

TA WIN HOLDINGS BERHAD (Company No. 291592-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30-Jun-14 RM'000	30-Jun-13 RM'000	30-Jun-14 RM'000	30-Jun-13 RM'000
Revenue	10	113,712	143,632	229,067	267,299
Cost of sales		(112,857)	(140,432)	(225,860)	(261,600)
Gross profit		<u>855</u>	<u>3,200</u>	<u>3,207</u>	<u>5,699</u>
Other income		62	116	128	143
Selling and distribution expenses		(463)	(622)	(964)	(1,124)
Administrative expenses		(1,256)	(458)	(3,127)	(1,682)
Profit from operations		<u>(802)</u>	<u>2,236</u>	<u>(756)</u>	<u>3,036</u>
Finance costs		(702)	(656)	(1,421)	(1,284)
(Loss)/Profit before tax	10	<u>(1,504)</u>	<u>1,580</u>	<u>(2,177)</u>	<u>1,752</u>
Income Tax Expense	19	-	-	-	-
Net (Loss)/Profit for the period		<u><u>(1,504)</u></u>	<u><u>1,580</u></u>	<u><u>(2,177)</u></u>	<u><u>1,752</u></u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(17)	367	(554)	1,066
Revaluation of land and buildings		-	-	-	-
Other comprehensive (loss)/income, for the period, net of tax		<u>(17)</u>	<u>367</u>	<u>(554)</u>	<u>1,066</u>
Total comprehensive (loss)/income for the period		<u><u>(1,521)</u></u>	<u><u>1,947</u></u>	<u><u>(2,731)</u></u>	<u><u>2,818</u></u>
Total (loss)/profit attributable to:					
Equity holders of the parent		<u>(1,504)</u>	<u>1,580</u>	<u>(2,177)</u>	<u>1,752</u>
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		<u>(1,521)</u>	<u>1,947</u>	<u>(2,731)</u>	<u>2,818</u>
Earning per share (sen)					
- Basic	28	(2.34)	2.46	(3.39)	2.73
- Diluted	28	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial

TA WIN HOLDINGS BERHAD (Company No. 291592-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

		AS AT END OF CURRENT QUARTER 30-Jun-14 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31-Dec-13 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	36,657	38,854
Investment property		1,350	1,350
		<u>38,007</u>	<u>40,204</u>
CURRENT ASSETS			
Inventories		59,878	46,405
Trade receivables		37,355	50,617
Other receivables, prepayment and deposits		1,958	826
Cash and bank balances		12,423	22,131
		<u>111,614</u>	<u>119,979</u>
TOTAL ASSETS		<u>149,621</u>	<u>160,183</u>
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		64,286	64,286
Share premium		1,798	1,798
Foreign exchange reserve		1,064	1,618
Revaluation reserve		11,258	11,258
Accumulated losses		(16,815)	(14,638)
TOTAL EQUITY		<u>61,591</u>	<u>64,322</u>
CURRENT LIABILITIES			
Borrowings	22	57,722	56,591
Trade payables		13,413	18,764
Other payables		16,895	20,506
		<u>88,030</u>	<u>95,861</u>
TOTAL LIABILITIES		<u>88,030</u>	<u>95,861</u>
TOTAL EQUITY AND LIABILITIES		<u>149,621</u>	<u>160,183</u>
Net assets per share		0.96	1.00
		-	-

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

TA WIN HOLDINGS BERHAD (Company No. 291592-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

←— Attributable to Equity Holders of the Parent —→
 ←— Non-Distributable —→

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2014	64,286	1,798	11,258	1,618	(14,638)	64,322
Total comprehensive loss for the period	-	-	-	(554)	(2,177)	(2,731)
At 30 June 2014	<u>64,286</u>	<u>1,798</u>	<u>11,258</u>	<u>1,064</u>	<u>(16,815)</u>	<u>61,591</u>
At 1 January 2013	64,286	1,798	11,258	242	(17,427)	60,157
Total comprehensive income for the period	-	-	-	1,066	1,752	2,818
At 31 June 2013	<u>64,286</u>	<u>1,798</u>	<u>11,258</u>	<u>1,308</u>	<u>(15,675)</u>	<u>62,975</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

