

# Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30-Sep-16 RM'000	30-Sep-15 RM'000	30-Sep-16 RM'000	30-Sep-15 RM'000
Revenue	81,754	123,895	262,503	338,638
Cost of sales	(81,641)	(119,341)	(266,583)	(331,283)
<b>Gross Profit</b>	<u>113</u>	<u>4,554</u>	<u>(4,080)</u>	<u>7,355</u>
Other Income	73	77	2,209	150
Selling and distribution expenses	(308)	(647)	(1,115)	(1,596)
Administrative expenses	(586)	(4,629)	(4,509)	(8,342)
Loss from operation	<u>(708)</u>	<u>(645)</u>	<u>(7,495)</u>	<u>(2,433)</u>
Finance costs	(639)	(777)	(1,878)	(2,137)
<b>Loss before tax</b>	<u>(1,347)</u>	<u>(1,422)</u>	<u>(9,373)</u>	<u>(4,570)</u>
Income tax expense	-	-	-	-
<b>Net loss for the period</b>	<u>(1,347)</u>	<u>(1,422)</u>	<u>(9,373)</u>	<u>(4,570)</u>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	97	739	(486)	1,796
Revaluations of land and buildings	-	-	-	-
<b>Other comprehensive profit/loss for the period</b>	<u>97</u>	<u>739</u>	<u>(486)</u>	<u>1,796</u>
<b>Total comprehensive profit/(loss) for the period</b>	<u>(1,250)</u>	<u>(683)</u>	<u>(9,859)</u>	<u>(2,774)</u>
<b>Total loss attributable to:</b>				
Equity holders of the parents	<u>(1,347)</u>	<u>(1,422)</u>	<u>(9,373)</u>	<u>(4,570)</u>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parents	<u>(1,250)</u>	<u>(683)</u>	<u>(9,859)</u>	<u>(2,774)</u>
Earning per share (sen)				
- Basic	(2.10)	(2.21)	(14.58)	(7.11)
- 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.

# Ta Win Holdings Berhad

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	(Unaudited)	(Audited)
	As at end of Current Quarter 30-Sep-16 RM'000	As at Preceding Financial Year End 31-Dec-15 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,530	42,632
Investment property	1,500	1,500
	39,030	44,132
<b>Current assets</b>		
Inventories	25,917	54,489
Trade receivables	30,498	48,027
Other receivables, prepayment and deposits	5,670	5,134
Cash and bank balances	30,535	18,736
	92,620	126,386
<b>Total assets</b>	<b>131,650</b>	<b>170,518</b>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Loans and borrowings	60,605	69,754
Trade payables	134	9,628
Other payables	10,916	21,216
Deferred tax liabilities	3,334	3,400
	74,989	103,998
<b>Net current assets</b>	<b>17,631</b>	<b>22,388</b>
<b>Net assets</b>	<b>56,661</b>	<b>66,520</b>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	64,286	64,286
Share premium	1,798	1,798
Foreign exchange reserves	3,219	3,705
Revaluation reserves	15,770	15,770
Accumulated losses	(28,412)	(19,039)
<b>Total equity</b>	<b>56,661</b>	<b>66,520</b>
<b>Total equity and liabilities</b>	<b>131,650</b>	<b>170,518</b>
<b>Net asset per share (sen)</b>	<b>0.88</b>	<b>1.03</b>
	-	-

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 THIRD QUARTER ENDED 30 SEPTEMBER 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
<b>Opening balance at 1 January 2016</b>	64,286	1,798	15,770	3,705	(19,039)	66,520
<b>Total comprehensive loss</b>	-	-	-	(486)	(9,373)	(9,859)
<b>Closing balance at 30 September 2016</b>	64,286	1,798	15,770	3,219	(28,412)	56,661
<b>Opening balance at 1 January 2015</b>	64,286	1,798	11,258	1,752	(19,496)	59,598
<b>Total comprehensive income</b>	-	-	-	973	(1,422)	(449)
<b>Closing balance at 30 September 2015</b>	64,286	1,798	11,258	2,725	(20,918)	59,149

