

Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Revenue	97,496	115,119	180,749	214,743
Cost of sales	(98,205)	(113,572)	(184,942)	(211,942)
Gross Profit	<u>(709)</u>	<u>1,547</u>	<u>(4,193)</u>	<u>2,801</u>
Other Income	53	34	2,136	73
Selling and distribution expenses	(361)	(495)	(807)	(949)
Administrative expenses	(1,543)	(2,091)	(3,923)	(3,713)
Loss from operation	<u>(2,560)</u>	<u>(1,005)</u>	<u>(6,787)</u>	<u>(1,788)</u>
Finance costs	(575)	(648)	(1,239)	(1,360)
Profit/(loss) before tax	<u>(3,135)</u>	<u>(1,653)</u>	<u>(8,026)</u>	<u>(3,148)</u>
Income tax expense	-	-	-	-
Net Profit/(loss) for the period	<u>(3,135)</u>	<u>(1,653)</u>	<u>(8,026)</u>	<u>(3,148)</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	46	84	(583)	1,057
Revaluations of land and buildings	-	-	-	-
Other comprehensive profit/loss for the period	<u>46</u>	<u>84</u>	<u>(583)</u>	<u>1,057</u>
Total comprehensive profit/(loss) for the period	<u>(3,089)</u>	<u>(1,569)</u>	<u>(8,609)</u>	<u>(2,091)</u>
Total loss attributable to:				
Equity holders of the parents	<u>(3,135)</u>	<u>(1,653)</u>	<u>(8,026)</u>	<u>(3,148)</u>
Total comprehensive loss attributable to:				
Equity holders of the parents	<u>(3,089)</u>	<u>(1,569)</u>	<u>(8,609)</u>	<u>(2,091)</u>
Earning per share (sen)				
- Basic	(4.88)	(2.57)	(12.48)	(4.90)
- Diluted	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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	(Unaudited)	(Audited)
	As at end of Current Quarter 30-Jun-16 RM'000	As at Preceding Financial Year End 31-Dec-15 RM'000
Assets		
Non-current assets		
Property, plant and equipment	37,887	42,632
Investment property	1,500	1,500
	39,387	44,132
Current assets		
Inventories	29,200	54,489
Trade receivables	39,806	48,027
Other receivables, prepayment and deposits	1,153	5,134
Cash and bank balances	21,732	18,736
	91,891	126,386
Total assets	131,278	170,518
Equity and liabilities		
Current liabilities		
Loans and borrowings	51,169	69,754
Trade payables	4,212	9,628
Other payables	14,682	21,216
Deferred tax liabilities	3,304	3,400
	73,367	103,998
Net current assets	18,524	22,388
Net assets	57,911	66,520
Equity attributable to equity holders of the Company		
Share capital	64,286	64,286
Share premium	1,798	1,798
Foreign exchange reserves	3,122	3,705
Revaluation reserves	15,770	15,770
Accumulated losses	(27,065)	(19,039)
Total equity	57,911	66,520
Total equity and liabilities	131,278	170,518
Net asset per share (sen)	0.90	1.03
	-	-

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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

	Share capital	Share premium	Revaluation reserve	Exchange reserve	Accumulated profit/(loss)	Total
	RM'000	RM'000	RM'000	RM'000		RM'000
Opening balance at 1 January 2016	64,286	1,798	15,770	3,705	(19,039)	66,520
Total comprehensive loss	-	-	-	(583)	(8,026)	(8,609)
Closing balance at 30 June 2016	64,286	1,798	15,770	3,122	(27,065)	57,911
Opening balance at 1 January 2015	64,286	1,798	11,258	1,752	(19,496)	59,598
Total comprehensive income	-	-	-	973	(1,653)	(680)
Closing balance at 30 June 2015	64,286	1,798	11,258	2,725	(21,149)	58,918

