



**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 six months ended 30 June 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, 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 6 months ended	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
<b>Segment Revenue</b>				
Manufacturing	9,089	9,744	17,284	18,462
Investment holding	1,463	967	2,982	1,925
Total revenue	10,552	10,711	20,266	20,387
<b>Segment Results</b>				
Manufacturing	489	446	1,019	232
Investment holding	835	58	1,208	661
Total results	1,324	504	2,227	893
Elimination	-	-	-	-
Results excluding inter segment sales	1,324	504	2,227	893
Interest expense	(1,070)	(181)	(1,221)	(369)
Interest income	95	112	174	173
Profit before taxation	349	435	1,180	697
Taxation	(286)	(277)	(436)	(482)
(Loss)/Profit for the period	63	158	744	215

#### 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**

On 1 June 2015, Ewein Land Sdn Bhd ("ELSB"), a wholly-owned subsidiary of the Company has incorporated a new 60% owned subsidiary by the name of Ewein Zenith II Sdn. Bhd. The authorised capital of Ewein Zenith II Sdn Bhd is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each, of which 600 ordinary shares of RM1.00 each is held by ELSB and the remaining 400 ordinary shares of RM1.00 each is held by Consortium Zenith BUCG Sdn. Bhd.

Save for the above, there were no changes in the composition of the Group during the financial period ended 30 June 2015.

#### **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 30 June 2015 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 June 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
Revenue	10,552	10,711	20,266	20,387
Profit before taxation	349	435	1,180	697

#### Comparison with previous year's corresponding quarter

For the 3 months period ended 30 June 2015, the Group recorded a slight drop in revenue from manufacturing activity due to slow demand from overseas customers thus it leads to the decrease of the profit before taxation.

#### Comparison with previous year's corresponding year to date

The Group recorded revenue of RM20.26 million for the financial period ended 30 June 2015 which was 0.12 million or 0.6% lower as compared to previous financial period ended 30 June 2014 of RM20.39 million. The decrease was mainly due to slow demand from overseas manufacturing's customers.

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

	3 Months Ended 30 Jun 2015 RM'000	3 Months Ended 31 Mar 2015 RM'000
Revenue	10,552	9,715
Profit before taxation	349	832

Revenue improved to RM10.552 million for this quarter due to improvement of overseas customers' orders in manufacturing activities. Higher finance cost during the quarter led to decrease of profit before taxation as compared with preceding 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.



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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**

	<b>Current Quarter Ended 30 Jun 2015 RM '000</b>	<b>Current Year-to-date 30 Jun 2015 RM '000</b>
Current tax expense	(286)	(436)

**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 June 2015 are as follows:

	<b>Secured RM '000</b>	<b>Unsecured RM '000</b>	<b>Total RM '000</b>
Current :			
– Bank Overdraft	16,711	-	16,711
– Term loans	3,391	-	3,391
	<u>20,102</u>	<u>-</u>	<u>20,102</u>
Non-current :			
– Term loans	92,390	-	92,390
	<u>92,390</u>	<u>-</u>	<u>92,390</u>
Total	<u>112,492</u>	<u>-</u>	<u>112,492</u>



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**22. Borrowings (Cont'd)**

Denominated in:

	<b>RM '000</b>
Ringgit Malaysia	54,895
USD (Ringgit Malaysia equivalent)	57,597
	<u>112,492</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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30 Jun 15</b>	<b>30 Jun 14</b>	<b>30 Jun 15</b>	<b>30 Jun 14</b>
Profit after taxation Attributable to owners of the parent (RM'000)	<u>521</u>	<u>277</u>	<u>1,204</u>	<u>370</u>
Weighted average number of ordinary shares of RM0.50 each in issue after taking into account the effect of Rights and Bonus shares ('000)	<u>191,244</u>	<u>154,137</u>	<u>191,244</u>	<u>154,137</u>
Basic earnings per share (sen)	<u>0.27</u>	<u>0.18</u>	<u>0.63</u>	<u>0.24</u>

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



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**25. Profit before taxation**

	<b>Current Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30 Jun 2015 RM'000</b>	<b>30 Jun 2014 RM'000</b>	<b>30 Jun 2015 RM'000</b>	<b>30 Jun 2014 RM'000</b>
	Profit before tax is arrived at after charging/(crediting):			
Interest income	(95)	(112)	(174)	(173)
Dividend income	-	(105)	(19)	(117)
Interest expense	1,070	181	1,221	369
Depreciation	571	560	1,129	1,122
Unrealised foreign exchange loss/ (gain)	4,421	(581)	3,758	(834)

**26. Realised and unrealised retained earnings**

	<b>As at 30 Jun 2015 RM'000</b>	<b>As at 31 Dec 2014 RM'000</b>
<b>Total retained profits of Ewein Berhad and its subsidiaries:</b>		
- Realised	30,122	28,814
- Unrealised	(5,022)	(4,917)
	<hr/> 25,100	<hr/> 23,897
 <b>Less: Consolidated adjustments</b>		
	(313)	(313)
	<hr/> <hr/> 24,787	<hr/> <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.





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By Order of the Board

Chee Wai Hong (BC/C/1470)  
Secretary

Date: 21 August 2015