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

	<b>9 months ended 30-Sep-16 RM'000</b>	<b>9 months ended 30-Sep-15 RM'000</b>
<b>Operating activities</b>		
(Loss)/profit before tax	(9,373)	(4,570)
Adjustments for :		
Depreciation of property, plant and equipment	3,044	3,080
Interest expense	1,878	2,137
Interest income	(39)	(27)
Unrealised foreign exchange (gain)/loss	(88)	3,361
<b>Operating cash flows before changes in working capital</b>	(4,578)	3,981
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	17,441	3,704
(Increase)/decrease in other current assets	28,036	(11,026)
Decrease in payables	(19,821)	11,580
<b>Cash flows (used in)/from operations</b>	21,078	8,239
Income taxes paid	(27)	(817)
Interest paid	(1,878)	27
Total comprehensive loss for the period	(1,878)	(2,137)
<b>Net cash flows (used in)/from operating activities</b>	17,295	5,312
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property plant and equipment	-	-
<b>Net cash flows (used in)/from investing activities</b>	-	-
<b>Financing activities</b>		
Proceeds from loans and borrowings	1,675	9,645
Repayment of loans and borrowings	(6,117)	(5,453)
<b>Net cash flows from/(used in) financing activities</b>	(4,442)	4,192
<b>Net (decrease)/increase in cash and cash equivalents</b>	12,853	9,504
<b>At beginning of financial period</b>	18,736	11,510
<b>Effects of exchange rate changes</b>	(1,054)	(1,057)
<b>At end of financial year</b>	30,535	19,957
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	30,535	19,957
<b>Deposit pledged with banks.</b>	-	-
<b>Net cash and bank balances</b>	30,535	19,957

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 THIRD QUARTER ENDED 30 SEPTEMBER 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 THIRD QUARTER ENDED 30 SEPTEMBER 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 prepared by an independent valuer according to the open market basis.

### 10 Segmental Reporting

Segment information for the nine months ended 30 September 2016 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	China RM'000	Other RM'000	Elimination RM'000	Total RM'000 30-Sep-16	Total RM'000 30-Sep-15
<b>Revenue</b>							
External sales	255,712	-	6,791	-	-	262,503	338,638
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	<u>255,712</u>	<u>-</u>	<u>6,791</u>	<u>-</u>	<u>-</u>	<u>262,503</u>	<u>338,638</u>
<b>Results</b>							
Operating (loss)/profit	(1,513)	(116)	(5,942)	69	7	(7,495)	(2,433)
Finance costs	<u>(1,595)</u>	<u>-</u>	<u>(406)</u>	<u>-</u>	<u>123</u>	<u>(1,878)</u>	<u>(2,137)</u>
(Loss)/profit before tax	(3,108)	(116)	(6,348)	69	130	(9,373)	(4,570)
Income tax expenses	-	-	-	-	-	-	-
(Loss)/profit for the period	<u>(3,108)</u>	<u>(116)</u>	<u>(6,348)</u>	<u>69</u>	<u>130</u>	<u>(9,373)</u>	<u>(4,570)</u>

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## NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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-Sep-16	Total RM'000 30-Sep-15
<b>Assets</b>							
Segment assets	201,142	667	26,305	11,557	(108,021)	131,650	176,439
<b>Liabilities</b>							
Segment liabilities	63,491	1,400	23,707	63	(13,672)	74,989	119,615

### 11. Subsequent Event

There were no material events subsequent to the end of the current quarter ended 30 September 2016 until the date of this report except for the matter disclosed as below.

The proposed disposal was completed on 31 October 2016. Upon the completion, Ta Win Industries Corp a wholly-owned subsidiary of Ta Win Industries (M) Sdn Bhd and Ta Win Electronic Tech-Material (Changsu) Co. Ltd, a wholly owned subsidiary of TW Mauritius Corp ceased to be subsidiaries of the Group.

### 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-Sep-16 RM'000	30-Sep-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 RM37.5 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 September 2016 is RM 35.833 million.

