

Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Dec-16 RM'000	31-Dec-15 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000
Revenue	84,061	118,059	346,564	456,697
Cost of sales	(78,787)	(108,263)	(345,370)	(439,546)
Gross Profit	<u>5,274</u>	<u>9,796</u>	<u>1,194</u>	<u>17,151</u>
Other Income	11,404	283	13,613	433
Selling and distribution expenses	(289)	(547)	(1,404)	(2,143)
Administrative expenses	(4,432)	(2,024)	(8,941)	(10,366)
Profit from operation	<u>11,957</u>	<u>7,508</u>	<u>4,462</u>	<u>5,075</u>
Finance costs	(567)	(854)	(2,445)	(2,991)
Profit before tax	<u>11,390</u>	<u>6,654</u>	<u>2,017</u>	<u>2,084</u>
Income tax expense	(53)	(1,627)	(53)	(1,627)
Net profit for the period	<u>11,337</u>	<u>5,027</u>	<u>1,964</u>	<u>457</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(46)	157	(532)	1,953
Revaluations of land and buildings	-	4,512	-	4,512
Other comprehensive loss/profit for the period	<u>(46)</u>	<u>4,669</u>	<u>(532)</u>	<u>6,465</u>
Total comprehensive profit/(loss) for the period	<u>11,291</u>	<u>9,696</u>	<u>1,432</u>	<u>6,922</u>
Total loss attributable to:				
Equity holders of the parents	<u>11,337</u>	<u>5,027</u>	<u>1,964</u>	<u>457</u>
Total comprehensive loss attributable to:				
Equity holders of the parents	<u>11,291</u>	<u>9,696</u>	<u>1,432</u>	<u>6,922</u>
Earning per share (sen)				
- Basic	17.64	7.82	3.06	0.71
- 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 FOURTH QUARTER ENDED 31 DECEMBER 2016

	(Unaudited) As at end of Current Quarter 31-Dec-16 RM'000	(Audited) As at Preceding Financial Year End 31-Dec-15 RM'000
Assets		
Non-current assets		
Property, plant and equipment	15,744	42,632
Investment property	1,500	1,500
	<u>17,244</u>	<u>44,132</u>
Current assets		
Inventories	56,320	54,489
Trade receivables	33,537	48,027
Other receivables, prepayment and deposits	4,937	5,134
Cash and bank balances	14,894	18,736
	<u>109,688</u>	<u>126,386</u>
Total assets	<u>126,932</u>	<u>170,518</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	56,584	69,754
Trade payables	362	9,628
Other payables	3,708	21,216
Deferred tax liabilities	2,320	3,400
	<u>62,974</u>	<u>103,998</u>
Net current assets	<u>46,714</u>	<u>22,388</u>
Net assets	<u>63,958</u>	<u>66,520</u>
Equity attributable to equity holders of the Company		
Share capital	64,286	64,286
Share premium	1,798	1,798
Foreign exchange reserves	(821)	3,705
Revaluation reserves	4,320	15,770
Accumulated losses	(5,625)	(19,039)
Total equity	<u>63,958</u>	<u>66,520</u>
Total equity and liabilities	<u>126,932</u>	<u>170,518</u>
Net asset per share (sen)	<u>0.99</u>	<u>1.03</u>
	-	-

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 FOURTH QUARTER ENDED 31 DECEMBER 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
Revaluation surplus realised			(11,450)		11,450	-
Total comprehensive loss	-	-	-	(4,526)	1,964	(2,562)
Closing balance at 31 December 2016	64,286	1,798	4,320	(821)	(5,625)	63,958
Opening balance at 1 January 2015	64,286	1,798	11,258	1,752	(19,496)	59,598
Total comprehensive income	-	-	-	973	5,027	6,000
Closing balance at 31 December 2015	64,286	1,798	11,258	2,725	(14,469)	65,598

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 FOURTH QUARTER ENDED 31 DECEMBER 2016

