

Ta Win Holdings Berhad

(291592-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
Revenue	115,977	84,061	401,515	339,771
Cost of sales	(115,625)	(78,787)	(396,042)	(335,526)
Gross Profit	<u>352</u>	<u>5,274</u>	<u>5,473</u>	<u>4,245</u>
Other Income	1,928	7,701	7,837	2,636
Selling and distribution expenses	(465)	(289)	(1,521)	(1,109)
Administrative expenses	(1,206)	(4,432)	(5,899)	(5,352)
Profit from operation	<u>609</u>	<u>8,254</u>	<u>5,890</u>	<u>420</u>
Finance costs	(601)	(567)	(2,207)	(2,144)
Profit before tax	<u>8</u>	<u>7,687</u>	<u>3,683</u>	<u>(1,724)</u>
Income tax expense	(938)	(53)	(938)	142
(Loss)/profit from continuing operations	<u>(930)</u>	<u>7,634</u>	<u>2,745</u>	<u>(1,582)</u>
Discontinued Operation				
Profit from discontinued operation, net of tax	<u>-</u>	<u>3,703</u>	<u>-</u>	<u>3,703</u>
Net (loss)/profit for the year	<u>(930)</u>	<u>11,337</u>	<u>2,745</u>	<u>2,121</u>
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	19	(46)	49	(532)
Other comprehensive profit/(loss) for the year	<u>19</u>	<u>(46)</u>	<u>49</u>	<u>(532)</u>
Total comprehensive (loss)/profit for the year	<u>(911)</u>	<u>11,291</u>	<u>2,794</u>	<u>1,589</u>
Total loss attributable to:				
Equity holders of the parents	<u>(930)</u>	<u>11,337</u>	<u>2,745</u>	<u>2,121</u>
Total comprehensive loss attributable to:				
Equity holders of the parents	<u>(911)</u>	<u>11,291</u>	<u>2,794</u>	<u>1,589</u>
Earning per share (sen)				
- Basic	(1.41)	17.64	4.15	3.30
- 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

	(Unaudited)	(Audited)
	As at end of Current Quarter 31-Dec-17 RM'000	As at Preceding Financial Year End 31-Dec-16 RM'000
Assets		
Non-current assets		
Property, plant and equipment	20,699	15,744
Investment property	1,600	1,500
	22,299	17,244
Current assets		
Inventories	31,065	55,503
Trade receivables	44,575	33,537
Other receivables, prepayment and deposits	13,481	4,105
Cash and bank balances	10,970	14,894
	100,091	108,039
Total assets	122,390	125,283
Equity and liabilities		
Current liabilities		
Loans and borrowings	47,185	56,584
Trade payables	405	362
Other payables	5,097	1,725
Deferred tax liabilities	2,421	2,124
	55,108	60,795
Net current assets	44,983	47,244
Net assets	67,282	64,488
Equity attributable to equity holders of the Company		
Share capital	66,084	64,286
Share premium	-	1,798
Foreign exchange reserves	(399)	(448)
Revaluation reserves	4,320	4,320
Accumulated losses	(2,723)	(5,468)
Total equity	67,282	64,488
Total equity and liabilities	122,390	125,283
Net asset per share (sen)	1.02	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 FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	49	2,745	2,794
Closing balance at 31 December 2017	66,084	-	4,320	(399)	(2,723)	67,282
Opening balance at 1 January 2016	64,286	1,798	15,770	3,705	(19,039)	66,520
Total comprehensive income	-	-	(11,450)	(4,153)	13,571	(2,032)
Closing balance at 31 December 2016	64,286	1,798	4,320	(448)	(5,468)	64,488

