

Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31-Mar-17 RM'000	31-Mar-16 RM'000	31-Mar-17 RM'000	31-Mar-16 RM'000
Revenue	84,346	83,253	84,346	83,253
Cost of sales	(81,676)	(86,737)	(81,676)	(86,737)
Gross Profit/(Loss)	<u>2,670</u>	<u>(3,484)</u>	<u>2,670</u>	<u>(3,484)</u>
Other Income	84	2,083	84	2,083
Selling and distribution expenses	(314)	(446)	(314)	(446)
Administrative expenses	(254)	(2,380)	(254)	(2,380)
Profit from operation	<u>2,186</u>	<u>(4,227)</u>	<u>2,186</u>	<u>(4,227)</u>
Finance costs	(600)	(664)	(600)	(664)
Profit/(loss) before tax	<u>1,586</u>	<u>(4,891)</u>	<u>1,586</u>	<u>(4,891)</u>
Income tax expense	-	-	-	-
Net profit/(loss) for the period	<u>1,586</u>	<u>(4,891)</u>	<u>1,586</u>	<u>(4,891)</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	7	(629)	7	(629)
Revaluations of land and buildings	-	-	-	-
Other comprehensive profit/(loss) for the period	<u>7</u>	<u>(629)</u>	<u>7</u>	<u>(629)</u>
Total comprehensive profit/(loss) for the period	<u>1,593</u>	<u>(5,520)</u>	<u>1,593</u>	<u>(5,520)</u>
Total loss attributable to:				
Equity holders of the parents	<u>1,586</u>	<u>(4,891)</u>	<u>1,586</u>	<u>(4,891)</u>
Total comprehensive loss attributable to:				
Equity holders of the parents	<u>1,593</u>	<u>(5,520)</u>	<u>1,593</u>	<u>(5,520)</u>
Earning per share (sen)				
- Basic	2.40	(7.61)	2.40	(7.61)
- 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	(Unaudited)	(Audited)
	As at end of Current Quarter 31-Mar-17 RM'000	As at Preceding Financial Year End 31-Dec-16 RM'000
Assets		
Non-current assets		
Property, plant and equipment	15,521	15,744
Investment property	1,500	1,500
	17,021	17,244
Current assets		
Inventories	47,442	55,503
Trade receivables	33,944	33,537
Other receivables, prepayment and deposits	2,532	4,105
Cash and bank balances	17,677	14,894
	101,595	108,039
Total assets	118,616	125,283
Equity and liabilities		
Current liabilities		
Loans and borrowings	49,535	56,584
Trade payables	221	362
Other payables	655	1,725
Deferred tax liabilities	2,124	2,124
	52,535	60,795
Net current assets	49,060	47,244
Net assets	66,081	64,488
Equity attributable to equity holders of the Company		
Share capital	66,084	64,286
Share premium	-	1,798
Foreign exchange reserves	(441)	(448)
Revaluation reserves	4,320	4,320
Accumulated losses	(3,882)	(5,468)
Total equity	66,081	64,488
Total equity and liabilities	118,616	125,283
Net asset per share (sen)	1.00	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 2016 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 FIRST QUARTER ENDED 31 MARCH 2017

	← 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 2017	64,286	1,798	4,320	(448)	(5,468)	64,488
Adjustment for effects of Companies Act 2016 *	1,798	(1,798)	-		-	-
Total comprehensive loss	-	-	-	7	1,586	1,593
Closing balance at 31 March 2017	66,084	-	4,320	(441)	(3,882)	66,081
Opening balance at 1 January 2016	64,286	1,798	15,770	3,705	(19,039)	66,520
Total comprehensive income	-	-	-	(629)	(4,891)	(5,520)
Closing balance at 31 March 2016	64,286	1,798	15,770	3,076	(23,930)	61,000