	12 months ended 31-Dec-16 RM'000	12 months ended 31-Dec-15 RM'000
Operating activities		
Profit before tax	2,017	2,084
Adjustments for :		
Depreciation of property, plant and equipment	3,848	3,901
Property, plant and equipment written off		53
Gain from fair value adjustment of investment property		(150)
Interest expense	2,445	2,991
Interest income	(82)	(50)
Gain on disposal of subsidiary	(11,337)	-
Unrealised foreign exchange loss	88	1,067
Operating cash flows before changes in working capital	(3,021)	9,896
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	14,578	12,434
(Increase)/decrease in other current assets	(1,634)	(8,340)
Decrease in payables	(26,810)	(2,367)
Cash flows (used in)/from operations	(16,887)	11,623
Income taxes paid	(36)	744
Interest paid	(2,445)	(2,991)
Interest received	82	50
Net cash flows (used in)/from operating activities	(19,285)	9,426
Investing activities		
Purchase of property, plant and equipment	-	(508)
Proceeds from disposal of property plant and equipment	27,968	
Placement of deposit pledged with bank	1,187	(1,929)
Net cash flows (used in)/from investing activities	29,155	(2,437)
Financing activities		
Net proceeds from /(repayment of) loans and borrowings	(13,102)	3,419
Repayment of hire purchase financing	(68)	(68)
Net cash flows from/(used in) financing activities	(13,170)	3,351
Net (decrease)/increase in cash and cash equivalents	(3,300)	10,340
At beginning of financial period	17,193	9,967
Effects of exchange rate changes	(1,284)	(5,043)
At end of financial year	12,609	15,264
Cash and cash equivalents comprise:		
Cash and bank balances	12,609	15,264
Deposit pledged with banks.	2,285	3,472
Net cash and bank balances	14,894	18,736

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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 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 twelve months ended 31 December 2016 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	China RM'000	Other RM'000	Elimination RM'000	Total RM'000 31-Dec-16	Total RM'000 31-Dec-15
Revenue							
External sales	339,772	-	6,792	-	-	346,564	456,697
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	<u>339,772</u>	<u>-</u>	<u>6,792</u>	<u>-</u>	<u>-</u>	<u>346,564</u>	<u>456,697</u>
Results							
Operating (loss)/profit	605	(828)	(6,795)	1,278	10,202	4,462	5,075
Finance costs	(2,144)	-	(424)	-	123	(2,445)	(2,991)
(Loss)/profit before tax	(1,539)	(828)	(7,219)	1,278	10,325	2,017	2,084
Income tax expenses	(53)	-	-	-	-	(53)	(1,627)
(Loss)/profit for the period	<u>(1,592)</u>	<u>(828)</u>	<u>(7,219)</u>	<u>1,278</u>	<u>10,325</u>	<u>1,964</u>	<u>457</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

10. Segmental Reporting (Cont')

	Malaysia RM'000	Hong Kong RM'000	China RM'000	Other RM'000	Elimination RM'000	Total RM'000 31-Dec-16	Total RM'000 31-Dec-15
Assets							
Segment assets	208,563	861	29,255	21,274	(133,021)	126,932	176,439
Liabilities							
Segment liabilities	60,976	2,394	27,530	8,389	(36,315)	62,974	103,998

11. Subsequent Event

There were no material events subsequent to the end of the current quarter ended 31 December 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 :

	31-Dec-16 RM'000	31-Dec-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 31 December 2016 is RM 34.2 million.

14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 31 December 2016.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	RM'000	RM'000	RM'000	RM'000
Malaysia				
Revenue	84,060	103,479	339,772	395,276
Profit/(loss) before tax	11,764	8,863	8,786	11,159
Hong Kong				
Revenue	-	-	-	-
Profit/(loss) before tax	(712)	(45)	(828)	(147)
China				
Revenue	1	14,580	6,792	61,421
Profit/(loss) before tax	(871)	(2,188)	(7,219)	(9,015)
Other				
Revenue	-	-	-	-
Profit/(loss) before tax	1,209	24	1,278	87
Group Total				
Revenue	84,061	118,059	346,564	456,697
Profit/(loss) before tax	11,390	6,654	2,017	2,084

For the 3 months ended 31 December 2016, the Group recorded a lower revenue of RM84.061 million as compared to RM118.059 million in the same corresponding quarter ended 31 December 2015. The lower revenue mainly was due to lower selling price caused by lower LME price compared to the preceding quarter. However the Group registered profit before tax of RM11.390 million in the current quarter as compared to the profit before tax of RM6.654 million in the same corresponding period ended 31 December 2015 mainly due to gain from disposal of subsidiaries of RM11.337.