* 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

	12 months ended 31-Dec-17 RM'000	12 months ended 31-Dec-16 RM'000
Operating activities		
Profit/(loss) before tax of continuing operations	3,683	(1,724)
Profit before tax of discontinuing operations	-	3,703
	3,683	1,979
Adjustments for :		
Depreciation of property, plant and equipment	816	4,106
Gain on disposal of subsidiaries	-	(11,005)
Written off of obsolete inventories	-	417
Bad debts written off	-	823
Gain on disposal of property, plant and equipment	(23)	(10)
Property, plant and equipment written off	-	45
Gain from fair value adjustment of investment property	(100)	-
Waiver of debts	-	1,199
Interest expense	2,207	2,445
Interest income	(17)	(82)
Unrealised foreign exchange gain	(898)	73
	5,668	(10)
Operating cash flows before changes in working capital		
<u>Changes in working capital</u>		
(Increase)/decrease in receivables	(11,670)	14,134
Decrease in other current assets	15,062	(3,079)
Increase/(decrease) in payables	3,101	(9,087)
	12,161	1,958
Cash flows from/(used in) operations		
Income taxes paid	(314)	(57)
Interest paid	(2,207)	(2,445)
Interest received	17	82
	9,657	(462)
Net cash flows from/(used in) operating activities		
Investing activities		
Purchase of property, plant and equipment	(5,770)	(211)
Proceeds from disposal of property plant and equipment	23	16
Placement of deposit pledged with bank	483	630
Proceeds from disposal of subsidiaries	-	9,971
	(5,264)	10,406
Net cash flows used in investing activities		
Financing activities		
Net repayment of loans and borrowings	(12,313)	(13,999)
Repayment of hire purchase financing	(68)	(68)
	(12,381)	(14,067)
Net cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents	(7,988)	(4,123)
At beginning of financial period	14,894	15,264
Effects of exchange rate changes	(49)	123
At end of financial year	6,857	11,264
Cash and cash equivalents comprise:		
Cash and bank balances	6,857	11,264
Deposit pledged with banks.	4,113	3,630
Net cash and bank balances	10,970	14,894

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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 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.

6 Changes in Estimates

There were no significant changes in estimates that had a material effect in the current quarter.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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 twelve months ended 31 December 2017 is as follow:-

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 31-Dec-17	Total RM'000 31-Dec-16
Revenue					
External sales	401,515	-	-	401,515	339,771
Inter-segment sales	-	-	-	-	-
Total revenue	<u>401,515</u>	<u>-</u>	<u>-</u>	<u>401,515</u>	<u>339,771</u>
Results					
Operating profit/(loss)	6,053	(163)	-	5,890	420
Finance costs	(2,207)	-	-	(2,207)	(2,144)
Profit/(loss) before tax	3,846	(163)	-	3,683	(1,724)
Income tax expenses	(938)	-	-	(938)	142
Profit/(loss) for the period	<u>2,908</u>	<u>(163)</u>	<u>-</u>	<u>2,745</u>	<u>(1,582)</u>

10. Segmental Reporting (Cont')

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 31-Dec-17	Total RM'000 31-Dec-16
Assets					
Segment assets	204,474	10	(82,094)	122,390	125,283
Liabilities					
Segment liabilities	55,099	506	(497)	55,108	60,795

11. Subsequent Event

There were no material events subsequent to the end of the current quarter ended 31 December 2017 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.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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-Dec-17 RM'000	31-Dec-16 RM'000
a) Bank guarantees issued to third party by a subsidiary company	800	930
<p style="margin-left: 20px;">These are bank guarantees issued to utility supplier, mainly for security deposits and payment guarantees.</p>		
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 31 December 2017 is RM 31.7 million.		

14. Capital Commitments

There were no material capital commitments entered by the Group in this current quarter ended 31 December 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		12 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	RM'000	RM'000	RM'000	RM'000
Malaysia				
Revenue	115,977	84,060	401,515	332,979
Profit/(loss) before tax	48	8,061	3,846	5,045
Hong Kong				
Revenue	-	-	-	-
Loss before tax	(40)	(712)	(163)	(828)
China				
Revenue	-	1	-	6,792
Loss before tax	-	(871)	-	(7,219)
Other				
Revenue	-	-	-	-
Profit before tax	-	1,209	-	1,278
Group Total				
Revenue	115,977	84,061	401,515	339,771
(Loss)/profit before tax	8	7,687	3,683	(1,724)

For the 3 months ended 31 December 2017, the Group recorded a higher revenue of RM115.977 million as compared to RM84.061 million in the same corresponding quarter ended 31 December 2016. The higher revenue mainly due to higher LME price and increased of sales quantities in overseas market in the preceeding quarter. The Group registered profit before tax of RM 8 thousand in the current quarter as compared to the profit before tax of RM7.687 million in the same corresponding period ended 31 December 2016. The Group recorded less profit due to higher LME price and increased the cost of production which could not be passed on to customers.

For the 12 months ended 31 December 2017, the Group recorded a increase in revenue of RM61.744 million to RM401.515 million, from RM339.771 million in the same corresponding period ended 31 December 2016. The increase in revenue was mainly due to higher sales volume from overseas market especially in India and higher selling price caused by the LME price. The Group recorded a profit before tax of RM3.683 million in the current financial period ended 31 December 2017 as compared to a loss before tax of RM1.724 million in the same corresponding period ended 31 December 2016 due to gain in forex exchange and cessation of the non-profitable operations in China.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

16. Comparison with immediate Preceding Quarter's results

Segment	3 months ended	
	31-Dec-17	30-Sep-17
	RM'000	RM'000
Malaysia		
Revenue	115,977	111,707
Profit before tax	48	2,827
Hong Kong		
Revenue	-	-
Loss before tax	(40)	(40)
Group Total		
Revenue	115,977	111,707
Profit/(loss) before tax	8	2,787

For the fourth quarter under review, the Group's revenue increased by 3.82% to RM115.977 million as compared to RM111.707 million in the preceding quarter. The increase of revenue was mainly due to 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 RM 8 thousand during the fourth quarter as compared to profit before tax of RM2.787 million in the previous quarter. Reduce of profit before tax was due to higher cost of production which could not be passed on to customer caused by higher LME price.

