



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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (“the Group”) subsequent to 31 December 2014.

2. Significant accounting policies

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2014 except for the mandatory adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 January 2015.

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 MFRS 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 2011-2013 Cycle) |



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2. Significant accounting policies (cont'd)

The Group and the Company apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 January 2015 except for those marked “*” which are not applicable to the Group and the Company.

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

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 2014 in their report dated 29 April 2015.

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the quarter and three months ended 31 March 2015.

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 half sen per share totaling RM1,054,626 in respect of the financial year ended 31 December 2014, will be paid on 20 August 2015.



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9. Segment information

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

| | Individual Quarter 3 months ended | | Cumulative Quarters 3 months ended | |
|---------------------------------------|--------------------------------------|--------------------------|---------------------------------------|--------------------------|
| | 31 Mar 2015 RM'000 | 31 Mar 2014 RM'000 | 31 Mar 2015 RM'000 | 31 Mar 2014 RM'000 |
| Segment Revenue | | | | |
| Manufacturing | 8,195 | 8,718 | 8,195 | 8,718 |
| Investment holding | 1,520 | 958 | 1,520 | 958 |
| Total revenue | 9,715 | 9,676 | 9,715 | 9,676 |
| Segment Results | | | | |
| Manufacturing | 530 | (214) | 530 | (214) |
| Investment holding | 374 | 603 | 374 | 603 |
| Total results | 904 | 389 | 904 | 389 |
| Elimination | - | - | - | - |
| Results excluding inter segment sales | 904 | 389 | 904 | 389 |
| Interest expense | (151) | (188) | (151) | (188) |
| Interest income | 79 | 61 | 79 | 61 |
| Profit before taxation | 832 | 262 | 832 | 262 |
| Taxation | (151) | (205) | (151) | (205) |
| Profit for the period | 681 | 57 | 681 | 57 |

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.



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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.

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 or contingent assets as at 31 March 2015 to be disclosed as at the date of this report.

16. Review of performance

| | Individual Quarter 3 Months Ended | | Cumulative Quarter 3 Months Ended | |
|------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | 31 Mar 2015 RM'000 | 31 Mar 2014 RM'000 | 31 Mar 2015 RM'000 | 31 Mar 2014 RM'000 |
| Revenue | 9,715 | 9,676 | 9,715 | 9,676 |
| Profit before taxation | 832 | 262 | 832 | 262 |

Comparison with previous year's corresponding quarter

For the 3 months period ended 31 March 2015, the Group recorded a slight drop in revenue from manufacturing activity due to slow demand from overseas customers. However, the Group managed to have an increase in profit before taxation mainly contributed from the investment segment.



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16. Review of performance (cont'd)

Comparison with previous year's corresponding year to date

Same commentary as above.

17. Variation of results against preceding quarter

| | 3 Months Ended 31 Mar 2015 RM'000 | 3 Months Ended 31 Dec 2014 RM'000 |
|------------------------|--|--|
| Revenue | 9,715 | 10,816 |
| Profit before taxation | 832 | 2,533 |

The variation results of revenue dropped to RM9.7 million due to lower demand and the Group PBT decreased due to lower demand of high value added sales in this quarter.

18. 2015 year prospects

As the lower demand from the electronics and electrical sector continues, the Group does not foresee any significant improvement in the manufacturing segment in the year 2015.

However, the Group will expect positive contribution from property development and property investment activities.

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 Mar 2015 RM '000 | Current Year-to-date 31 Mar 2015 RM '000 |
|---------------------|--|---|
| Current tax expense | (151) | (151) |



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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 31 March 2015 are as follows:

| | Secured RM '000 | Unsecured RM '000 | Total RM '000 |
|------------------|----------------------------|------------------------------|--------------------------|
| Current : | | | |
| – Bank Overdraft | 4,615 | - | 4,615 |
| – Term loans | 3,750 | - | 3,750 |
| | <u>8,365</u> | <u>-</u> | <u>8,365</u> |
| Non current : | | | |
| – Term loans | 92,890 | - | 92,890 |
| | <u>92,890</u> | <u>-</u> | <u>92,890</u> |
| Total | <u>101,255</u> | <u>-</u> | <u>101,255</u> |

Denominated in:

| | RM '000 |
|-----------------------------------|----------------|
| Ringgit Malaysia | 58,872 |
| USD (Ringgit Malaysia equivalent) | 42,383 |
| | <u>101,255</u> |

23. Material litigation

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



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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.

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|------------------|---------------------------|------------------|
| | 3 Months Ended | | 3 Months Ended | |
| | 31 Mar 15 | 31 Mar 14 | 31 Mar 15 | 31 Mar 14 |
| Profit after taxation Attributable to owners of the parent (RM'000) | 679 | 93 | 679 | 93 |
| Weighted average number of ordinary shares of RM0.50 each in issue after taking into account the effect of Rights and Bonus shares ('000) | 158,193 | 105,463 | 158,193 | 105,463 |
| Basic earnings per share (sen) | 0.43 | 0.09 | 0.43 | 0.09 |

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

25. Profit before taxation

| | Current | | Cumulative | |
|--|----------------------|---------------|----------------------|---------------|
| | Quarter Ended | | Quarter Ended | |
| | 31 Mar | 31 Mar | 31 Mar | 31 Mar |
| | 2015 | 2014 | 2015 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after charging/(crediting): | | | | |
| Interest income | (79) | (61) | (79) | (61) |
| Dividend income | (19) | (12) | (19) | (12) |
| Interest expense | 151 | 188 | 151 | 188 |
| Depreciation | 558 | 562 | 558 | 562 |
| Unrealised foreign exchange loss/ (gain) | (663) | (295) | (663) | (295) |



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26. Realised and unrealised retained earnings

| | As at 31 Mar 2015 RM'000 | As at 31 Dec 2014 RM'000 |
|---|---|---|
| Total retained profits of Ewein Berhad and its subsidiaries: | | |
| – Realised | 26,079 | 28,814 |
| – Unrealised | (1,498) | (4,917) |
| | <hr/> 23,971 | <hr/> 23,897 |
| Total share of retained profits from associated company: | | |
| – Realised | - | - |
| – Unrealised | - | - |
| | <hr/> 24,581 | <hr/> 23,897 |
| Less: Consolidated adjustments | (313) | (313) |
| | <hr/> 24,269 | <hr/> 23,584 |

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 May 2015