



**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 Main Market Listing Requirements of 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 2013.

### **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 2013.

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.

#### ***MFRSs, 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*
- IC Interpretation 21, *Levies*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements*



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#### ***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, and
- from the annual periods beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the accounting standards, amendments or interpretations is not expected to have any financial impacts to the current and prior periods financial statements except as mentioned below:

#### ***MFRS 9, Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### **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 2013 in their report dated 29 April 2014.

#### **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		Cumulative Quarters	
	3 months ended		3 months ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Segment Revenue</b>				
Manufacturing	8,718	12,699	8,718	12,699
Investment holding	958	953	958	953
Total revenue	9,676	13,652	9,676	13,652
<b>Segment Results</b>				
Manufacturing	(214)	(117)	(214)	(117)
Investment holding	603	708	603	708
Total results	389	591	389	591
Elimination	-	-	-	-
Results excluding inter segment sales	389	591	389	591
Interest expense	(188)	(174)	(188)	(174)
Interest income	61	166	61	166
Profit for the period	262	583	262	583

**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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**Notes to the Unaudited Interim Financial Report**

**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**

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 or contingent assets as at 31 Mar 2014 to be disclosed as at the date of this report.

**16. Review of performance**

	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Quarter 3 Months Ended</b>	
	<b>31 Mar 2014 RM '000</b>	<b>31 Mar 2013 RM '000</b>	<b>31 Mar 2014 RM '000</b>	<b>31 Mar 2013 RM '000</b>
Revenue	9,676	13,652	9,676	13,652
(Loss) / Profit before taxation	262	583	262	583

**Comparison with previous year corresponding quarter**

The slowdown in global economy had dampened demand, in particular, for electrical and electronics segment, and this had resulted in significant drop in Group revenue. As a result, the Group's profit before tax ("PBT") was also eroded in tandem with revenue contraction.

**Comparison with previous year corresponding year to date**

Same commentary as above.



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**Notes to the Unaudited Interim Financial Report**

**17. Variation of results against preceding quarter**

	<b>3 Months Ended 31 Mar 2014 RM'000</b>	<b>3 Months Ended 31 Dec 2013 RM'000</b>
Revenue	9,676	10,315
Profit before taxation	262	2,136

Revenue contracted by 6.19% to RM9.676 million for this quarter under review due to lower orders from customers. However, Group PBT reduced by a much higher margin due to the corporate exercise expenses recognized in this quarter.

**18. Current year prospects**

The lower revenue for the quarter reflects the already strained performance of the electronics and electrical manufacturing industry. As such, the Group is cautious of any improvement in its manufacturing segment going forward.

However, the Group is hopeful that the diversification into property development and property investment activities would help to mitigate any adverse performance from the manufacturing segment for 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**

	<b>Current Quarter Ended 31 Mar 2014 RM '000</b>	<b>Current Year-to-date 31 Mar 2013 RM '000</b>
Current tax expense	(205)	(212)
Deferred tax expense	(357)	-
	<hr/> <hr/> <b>(562)</b>	<hr/> <hr/> <b>(212)</b>

The current tax is in respect of rental income.



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### Notes to the Unaudited Interim Financial Report

#### 21. Status of corporate proposals

There were no corporate proposals outstanding at the date of this report. The following corporate proposals announced on 28 February 2014 were completed on 14 April 2014.

On 22 January 2014, the Company held its extraordinary general meeting where the following were approved:

- (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 (“Rights Issue”);
- (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 (“Bonus 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 (Increase in Authorised Share Capital), and
- (iv) Amendments to the memorandum and articles of association of Ewein (M&A Amendments).

Following the listing of the 52,731,296 Rights Shares and 52,731,296 Bonus Shares issued pursuant to the Rights Issue and Bonus Issue respectively on the Main Market of Bursa Malaysia Securities Berhad on 14 April 2014, marked the completion of the above proposals.

#### 22. Borrowings

Ewein Group’s borrowings as at 31 Mar 2014 are as follows:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM ’000</b>	<b>RM ’000</b>	<b>RM ’000</b>
Current :			
– Finance lease obligations	-	58	58
– Bank Overdraft	4,858	-	4,858
– Term loans	3,667	-	3,667
	<u>8,525</u>	<u>58</u>	<u>8,583</u>
Non current :			
– Finance lease obligations	-	-	-
– Term loans	39,560	-	39,560
	<u>39,560</u>	<u>-</u>	<u>39,560</u>
Total	<u>48,085</u>	<u>58</u>	<u>48,143</u>



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**Notes to the Unaudited Interim Financial Report**

Denominated in:

	<b>RM '000</b>
Ringgit Malaysia	864
USD (Ringgit Malaysia equivalent)	47,279
	<hr/> <hr/> <b>48,143</b>

**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**

	<b>Current Quarter Ended 31 Mar 2014 RM'000</b>
Profit before tax is arrived at after charging/(crediting):	-
Interest income	61
Other income	-
Dividend income	12
Interest expense	(188)
Depreciation	(562)
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	-
Unrealised foreign exchange (gain)/loss	(295)
(Gain)/Loss on derivatives	-



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**26. Realised and unrealised retained earnings**

	<b>As at 31 Mar 2014</b>
	<b>RM'000</b>
Total retained profits of Ewein Berhad and its subsidiaries:	
– Realised	48,803
– Unrealised	(865)
	<hr/> 47,938
Total share of retained profits from associated company:	
– Realised	431
– Unrealised	
	<hr/> 48,369
Less: Consolidated adjustments	(434)
	<hr/> <hr/> 47,935

**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: 30 May 2014