940
– Unrealised	(1,062)
	<hr/> -47,878
Total share of retained profits from associated company:	
– Realised	(268)
– Unrealised	
	<hr/> 48,146
	(433)
Less: Consolidated adjustments	
	<hr/> <hr/> 47,713

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: 29 August 2013