For the 12 months ended 31 December 2016, the Group recorded a decrease in revenue of RM110.133 million to RM346.564 million, from RM456.697 million in the same corresponding period ended 31 December 2015. The decrease in revenue was mainly due to lower average selling price caused by the lower LME 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 continued to suffer loss of RM7.219 million. However the Group recorded a profit before tax of RM2.170 million in the current financial period as compared to a profit before tax of RM2.084 million in the same corresponding period ended 31 December 2015. The Group recorded gain from disposal of subsidiaries of RM11.337.

16. Comparison with immediate Preceding Quarter's results

Segment	12 months ended	
	31-Dec-16	30-Sep-16
	RM'000	RM'000
Malaysia		
Revenue	84,060	81,113
Profit/(loss) before tax	11,764	909
Hong Kong		
Revenue	-	-
Profit/(loss) before tax	(712)	(37)
China		
Revenue	1	641
Profit/(loss) before tax	(871)	(2,248)
Other		
Revenue	-	-
Profit/(loss) before tax	1,209	29
Group Total		
Revenue	84,061	81,754
Profit/(loss) before tax	11,390	(1,347)

For the fourth quarter under review, the Group's revenue increased by 2.82% to RM 84.061 million as compared to RM 81.754 million in the preceding quarter. The increase of revenue was mainly due to the higher selling price caused by the LME price was picking up in the fourth quarter compared to the preceding quarter. The group registered a profit before tax of RM11.390 million during the fourth quarter as compared to a loss before tax of RM1.347 million in the previous quarter due to gain from disposal of subsidiaries.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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 2015.

19. Income Tax Expense

	3 months ended		12 months ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-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 31 December 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
	31-Dec-16	31-Dec-15
	RM'000	RM'000
Short term borrowings		
Secured	34,347	63,831
Unsecured	<u>22,237</u>	<u>11,998</u>
	<u>56,584</u>	<u>75,829</u>

Borrowings denominated in foreign currency:

	Foreign	Local
	Currency	Currency
	'000	RM'000
Secured		
Ringgit Malaysia		34,347
Chinese Renminbi ("RMB")	-	-
Total		<u>34,347</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31-Dec-16 RM'000	As at 31-Dec-15 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	41,286	(18,093)
- Unrealised	88	(2,668)
	<u>41,374</u>	<u>(20,761)</u>
Less : consolidation adjustments	(46,999)	1,725
Total Group accumulated losses as per consolidated accounts	<u>(5,625)</u>	<u>(19,036)</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 31-Dec-16 RM'000	Cumulative Qtr 12 months ended 31-Dec-16 RM'000
Interest income	(43)	(82)
Rental income	(24)	(99)
Interest expenses	567	2,445
Depreciation and amortization	804	3,848
Foreign exchange loss	176	88
Gain on disposal of subsidiary	(11,337)	

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 12 months ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
(Loss)/Profit for the year attributable to equity holders of the parent (RM'000)	11,337	5,027	1,964	457
Weighted average number of ordinary shares in issue ('000)	64,286	64,286	64,286	64,286
Basic EPS (sen)	17.64	7.82	3.06	0.71

b) Diluted EPS

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

29. Corporate Proposals

On 31 October 2016, the Group has completed the disposal of its subsidiaries ("Disposal").

Status of Utilisation of Proceeds

The gross proceeds arising from the Disposal of RM19.776 million (equivalent to USD4.8 million) was utilised by the Group in the following manner:-

	Estimated Time- frame For Utilisation	Proposed Utilisation RM'000	Actual utilisation as at 31.12.2016 RM'000	Balance to be utilised RM'000
Working capital requirements	12 months	19,364	(17,892)	1,472
Estimated expenses in relation to proposed disposal *	Immediate	412	(226)	186
		19,776	(18,118)	1,658

* Note for the excess estimated expenses:

The excess of RM 186,243 from the estimated expenses in relation to the Disposal will be utilised for working capital requirements.

30. 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 23 February 2017.