TA WIN HOLDINGS BERHAD (Company No. 291592-U)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	6 months ended 30-Jun-14 RM'000	6 months ended 30-Jun-13 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(2,177)	1,752
Adjustments for:		
Depreciation of property, plant and equipment	3,037	2,333
Gain on disposal of property, plant and equipment	(48)	(15)
Interest expenses	1,421	1,284
Interest income	(24)	(15)
Unrealised exchange loss	609	1,140
Operating cash flows before changes in working capital	<u>2,818</u>	<u>6,479</u>
Receivables	12,520	16,938
Other current assets	(14,605)	(7,163)
Payables	(8,418)	(1,796)
Cash (used in)/from operating activities	<u>(7,685)</u>	<u>14,458</u>
Other comprehensive (loss)/income, for the period,	(544)	(544)
Interest received	24	15
Total comprehensive (loss)/income for the period	<u>(1,421)</u>	<u>(1,284)</u>
Net cash (used in)/from operating activities	<u>(9,626)</u>	<u>12,645</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(840)	(551)
Proceeds from disposal of property, plant and equipment	48	15
Net cash flows used in investing activities	<u>(792)</u>	<u>(536)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from loans and borrowings	7,106	7,329
Repayment of loans and borrowings	(6,597)	(14,515)
Net cash flows from/(used in) financing activities	<u>509</u>	<u>(7,186)</u>
Net (decrease)/ increase in cash and cash equivalents	(9,909)	4,923
At beginning of financial year	22,131	18,188
Effect of exchange rates changes	201	(448)
At end of financial period	<u>12,423</u>	<u>22,663</u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,423	22,663
Bank Overdraft (included under short term borrowings)	-	-
Net cash and bank balances	<u>12,423</u>	<u>22,663</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**TA WIN HOLDINGS BERHAD (Company No.291592-U)
NOTES TO INTERIM FINANCIAL REPORT ENDED 30 JUNE 2014
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

Part A - Selected explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 : Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs, Issues

	Effective for annual periods beginning on or after
Amendments to MFRS 10 : Consolidated Financial Statement (Investment Entities)	1 January 2014
Amendments to MFRS 12 : Disclosure of Interests in Other Entities (Investment Entities)	1 January 2014
Amendments to MFRS 127 : Consolidated and Separate Financial Statement (Investment Entities)	1 January 2014
Amendments to MFRS 132 : Financial Instruments Presentation (Offsetting Financial Assets and and Financial Liabilities)	1 January 2014
Amendments to MFRS 136 : Impairment of Assets (Recoverable Amount Disclosures for Non- Financial Assets)	1 January 2014
Amendments to MFRS 139 : Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)	1 January 2014
IC Interpretation 21 : Levies	1 January 2014

The adoption of the above MFRS, amendments to MFRS and IC Interpretations do not have significant impact on the financial statements, position or presentation of financials of the Group and the Company in the period of initial application, except as disclosed below:

MFRS 9 Financial instruments

MFRS 9, as issued, reflects the first phase of the work on replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the financial assets, but will not have an impact on classification and measurements of the financial liabilities. The effect will be quantified in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. No derivatives were novated during the current period. However, these amendments would be considered for future novation.

To meet the objectives, an entity may need to supplement additional (qualitative disclosures), depending on the terms of the enforceable master netting arrangements and related arrangements, including the nature of the rights to set-off and their effect or potential effect on the entity's financial position.

Standards and interpretations issued but not yet effective

As at 30 June 2014, the following MFRS, amendments to MFRS and IC Interpretations that have been issued but not yet effective :

	Effective for annual periods beginning on or after
Amendments to MFRS 119 : Employee Benefits (Defined Benefit Plans: Employee Contributions)	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
Amendments to MFRS 9 : Financial Instruments (Hedge Accounting)	To be announced

3. Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 31 December 2013 was not qualified.