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 2017.

19. Income Tax Expense

	3 months ended		12 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	RM'000	RM'000	RM'000	RM'000
Tax expenses				
Income tax	640	53	640	54
Deferred tax	298	-	298	(196)
Total tax expenses charges in current period	<u>938</u>	<u>53</u>	<u>938</u>	<u>(142)</u>

20. Sale of Unquoted Investments and Properties

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

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

21. Status of Corporate Proposals

On 15 December 2017, Mercury Securities Sdn Bhd, on behalf of the Board of Directors has announced that it will undertake the following:

- (i) proposed renounceable Rights Issue of 192,858,900 new ordinary shares and 257,145,200 Redeemable Convertible Preference Shares ("RCPS") together with 128,572,600 free detachable warrants on the basis of 3 rights shares and 4 RCPS together with 2 warrants attached for every one existing share held on an entitlement date;
- (ii) proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of Ta Win; and
- (iii) proposed amendments to Ta Win's Constitution.

On 26 December 2017, Mercury Securities Sdn Bhd, on behalf of the Board of Directors announced additional information in relation to the Directors' and/or major shareholders' interests and/or persons connected to them in relation to the Proposed ESOS.

On 17 January 2018, Mercury Securities Sdn Bhd, on behalf of the Board of Directors, announced that the applications in relation Proposed Rights Issue and Proposed ESOS has been submitted to Bursa Securities on 17 January 2018.

On 30 January 2018, Mercury Securities Sdn Bhd, on behalf of the Board of Directors, announced that Bursa Securities has, vide its letter dated 30 January 2018, resolved to approve (subject to the conditions in Bursa Securities Letter) the following:

- (a) listing of up to 192,858,900 Rights Shares to be issued pursuant to the Proposed Rights Issue;
- (b) admission to the Official List and listing of up to 257,145,200 RCPS to be issued pursuant to the Proposed Rights Issue;
- (c) admission to the Official List and listing of up to 128,572,600 Warrants to be issued pursuant to the Proposed Rights Issue;
- (d) listing of up to 257,145,200 new Shares to be issued arising from the conversion of RCPS;
- (e) listing of up to 128,572,600 new Shares to be issued arising from the exercise of Warrants; and
- (f) listing of such number of additional new Shares, representing up to 15% of the total number of issued shares of Ta Win (excluding treasury shares), to be issued pursuant to the Proposed ESOS.

22. Borrowings and Debts Securities

	As at 31-Dec-17 RM'000	As at 31-Dec-16 RM'000
Short term borrowings		
Secured	31,779	34,347
Unsecured	15,405	22,237
	<u>47,184</u>	<u>56,584</u>

Borrowings denominated in foreign currency:

	Foreign Currency '000	Local Currency RM'000
Secured		
Ringgit Malaysia		31,779
Chinese Renminbi ("RMB")	-	-
Total		<u>31,779</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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-17 RM'000	As at 31-Dec-16 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	4,497	(54,631)
- Unrealised	(898)	2,495
	3,599	(52,136)
Less : consolidation adjustments	(6,322)	46,668
Total Group accumulated losses as per consolidated accounts	(2,723)	(5,468)

27. Loss Before Tax

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

	Cumulative Qtr 3 months ended 31-Dec-17 RM'000	Cumulative Qtr 12 months ended 31-Dec-17 RM'000
Interest income	(15)	(17)
Rental income	(25)	(97)
Interest expenses	601	2,207
Depreciation and amortization	179	816
Gain on disposal of property, plant and equipment	(23)	(23)
Realised Foreign exchange loss/(gain)	(1,438)	(4,800)
Unrealised Foreign exchange loss/(gain)	(266)	(898)

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 12 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Profit/(Loss) for the year attributable to equity holders of the parent (RM'000)	(930)	11,337	2,745	2,121
Weighted average number of ordinary shares in issue ('000)	66,084	64,286	66,084	64,286
Basic EPS (sen)	(1.41)	17.64	4.15	3.30

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

28. Earnings Per Share ("EPS") (Cont'd)

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 22 February 2018.