

# Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Revenue	111,707	81,754	285,538	262,503
Cost of sales	(108,474)	(81,641)	(280,417)	(266,583)
<b>Gross Profit/(Loss)</b>	<u>3,233</u>	<u>113</u>	<u>5,121</u>	<u>(4,080)</u>
Other Income	103	73	211	2,209
Selling and distribution expenses	(435)	(308)	(1,056)	(1,115)
Administrative expenses	484	(586)	1,005	(4,509)
Profit from operation	<u>3,385</u>	<u>(708)</u>	<u>5,281</u>	<u>(7,495)</u>
Finance costs	(598)	(639)	(1,606)	(1,878)
<b>Profit/(Loss) before tax</b>	<u>2,787</u>	<u>(1,347)</u>	<u>3,675</u>	<u>(9,373)</u>
Income tax expense	-	-	-	-
<b>Net profit/(loss) for the period</b>	<u>2,787</u>	<u>(1,347)</u>	<u>3,675</u>	<u>(9,373)</u>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	9	97	30	(486)
Revaluations of land and buildings	-	-	-	-
<b>Other comprehensive profit/(loss) for the period</b>	<u>9</u>	<u>97</u>	<u>30</u>	<u>(486)</u>
<b>Total comprehensive profit/(loss) for the period</b>	<u>2,796</u>	<u>(1,250)</u>	<u>3,705</u>	<u>(9,859)</u>
<b>Total loss attributable to:</b>				
Equity holders of the parents	<u>2,787</u>	<u>(1,347)</u>	<u>3,675</u>	<u>(9,373)</u>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parents	<u>2,796</u>	<u>(1,250)</u>	<u>3,705</u>	<u>(9,859)</u>
Earning per share (sen)				
- Basic	4.22	(2.10)	5.56	(14.58)
- 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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

	(Unaudited)	(Audited)
	As at end of Current Quarter 30-Sep-17 RM'000	As at Preceding Financial Year End 31-Dec-16 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,134	15,744
Investment property	1,500	1,500
	16,634	17,244
<b>Current assets</b>		
Inventories	51,331	55,503
Trade receivables	44,131	33,537
Other receivables, prepayment and deposits	3,391	4,105
Cash and bank balances	16,431	14,894
	115,284	108,039
<b>Total assets</b>	131,918	125,283
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Loans and borrowings	56,880	56,584
Trade payables	3,001	362
Other payables	1,720	1,725
Deferred tax liabilities	2,124	2,124
	63,725	60,795
<b>Net current assets</b>	51,559	47,244
<b>Net assets</b>	68,193	64,488
<b>Equity attributable to equity holders of the Company</b>		
Share capital	66,084	64,286
Share premium	-	1,798
Foreign exchange reserves	(418)	(448)
Revaluation reserves	4,320	4,320
Accumulated losses	(1,793)	(5,468)
<b>Total equity</b>	68,193	64,488
<b>Total equity and liabilities</b>	131,918	125,283
<b>Net asset per share (sen)</b>	1.03	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	RM'000
<b>Opening balance at 1 January 2017</b>	64,286	1,798	4,320	(448)	(5,468)	64,488
<b>Adjustment for effects of Companies Act 2016 *</b>	1,798	(1,798)	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	30	3,675	3,705
<b>Closing balance at 30 September 2017</b>	66,084	-	4,320	(418)	(1,793)	68,193
<b>Opening balance at 1 January 2016</b>	64,286	1,798	15,770	3,705	(19,039)	66,520
<b>Total comprehensive income</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

\* 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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

	9 months ended 30-Sep-17 RM'000	9 months ended 30-Sep-16 RM'000
<b>Operating activities</b>		
Profit/(loss) before tax	3,675	(9,373)
Adjustments for :		
Depreciation of property, plant and equipment	633	3,044
Interest expense	1,606	1,878
Interest income	(1)	(39)
Unrealised foreign exchange gain	(632)	(88)
<b>Operating cash flows before changes in working capital</b>	5,281	(4,578)
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	(11,226)	17,441
Decrease in other current assets	4,886	28,036
Increase/(decrease) in payables	2,616	(19,821)
<b>Cash flows from/(used in) operations</b>	1,557	21,078
Income taxes paid	(18)	(27)
Interest paid	(1,606)	(1,878)
Interest received	1	(1,878)
<b>Net cash flows from/(used in) operating activities</b>	(66)	17,295
<b>Investing activities</b>		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property plant and equipment	-	-
Placement of deposit pledged with bank	-	-
<b>Net cash flows used in investing activities</b>	-	-
<b>Financing activities</b>		
Net repayment of loans and borrowings	(2,562)	(4,374)
Repayment of hire purchase financing	(68)	(68)
<b>Net cash flows used in financing activities</b>	(2,630)	(4,442)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(2,696)	12,853
<b>At beginning of financial period</b>	14,894	18,736
<b>Effects of exchange rate changes</b>	(30)	(1,054)
<b>At end of financial year</b>	12,168	30,535
<b>Cash and cash equivalents comprise:</b>		
<b>Cash and bank balances</b>	12,168	30,535
<b>Deposit pledged with banks.</b>	4,263	-
<b>Net cash and bank balances</b>	16,431	30,535