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	6 months ended 30-Jun-16 RM'000	6 months ended 30-Jun-15 RM'000
Operating activities		
(Loss)/profit before tax	(3,135)	(3,148)
Adjustments for :		
Depreciation of property, plant and equipment	2,029	2,140
Interest expense	1,239	1,360
Interest income	(10)	(17)
Unrealised foreign exchange (gain)/loss	(654)	582
Operating cash flows before changes in working capital	(531)	917
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	7,567	8,864
(Increase)/decrease in other current assets	29,270	(19,991)
Decrease in payables	(11,968)	15,998
Cash flows (used in)/from operations	24,338	5,788
Income taxes paid	(18)	(545)
Interest paid	(1,239)	17
Total comprehensive loss for the period	(1,239)	(1,360)
Net cash flows (used in)/from operating activities	21,842	3,900
Investing activities		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property plant and equipment	-	-
Net cash flows (used in)/from investing activities	-	-
Financing activities		
Proceeds from loans and borrowings	1,350	1,655
Repayment of loans and borrowings	(19,116)	(4,230)
Net cash flows from/(used in) financing activities	(17,766)	(2,575)
Net (decrease)/increase in cash and cash equivalents	4,076	1,325
At beginning of financial period	18,736	11,510
Effects of exchange rate changes	(1,080)	(1,057)
At end of financial year	21,732	11,778
Cash and cash equivalents comprise:		
Cash and bank balances	21,732	11,778
Deposit pledged with banks.	-	-
Net cash and bank balances	21,732	11,778

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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 2014. 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 2015.

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 2015 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs, Issues Committee Interpretations ("IC Interpretations") and Statement of Principles.

MFRS 14	Regulatory Deferral Accounts
MFRS 5	Amendments to MFRS 5, Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)
MFRS 7	Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012 – 2014 Cycle)
MFRS 10	Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
MFRS 11	Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
MFRS 101	Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
MFRS 116	Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
MFRS 116	Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture:Bearer Plants
MFRS 119	Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012 – 2014 Cycle)
MFRS 127	Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
MFRS 134	Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)

The adoption of the above pronouncements did not have any impact on the financial statements of the Group

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107, Statements of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9, Financial Instruments (2014)	1 January 2018
MFRS 15, Revenue from Contracts with Customers	1 January 2018

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

3 Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 31 December 2015 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 year 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 year.

8 Dividend Paid

No dividend was paid in the current financial 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 2015.

The Group's land and buildings were revalued during the financial year ended 31 December, 2015. The last valuation was done on 30 September 2015 for Malaysia and subsequently on 28 October 2015 for the land and buildings respectively in Changsu. Revaluation was based on valuation prepare by an independent valuer according to the open market basis.

10 Segmental Reporting

Segment information for the six months ended 30 June 2016 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	China RM'000	Other RM'000	Elimination RM'000	Total RM'000 30-Jun-16	Total RM'000 30-Jun-15
Revenue							
External sales	174,599	-	6,150	-	-	180,749	214,743
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	<u>174,599</u>	<u>-</u>	<u>6,150</u>	<u>-</u>	<u>-</u>	<u>180,749</u>	<u>214,743</u>
Results							
Operating (loss)/profit	(2,475)	(79)	(3,745)	40	(528)	(6,787)	(1,788)
Finance costs	(1,007)	-	(355)	-	123	(1,239)	(1,360)
(Loss)/profit before tax	(3,482)	(79)	(4,100)	40	(405)	(8,026)	(3,148)
Income tax expenses	-	-	-	-	-	-	-
(Loss)/profit for the period	<u>(3,482)</u>	<u>(79)</u>	<u>(4,100)</u>	<u>40</u>	<u>(405)</u>	<u>(8,026)</u>	<u>(3,148)</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

10. Segmental Reporting (Cont')

	Malaysia RM'000	Hong Kong RM'000	China RM'000	Other RM'000	Elimination RM'000	Total RM'000 30-Jun-16	Total RM'000 30-Jun-15
Assets							
Segment assets	209,701	648	31,442	11,166	(121,679)	131,278	161,214
Liabilities							
Segment liabilities	58,475	1,320	26,638	59	(13,125)	73,367	102,138

11. Subsequent Event

There were no material events subsequent to the end of the current quarter ended 30 June 2016 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 2015 except for the following :

	30-Jun-16 RM'000	30-Jun-15 RM'000
a) Bank guarantees issued to third party by a subsidiary company	930	930

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

- b) The company has issued various corporate guarantees totalling RM40.0 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 2016 is RM 36.193 million.