4. Comments About Seasonal or Cyclical Factors

The sales of enamelled copper wire and copper rods/wire are not subject to cyclical or seasonal factors.

5. Unusual Items Due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

6. Changes in Estimates

There were no significant changes in estimates that had a material effect in the current quarter.

7. Debt and Equity Securities

There were no issuance and repayment of debts and equity securities or share cancellation in the current interim period under review. The company has not implemented any share buy back scheme and it does not hold any shares as treasury shares during the current financial period.

8. Dividend Paid

No dividend was paid in the current financial period under review.

9. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment had been brought forward without amendment from the financial statements for the year ended 31 December 2013.

10. Segmental Reporting

Segment information for the three months ended 30 June 2014 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	People's Republic of China RM'000	Other RM'000	Eliminations RM'000	Total RM'000 30/06/14	Total RM'000 30/06/13
Revenue							
External sales	196,102	2,529	34,116	-	(3,680)	229,067	267,299
Inter-segment sales	(3,680)	-	-	-	3,680	-	-
Total revenue	192,422	2,529	34,116	-	-	229,067	267,299
Results							
Operating profit/(loss)	1,002	34	(2,074)	13	269	(756)	2,407
Finance costs	(915)	(124)	(382)	-	-	(1,421)	(655)
Profit / (loss) before tax	87	(90)	(2,456)	13	269	(2,177)	1,752
Income tax expenses	-	-	-	-	-	-	-
Profit/(loss) for the period	87	(90)	(2,456)	13	269	(2,177)	1,752
Assets							
Segment assets	212,411	917	53,340	27,784	(144,831)	149,621	164,224
Liabilities							
Segment liabilities	61,072	14,141	16,466	37	(3,686)	88,030	101,249

11. Subsequent Event

There were no material events subsequent to the end of the current quarter ended 30 June 2014 until the date of this report.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter. This included business combinations, acquisitions or disposal of subsidiaries, and long term investment, restructuring, and continuing operation.

13. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2013 except for the following :

a)	30.06.2014 RM'000	30.06.2013 RM'000
Bank guarantees issued to third party by a subsidiary company	840	840

These are bank guarantees issued to utility supplier, mainly for security deposits and payment guarantees.

- b) The company has issued various corporate guarantees totalling RM45.0 million in favour of various financial institutions for the banking facilities extended to a subsidiary company. The amount of banking facilities utilised as at 30 June 2014 is RM 34.0 million.

14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 30 June 2014.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Performance Analysis

Segment	3 months ended		6 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Malaysia				
Revenue	95,405	118,308	192,422	224,427
Profit/(loss) before tax	(80)	2,158	356	3,162
Hong Kong				
Revenue	-	6,510	2,529	11,482
Loss before tax	(46)	(154)	(90)	(295)
People's Republic of China				
Revenue	18,307	18,814	34,116	31,390
Loss before tax	(1,393)	(409)	(2,456)	(1,022)
Other				
Revenue	-	-	-	-
Loss before tax	15	(15)	13	(93)
Group Total				
Revenue	113,712	143,632	229,067	267,299
(Loss)/profit before tax	(1,504)	1,580	(2,177)	1,752

For the 6 months ended 30 June 2014, the Group recorded an decrease in revenue of RM32.005 million to RM 192.422 million, from RM 224.427 million in the same corresponding period ended 30 June 2013. The decrease of revenue was due to lower average selling price during the current period which are quoted on the London Metal Exchange (LME). The Group recorded a loss before tax of RM 2.177 million in the current financial period as compared to a profit before tax of RM 1.752 million in the same corresponding period ended 30 June 2013. The loss suffered was mainly due to higher cost of production which could not pass on to customer when LME prices are in the downward trend.