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 THIRD QUARTER ENDED 30 SEPTEMBER 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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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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## NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 nine months ended 30 September 2017 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 30-Sep-17	Total RM'000 30-Sep-16
<b>Revenue</b>					
External sales	285,538	-	-	285,538	262,503
Inter-segment sales	-	-	-	-	-
Total revenue	<u>285,538</u>	<u>-</u>	<u>-</u>	<u>285,538</u>	<u>262,503</u>
<b>Results</b>					
Operating profit/(loss)	5,402	(121)	-	5,281	(7,495)
Finance costs	(1,606)	-	-	(1,606)	(1,878)
Profit/(loss) before tax	3,796	(121)	-	3,675	(9,373)
Income tax expenses	-	-	-	-	-
Profit/(loss) for the period	<u>3,796</u>	<u>(121)</u>	<u>-</u>	<u>3,675</u>	<u>(9,373)</u>

### 10. Segmental Reporting (Cont')

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 30-Sep-17	Total RM'000 30-Sep-16
<b>Assets</b>					
Segment assets	214,368	25	(82,475)	131,918	131,650
<b>Liabilities</b>					
Segment liabilities	63,716	498	(489)	63,725	74,989

### 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 :

	30-Sep-17 RM'000	30-Sep-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 RM32.5 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 2017 is RM 31.464 million.

#### 14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 30 September 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		9 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	RM'000	RM'000	RM'000	RM'000
<b>Malaysia</b>				
Revenue	111,707	81,113	285,538	255,712
Profit/(loss) before tax	2,827	909	3,796	(3,108)
<b>Hong Kong</b>				
Revenue	-	-	-	-
Loss before tax	(40)	(37)	(121)	(116)
<b>China</b>				
Revenue	-	641	-	6,791
Loss before tax	-	(2,248)	-	(6,218)
<b>Other</b>				
Revenue	-	-	-	-
Profit before tax	-	29	-	69
<b>Group Total</b>				
Revenue	111,707	81,754	285,538	262,503
(Loss)/profit before tax	2,787	(1,347)	3,675	(9,373)

For the 3 months ended 30 September 2017, the Group recorded a higher revenue of RM111.707 million as compared to RM81.113 million in the same corresponding quarter ended 30 September 2016. The higher revenue mainly due to higher LME price which was average of RM 28.28/kg compared to RM21.24/kg during the preceding quarter. The Group registered profit before tax of RM2.787 million in the current quarter as compared to the loss before tax of RM1.347 million in the same corresponding period ended 30 September 2016 mainly due better exchange rates which contributed to foreign exchange gain.

For the 9 months ended 30 September 2017, the Group recorded a increase in revenue of RM29.953 million to RM285.538 million, from RM262.503 million in the same corresponding period ended 30 September 2016. The increase in revenue was mainly due to higher average selling price caused by the higher LME price. The Group recorded a profit before tax of RM3.675 million in the current financial period ended 30 September 2017 as compared to a loss before tax of RM9.373 million in the same corresponding period ended 30 September 2016. The Group recorded gain due better exchange rates and cessation of the non-profitable operations in China.

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

#### 16. Comparison with immediate Preceding Quarter's results

Segment	9 months ended	
	30-Sep-17	30-Jun-17
	RM'000	RM'000
<b>Malaysia</b>		
Revenue	111,707	89,485
Profit before tax	2,827	(658)
<b>Hong Kong</b>		
Revenue	-	-
Loss before tax	(40)	(40)
<b>Group Total</b>		
Revenue	111,707	89,485
Profit/(loss) before tax	2,787	(698)

For the third quarter under review, the Group's revenue increased by 24.83% to RM 111.707 million as compared to RM 89.485 million in the preceding quarter. The increase of revenue was mainly due to the higher sales volume from overseas market especially in India and higher selling price caused by the LME price was picking up in the third quarter compared to the preceeding quarter. The group registered a profit before tax of RM2.787 million during the third quarter as compared to loss before tax of RM0.698 million in the previous quarter. The Group recorded gain due better exchange rates and higher sales volume.

#### 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		9 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	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 2017.

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30-Sep-17 RM'000	As at 30-Sep-16 RM'000
<b>Short term borrowings</b>		
Secured	31,560	34,065
Unsecured	25,320	15,470
	<u>56,880</u>	<u>49,535</u>

Borrowings denominated in foreign currency:

	Foreign Currency '000	Local Currency RM'000
<b>Secured</b>		
Ringgit Malaysia		31,560
Chinese Renminbi ("RMB")	-	-
Total		<u>31,560</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 30-Sep-17 RM'000	As at 30-Sep-16 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	5,160	(11,995)
- Unrealised	(632)	(567)
	<u>4,528</u>	<u>(12,562)</u>
Less : consolidation adjustments	(6,321)	(15,850)
Total Group accumulated losses as per consolidated accounts	<u>(1,793)</u>	<u>(28,412)</u>

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30-Sep-17 RM'000	Cumulative Qtr 9 months ended 30-Sep-17 RM'000
Interest income	-	(1)
Rental income	(24)	(72)
Interest expenses	598	1,606
Depreciation and amortization	194	633
Foreign exchange loss/(gain)	415	(632)

#### 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 9 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Profit/(Loss) for the year attributable to equity holders of the parent (RM'000)	2,787	(1,347)	3,675	(9,373)
Weighted average number of ordinary shares in issue ('000)	66,084	64,286	66,084	64,286
<b>Basic EPS (sen)</b>	4.22	(2.10)	5.56	(14.58)

##### 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 23 November 2017.