* With the Companies Act 2016 ("the New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	3 months ended 31-Mar-17 RM'000	3 months ended 31-Mar-16 RM'000
Operating activities		
Profit/(loss) before tax	1,586	(4,891)
Adjustments for :		
Depreciation of property, plant and equipment	231	1,021
Property, plant and equipment written off		-
Gain from fair value adjustment of investment property		-
Interest expense	600	664
Interest income	(1)	-
Gain on disposal of subsidiary	-	-
Unrealised foreign exchange loss/(gain)	(825)	(1,972)
Operating cash flows before changes in working capital	<u>1,591</u>	<u>(5,178)</u>
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	(1,232)	6,560
(Increase)/decrease in other current assets	9,634	9,198
Decrease in payables	(1,220)	(11,062)
Cash flows (used in)/from operations	<u>8,773</u>	<u>(482)</u>
Income taxes paid	(9)	(3)
Interest paid	(600)	(664)
Interest received	1	-
Net cash flows (used in)/from operating activities	<u>8,165</u>	<u>(1,149)</u>
Investing activities		
Purchase of property, plant and equipment	-	(6)
Proceeds from disposal of property plant and equipment	-	
Placement of deposit pledged with bank	2,303	-
Net cash flows (used in)/from investing activities	<u>2,303</u>	<u>(6)</u>
Financing activities		
Net proceeds from /(repayment of) loans and borrowings	(8,937)	(5,850)
Repayment of hire purchase financing	(68)	(68)
Net cash flows from/(used in) financing activities	<u>(9,005)</u>	<u>(5,918)</u>
Net (decrease)/increase in cash and cash equivalents	1,463	(7,073)
At beginning of financial period	14,894	18,736
Effects of exchange rate changes	(7)	(719)
At end of financial year	<u>16,350</u>	<u>10,944</u>
Cash and cash equivalents comprise:		
Cash and bank balances	16,350	10,944
Deposit pledged with banks.	1,327	-
Net cash and bank balances	<u>17,677</u>	<u>10,944</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2016. 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 March 2017.

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 2016 except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), Amendments to MFRSs, Issues Committee Interpretations ("IC Interpretations") and Statement of Principles.

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

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 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014 – 2016 Cycle)	1 January 2018
Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 9, Financial Instruments (2014)	1 January 2018
MFRS 15, Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements 2014 – 2016 Cycle)	1 January 2018
Amendments to MFRS 140, Investment Property – Transfers of Investment Property	1 January 2018
MFRS 16, Leases	1 January 2019

3 Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 31 December 2016 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.

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(291592-U)

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2016.

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. Revaluation was based on valuation prepared by an independent valuer according to the open market basis.

10 Segmental Reporting

Segment information for the three months ended 31 March 2017 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 31-Mar-17	Total RM'000 31-Mar-16
Revenue					
External sales	84,346	-	-	84,346	83,253
Inter-segment sales	-	-	-	-	-
Total revenue	<u>84,346</u>	<u>-</u>	<u>-</u>	<u>84,346</u>	<u>83,253</u>
Results					
Operating (loss)/profit	2,227	(41)	-	2,186	(4,227)
Finance costs	(600)	-	-	(600)	(664)
(Loss)/profit before tax	<u>1,627</u>	<u>(41)</u>	<u>-</u>	<u>1,586</u>	<u>(4,891)</u>
Income tax expenses	-	-	-	-	-
(Loss)/profit for the period	<u>1,627</u>	<u>(41)</u>	<u>-</u>	<u>1,586</u>	<u>(4,891)</u>

10. Segmental Reporting (Cont')

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 31-Mar-17	Total RM'000 31-Mar-16
Assets					
Segment assets	201,069	22	(82,475)	118,616	100,864
Liabilities					
Segment liabilities	52,521	438	(424)	52,535	80,541

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.

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.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2016 except for the following :

	31-Mar-17 RM'000	31-Mar-16 RM'000
a) Bank guarantees issued to third party by a subsidiary company	800	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 RM35.0 million in favour of various financial institutions for the banking facilities extended to a subsidiary company. The amount of banking facilities utilised as at 31 March 2017 is RM 33.935 million.