14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 30 June 2016.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
Malaysia				
Revenue	96,051	99,158	174,599	187,224
Profit/(loss) before tax	(772)	164	(3,482)	381
Hong Kong				
Revenue	-	-	-	-
Profit/(loss) before tax	(36)	(32)	(79)	(66)
China				
Revenue	1,445	15,961	6,150	27,519
Profit/(loss) before tax	(2,353)	(1,809)	(4,505)	(3,493)
Other				
Revenue	-	-	-	-
Profit/(loss) before tax	26	24	40	30
Group Total				
Revenue	97,496	115,119	180,749	214,743
Profit/(loss) before tax	(3,135)	(1,653)	(8,026)	(3,148)

For the 3 months ended 31 March 2016, the Group recorded a decrease in revenue of RM3.107 million to RM 96.051 million, from RM 99.158 million in the same corresponding year ended 30 June 2015. The decrease in revenue was mainly due to lower average selling price caused by the lower LWM price. China's operation continues to suffer a loss of RM2.353 million, resulting in the Group recording a loss before tax of RM 3.135 million in the current financial year as compared to a loss before tax of RM 1.653 million in the same corresponding year ended 30 June 2016. The Group suffered losses due to the higher cost of production which could not be passed on to the customer. The weakening of Ringgit Malaysia has caused higher material costs as most of the raw materials are imported from overseas.

16. Comparison with immediate Preceding Quarter's results

Segment	6 months ended	
	30-Jun-16	31-Mar-16
	RM'000	RM'000
Malaysia		
Revenue	96,051	78,548
Profit/(loss) before tax	(772)	(2,296)
Hong Kong		
Revenue	-	-
Profit/(loss) before tax	(36)	(43)
China		
Revenue	1,445	4,705
Profit/(loss) before tax	(2,353)	(2,566)
Other		
Revenue	-	-
Profit/(loss) before tax	26	14
Group Total		
Revenue	97,496	83,253
Profit/(loss) before tax	(3,135)	(4,891)

For the second quarter under review, the Group's revenue increased by 17.11% to RM 97.496 million as compared to RM 83.253 million in the preceding quarter. The increase in revenue was mainly contributed by Malaysia's operation due to a better London Metal Exchange ("LME") price in the current quarter as compared to the previous quarter (Q2: USD 4,730 per tonne; Q1: USD 4,669 per tonne). The group registered a loss before tax of RM3.135 million during the second quarter as compared to a loss before tax of RM4.891 million in the previous quarter. These were mainly due to higher LME price for copper.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

17. Commentary on Prospects

The copper rod and wire industry will continue to be a challenge especially the market in China 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 2015.

19. Income Tax Expense

	3 months ended		6 months ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Tax expenses				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
Total tax expenses charges in current period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the financial year ended 30 June 2016.

21. Corporate Proposals

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

22. Borrowings and Debts Securities

	As at 30-Jun-16 RM'000	As at 30-Jun-15 RM'000
Short term borrowings		
Secured	36,374	54,121
Unsecured	<u>14,795</u>	<u>10,493</u>
	<u>51,169</u>	<u>64,614</u>

Borrowings denominated in foreign currency:

	Foreign Currency '000	Local Currency RM'000
Secured		
Ringgit Malaysia		36,374
Chinese Renminbi ("RMB")	-	-
Total		<u>36,374</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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 year under review.

26. Disclosure of Realised and Unrealised Loss

	As at 30-Jun-16 RM'000	As at 30-Jun-15 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(27,061)	(17,238)
- Unrealised	(1,317)	(79)
	<u>(28,378)</u>	<u>(17,317)</u>
Less : consolidation adjustments	1,313	(5,327)
Total Group accumulated losses as per consolidated accounts	<u>(27,065)</u>	<u>(22,644)</u>

27. Loss Before Tax

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

	Cumulative Qtr 3 months ended 30-Jun-16 RM'000	Cumulative Qtr 6 months ended 30-Jun-15 RM'000
Interest income	(10)	(17)
Rental income	(50)	(23)
Interest expenses	1,239	1,360
Depreciation and amortization	2,029	2,140
Foreign exchange loss	(654)	582

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

28. Earnings Per Share ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing the net profit/(loss) 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-16	30-Jun-15	30-Jun-16	30-Jun-15
(Loss)/Profit for the year attributable to equity holders of the parent (RM'000)	(3,135)	(1,653)	(8,026)	(3,148)
Weighted average number of ordinary shares in issue ('000)	64,286	64,286	64,286	64,286
Basic EPS (sen)	<u>(4.88)</u>	<u>(2.57)</u>	<u>(12.48)</u>	<u>(4.90)</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 2016.