16. Comparison with immediate Preceding Quarter's results

Segment	3 months ended	
	30.06.2014 RM'000	30.06.2013 RM'000
Malaysia		
Revenue	95,405	118,308
Profit/(loss) before tax	(80)	2,158
Hong Kong		
Revenue	-	6,510
Profit/(loss) before tax	(46)	(154)
People's Republic of China		
Revenue	18,307	18,814
Profit/(loss) before tax	(1,393)	(409)
Other		
Revenue	-	-
Profit/(loss) before tax	15	(15)
Group Total		
Revenue	113,712	143,632
Profit/(loss) before tax	(1,504)	1,580

For the second quarter under review, the Group's revenue decreased by 21% to RM 113.712 million as compared to RM 143.632 million in the preceding quarter. The group registered a loss before tax of RM 1.504 million during the second quarter as compared to a gain before tax of RM 1.580 million in the previous quarter. The sales decrease in second quarter was mainly due to the LME prices were still remain low in the quarter compare on the higher trend in the last financial year before moving downward in the new financial year. The loss suffered was mainly due to higher cost of production which could not pass on to customer

Other than the above factor affecting the changes in the loss before tax for the current quarter, there were no other material factors which may be able to influence the Group's bottomline significantly.

17. Commentary on Prospects

The copper rod and wire industry will continue to be a challenge due to the intense competition and the fluctuations of the copper prices at London Metal Exchange ("LME") and these fluctuations will continue to be of concern in the near future amidst the market volatility in the global economy. The fluctuations in copper prices remain the highest concern as it is the major determinant of profitability of the Group. Meanwhile, the management will constantly monitor the LME copper prices and exchange rates to control the material cost.

The Group believes in maintaining a close business relationship with all its customers, especially the major customers. It is still making initiatives to explore new overseas market potential. Meantime, the management will continue with its measures to control its operational costs by enhancing productivity with the same workforce and machineries.

18. Profit Forecast or Profit Guarantee

There was neither a profit forecast nor a profit guarantee issued by the Company for the current financial year ending 31 December 2013.

19. Income Tax Expense

There is no tax on business income mainly due to the unabsorbed business losses brought forward.

20. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the financial period ended 30 June 2014.

21. Corporate Proposals

There was no corporate proposal which was announced and not completed as at the date of this announcement.

22. Borrowings and Debt Securities

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Short term borrowings		
Secured	49,519	46,234
Unsecured	8,203	10,357
	<u>57,722</u>	<u>56,591</u>
 Borrowings denominated in foreign currency:		
	Foreign Currency '000	RM'000 Equivalent
Secured		
Ringgit Malaysia		49,519
Chinese Renminbi ("RMB")	-	-
Total		<u>49,519</u>

23. Derivative Financial Instruments

There was no derivative financial instrument issued as at the end of the current quarter.

24. Changes in Material Litigation

There was no material litigation pending as at the date of this announcement.

25. Dividend

No dividend was recommended for the current financial period under review.

26. Disclosure of Realised and Unrealised (Loss)/Profit

	As at 30.06.2014	As at 31.12.2013
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(7,166)	(6,398)
- Unrealised	(609)	974
	<u>(7,775)</u>	<u>(5,424)</u>
Less : consolidation adjustments	(9,040)	(9,214)
Total Group accumulated losses as per consolidated accounts	<u>(16,815)</u>	<u>(14,638)</u>

27. Loss Before Tax

The following items have included in the statement of comprehensive income in arriving at loss before tax:

	Cumulative Qtr 3 months ended 30.06.2014 RM'000	Cumulative Qtr 6 months ended 30.06.2014 RM'000
Interest income	(4)	(24)
Interest expenses	702	(1,421)
Depreciation and amortization	1,485	3,037
Gain on disposal of property, plant and equipment	(48)	-
Foreign exchange loss/ (gain)	51	(616)

28. Earnings Per Share ("EPS")

(a) Basic EPS

Basic EPS is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary issue shares in during the year.

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
(Loss)/Profit for the period attributable to equity holders of the parent (RM'000)	(1,504)	1,580	(2,177)	1,752
Weighted average number of ordinary shares in issue ('000)	64,286	64,286	64,286	64,286
Basic EPS (sen)	<u>(2.34)</u>	<u>2.46</u>	<u>(3.39)</u>	<u>2.73</u>

(b) Diluted EPS

The diluted EPS per share is not calculated as there is no dilutive effect for the shares.

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 August 2014.