14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 31 March 2017

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

15. Performance Analysis

Segment	3 months ended		3 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
Malaysia				
Revenue	84,346	78,548	84,346	78,548
Profit/(loss) before tax	1,627	(2,296)	1,627	(2,296)
Hong Kong				
Revenue	-	-	-	-
Loss before tax	(41)	(43)	(41)	(43)
China				
Revenue	-	4,705	-	4,705
Loss before tax	-	(2,566)	-	(2,566)
Other				
Revenue	-	-	-	-
Profit before tax	-	14	-	14
Group Total				
Revenue	84,346	83,253	84,346	83,253
Profit/(loss) before tax	1,586	(4,891)	1,586	(4,891)

For the 3 months ended 31 March 2017, the Group recorded a higher revenue of RM84.346 million as compared to RM83.253 million in the same corresponding quarter ended 31 March 2016. The higher revenue mainly was due to higher selling price caused by higher LME price compared to the preceeding quarter. However the Group registered profit before tax of RM1.586 million in the current quarter as compared to the loss before tax of RM4.891 million in the same corresponding period ended 31 March 2016 mainly due to disposal of the loss making subsidiary.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

16. Comparison with immediate Preceding Quarter's results

Segment	3 months ended	
	31-Mar-17	31-Dec-16
	RM'000	RM'000
Malaysia		
Revenue	84,346	84,060
Profit before tax	1,627	11,764
Hong Kong		
Revenue	-	-
Loss before tax	(41)	(712)
China		
Revenue	-	1
Loss before tax	-	(871)
Other		
Revenue	-	-
Profit before tax	-	1,209
Group Total		
Revenue	84,346	84,061
Profit before tax	1,586	11,390

For the first quarter under review, the Group's revenue increased by 0.34% to RM 84.346 million as compared to RM 84.061 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 preceeding quarter. The group registered a profit before tax of RM1.586 million during the first quarter as compared to a profit before tax of RM11.390 million in the previous quarter. The higher profit was due to gain from disposal of subsidiaries.

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 2016.

19. Income Tax Expense

	3 months ended		3 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
Tax expenses				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
Total tax expenses charges in current period	-	-	-	-

20. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the financial year ended 31 March 2017.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 31-Mar-17 RM'000	As at 31-Mar-16 RM'000
Short term borrowings		
Secured	34,065	41,193
Unsecured	15,470	16,259
	<u>49,535</u>	<u>57,452</u>

Borrowings denominated in foreign currency:

	Foreign Currency '000	Local Currency RM'000
Secured		
Ringgit Malaysia		34,065
Chinese Renminbi ("RMB")	-	-
Total		<u>34,065</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 year under review.

26. Disclosure of Realised and Unrealised Loss

	As at 31-Mar-17 RM'000	As at 31-Mar-16 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	3,265	(10,578)
- Unrealised	(825)	(502)
	<u>2,440</u>	<u>(11,080)</u>
Less : consolidation adjustments	(6,322)	(9,911)
Total Group accumulated losses as per consolidated accounts	<u>(3,882)</u>	<u>(20,991)</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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-Mar-17 RM'000	Cumulative Qtr 3 months ended 31-Mar-17 RM'000
Interest income	(1)	(1)
Rental income	(24)	(24)
Interest expenses	600	600
Depreciation and amortization	231	231
Foreign exchange (gain)/loss	(825)	(825)

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 3 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
(Loss)/Profit for the year attributable to equity holders of the parent (RM'000)	1,586	(4,891)	1,586	(4,891)
Weighted average number of ordinary shares in issue ('000)	66,084	64,286	66,084	64,286
Basic EPS (sen)	2.40	(7.61)	2.40	(7.61)

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	(19,550)	(186)
Estimated expenses in relation to proposed disposal *	Immediate	412	(226)	186
		19,776	(19,776)	-

* 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 25 May 2017.