### 14. Capital Commitments

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

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		9 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM'000	RM'000	RM'000	RM'000
<b>Malaysia</b>				
Revenue	81,113	105,028	255,712	291,797
Profit/(loss) before tax	909	1,153	(3,108)	1,310
<b>Hong Kong</b>				
Revenue	-	-	-	-
Profit/(loss) before tax	(37)	(37)	(116)	(103)
<b>China</b>				
Revenue	641	18,867	6,791	46,841
Profit/(loss) before tax	(2,248)	(2,571)	(6,218)	(5,840)
<b>Other</b>				
Revenue	-	-	-	-
Profit/(loss) before tax	29	33	69	63
<b>Group Total</b>				
Revenue	81,754	123,895	262,503	338,638
Profit/(loss) before tax	(1,347)	(1,422)	(9,373)	(4,570)

For the 3 months ended 30 September 2016, the Group recorded a lower revenue of RM81.754 million as compared to RM123.895 million in the same corresponding quarter ended 30 September 2015. The lower revenue mainly was due to machine breakdown and caused delay in delivery to customers. However the Group registered loss before tax of RM1.347 million in the current quarter as compared to the loss before tax of RM1.422million in the same corresponding period ended 30 September 2015 mainly due to better exchange rates which contributed to foreign exchange gain.

For the 9 months ended 30 September 2016, the Group recorded a decrease in revenue of RM76.135 million to RM262.503 million, from RM338.638 million in the same corresponding period ended 30 September 2016. The decreased in revenue was mainly due to lower average selling price caused by the lower LWM price. In addition, the lower revenue was also due to a temporary closure imposed by the China's state authorities in August for a period of one month on all factories in Suzhou. China's operation continue to suffer loss of RM6.218 million resulted the Group recorded a loss before tax of RM9.373 million in the current financial period as compared to a loss before tax of RM4.570 million in the same corresponding period ended 30 September 2015. The Group suffered losses due the higher cost of production which could not be passed on to 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	9 months ended	
	30-Sep-16	30-Jun-16
	RM'000	RM'000
<b>Malaysia</b>		
Revenue	81,113	96,051
Profit/(loss) before tax	909	(772)
<b>Hong Kong</b>		
Revenue	-	-
Profit/(loss) before tax	(37)	(36)
<b>China</b>		
Revenue	641	1,445
Profit/(loss) before tax	(2,248)	(2,353)
<b>Other</b>		
Revenue	-	-
Profit/(loss) before tax	29	26
<b>Group Total</b>		
Revenue	81,754	97,496
Profit/(loss) before tax	(1,347)	(3,135)

For the third quarter under review, the Group's revenue decreased by 16.15% to RM 81.754 million as compared to RM 97.496 million in the preceding quarter. The decrease of revenue was mainly sales volume dropped by 805 tonne to 3,848 tonne as compared to 4,653 tonne in the preceeding quarter. The group registered a lower loss before tax of RM1.347 million during the second quarter as compared to a loss before tax of RM3,135 million in the previous quarter.



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## NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		9 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	RM'000	RM'000	RM'000	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 September 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	As at
	30-Sep-16	30-Sep-15
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured	35,997	63,831
Unsecured	24,608	11,998
	<u>60,605</u>	<u>75,829</u>

Borrowings denominated in foreign currency:

	Foreign	Local
	Currency	Currency
	'000	RM'000
<b>Secured</b>		
Ringgit Malaysia		35,997
Chinese Renminbi ("RMB")	-	-
Total		<u>35,997</u>

### 23. Derivative Financial Instruments

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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-Sep-16 RM'000	As at 30-Sep-15 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(11,995)	(23,764)
- Unrealised	(567)	(3,360)
	<u>(12,562)</u>	<u>(27,124)</u>
Less : consolidation adjustments	(15,850)	3,058
Total Group accumulated losses as per consolidated accounts	<u>(28,412)</u>	<u>(24,066)</u>

#### 27. Loss Before Tax

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

	Cumulative Qtr 3 months ended 30-Sep-16 RM'000	Cumulative Qtr 9 months ended 30-Sep-16 RM'000
Interest income	(29)	(39)
Rental income	(25)	(75)
Interest expenses	639	1,878
Depreciation and amortization	1,015	3,044
Foreign exchange loss	567	(88)

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		Cummulative Quarter 9 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
(Loss)/Profit for the year attributable to equity holders of the parent (RM'000)	(1,347)	(1,422)	(9,373)	(4,570)
Weighted average number of ordinary shares in issue ('000)	64,286	64,286	64,286	64,286
<b>Basic EPS (sen)</b>	<u>(2.10)</u>	<u>(2.21)</u>	<u>(14.58)</u>	<u>(7.11)</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 24 November 2016.