



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.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) and to the Group have adopted with effective 1 January 2013.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 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)
- 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 (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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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 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*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments : Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

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.



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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.

9. Segment information

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

	Individual Quarter 3 months ended		Cumulative Quarters 12 Months ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Segment Revenue				
Manufacturing	9,362	22,083	48,096	83,724
Investment holding	953	954	3,834	2,338
Total revenue	<u>10,315</u>	<u>23,037</u>	<u>51,930</u>	<u>86,062</u>
Segment Results				
Manufacturing	1,004	1,153	1,584	6,499
Investment holding	2,067	567	3,079	1,455
Total results	<u>3,071</u>	<u>1,720</u>	<u>4,663</u>	<u>7,954</u>
Elimination	<u>(980)</u>	<u>226</u>	<u>(1,593)</u>	<u>(913)</u>
Results excluding inter segment sales	2,091	1,946	3,070	7,041
Interest expense	(190)	(127)	(827)	(431)
Interest income	235	267	753	881
Profit before taxation	<u>2,136</u>	<u>2,086</u>	<u>2,996</u>	<u>7,491</u>
Taxation	<u>(941)</u>	<u>(904)</u>	<u>(1,188)</u>	<u>(2,000)</u>
Profit for the period	<u>1,195</u>	<u>1,182</u>	<u>1,808</u>	<u>5,491</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 other than those disclosed in Note 21.

13. Changes in Group's composition

On 16 October, Ewein Berhad incorporated a 60% owned subsidiary, Ewein Zenith Sdn Bhd (EZ) with an issued and paid up capital of RM1,000,000 divided into 1,000,000 ordinary shares of RM1 each. The intended principal activities of EZ are property development, construction and property investment.

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 31 Dec 2013 to be disclosed as at the date of this report.

16. Review of performance

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM '000	RM '000	RM '000	RM '000
Revenue	10,315	23,037	51,930	86,062
(Loss) / Profit before taxation	2,136	2,086	2,996	7,491

Comparison with previous year's corresponding quarter

The slowdown in global economy had dampened market demand and this had resulted in significant drop in Group revenue. However, Group's profit before tax (PBT) increased marginally by 2.40% to RM2.136 million due to the recognition of net revaluation surplus of RM3.008 million on the investment properties reduced by the loss in foreign exchange on the USD term loan of RM1.692 million

Comparison with previous year's corresponding year to date

For the financial year 2013, the Group's revenue declined by 39.66% due basically to the slowdown in the global economy which affected customers' demand. Accordingly, the Group's PBT took a dive by 60.00% to RM2.996 million which was mitigated by the recognition of net revaluation surplus of RM3.008 million on the investment properties reduced by the loss in foreign exchange on the USD term loan of RM2.254 million and the full recognition of 12 months rental income versus 7 months rental income in the previous financial year.



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17. Variation of results against preceding quarter

	3 Months Ended 31 Dec 2013 RM'000	3 Months Ended 30 Sept 2013 RM'000
Revenue	10,315	14,371
Profit before taxation	2,136	118

Despite a severe drop in revenue, the Group PBT increased by 1,710% due to the recognition of net revaluation surplus of RM3.008 million on the investment properties reduced by the loss in foreign exchange on the USD term loan of RM1.692 million.

18. Current year's prospects

The Group does not foresee any significant improvement in the manufacturing segment in the next financial year due to continuing sluggish demand from the electronics and electrical sector. However, with the diversification into property development and property investment activities the Group hopes to mitigate any adverse performance from the manufacturing segment.

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 31 Dec 2013 RM '000	Current Year-to-date 31 Dec 2013 RM '000
Current tax expense	(941)	(1,188)
Deferred tax expense	-	-
	<hr/> (941)	<hr/> (1,188)

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

21. Status of corporate proposals

1. The Company had at its annual general meeting held on 22 January 2014 approved the following:

- i. Renounceable rights issue of up to 79,096,950 new ordinary shares of RM0.50 each in Ewein ("Ewein share(s)" or "rights share(s)") on the basis of one (1) rights share for every two (2) existing Ewein shares held by the entitled shareholders of Ewein, on an entitlement date to be determined later,



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- ii. Bonus issue of up to 79,096,950 new Ewein shares (“bonus share(s)”) on the basis of one (1) bonus share for every one (1) rights share subscribed for by the entitled shareholders of Ewein and/or their renounee(s) pursuant to the rights issue,
- iii. Increase in the authorised share capital of Ewein from RM100,000,000 comprising 200,000,000 Ewein shares to RM250,000,000 comprising 500,000,000 Ewein shares, and
- iv. Amendments to the memorandum and articles of association of Ewein.

Note: As at the date of this report, the above approvals are in the process of being implemented.

2. The Company had on 24 December 2013, announced the following:

- (i) Proposed joint venture between Consortium Zenith BUCG Sdn Bhd and Ewein Land Sdn Bhd, (EL) a wholly-owned subsidiary of Ewein Berhad via Ewein Zenith Sdn Bhd, a 60% owned subsidiary of EL to undertake a proposed development and
- (ii) Proposed diversification of the existing core businesses of Ewein and its subsidiaries to include property development.

Note: On 27 February 2014, the Company announced that a Supplemental Agreement has been executed to vary certain terms and conditions of the Principal Joint Venture Agreement. As at the date of this report, the above approvals are in the process of being implemented.

22. Borrowings

Ewein Group’s borrowings as at 31 Dec 2013 are as follows:

	Secured	Unsecured	Total
	RM '000	RM '000	RM '000
Current :			
– Finance lease obligations	-	77	77
– Bank Overdraft	-	-	-
– Term loans	18,774	-	18,774
	<u>18,774</u>	<u>77</u>	<u>18,851</u>
Non current :			
– Finance lease obligations	-	-	-
– Term loans	29,632	-	29,632
	<u>29,632</u>	<u>-</u>	<u>29,632</u>
Total	<u>48,406</u>	<u>77</u>	<u>48,843</u>



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Denominated in:

	RM '000
Ringgit Malaysia	874
USD (Ringgit Malaysia equivalent)	47,609
	<u>48,483</u>

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 31 Dec 2013 RM'000	Cumulative Quarters 12 Months Ended 31 Dec 2013 RM'000
Profit before tax is arrived at after charging/(crediting):	-	-
Interest income	235	753
Other income	-	-
Dividend income	-	-
Interest expense	(190)	(827)
Depreciation	561	2,238
Provision/Write off of receivables	-	-
Provision/Write off of inventories	-	-
(Gain)/Loss on disposal of quoted or unquoted investments or properties	(162)	(162)
Impairment of assets	-	-
Realised foreign exchange (gain)/loss	1,008	829
Unrealised foreign exchange (gain)/loss	(2,328)	(2,254)
(Gain)/Loss on derivatives	-	-
	-	-



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26. Realised and unrealised retained earnings

	As at 31 Dec 2013
	RM'000
Total retained profits of Ewein Berhad and its subsidiaries:	
– Realised	48,751
– Unrealised	(661)
	<hr/> 48,090
Total share of retained profits from associated company:	
– Realised	286
– Unrealised	
	<hr/> 48,376
	(434)
Less: Consolidated adjustments	
	<hr/> <hr/> 47,942

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: 28 February 2014