

Ta Win Holdings Berhad

(291592-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

	Note	(Unaudited) Current Quarter 3 months ended		(Unaudited) Cumulative Quarter 18 months ended	
		30-Jun-19 RM'000	30-Jun-18 RM'000	30-Jun-19 RM'000	30-Jun-18 RM'000
Revenue	15,16	104,150	82,067	562,957	N/A
Cost of sales		(102,255)	(81,656)	(557,350)	N/A
Gross Profit		<u>1,895</u>	<u>411</u>	<u>5,607</u>	<u>N/A</u>
Other Income		9,564	925	13,282	N/A
Selling and distribution expenses		(593)	(321)	(2,605)	N/A
Administrative expenses		(1,521)	(1,931)	(10,509)	N/A
Profit/(loss) from operation		<u>9,345</u>	<u>(916)</u>	<u>5,775</u>	<u>N/A</u>
Finance costs		(730)	(628)	(4,045)	N/A
Profit/(loss) before tax	15,16	<u>8,615</u>	<u>(1,544)</u>	<u>1,730</u>	<u>N/A</u>
Income tax expense		(673)	-	(873)	N/A
Net profit/(loss) for the period		<u>7,942</u>	<u>(1,544)</u>	<u>857</u>	<u>N/A</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(37)	20	(11)	N/A
Revaluations of land and buildings		-	-	-	N/A
Other comprehensive income for the year		<u>(37)</u>	<u>20</u>	<u>(11)</u>	<u>N/A</u>
Total comprehensive income/(loss) for the period		<u>7,905</u>	<u>(1,524)</u>	<u>846</u>	<u>N/A</u>
Total income/(loss) attributable to:					
Equity holders of the parents		8,195	(1,544)	1,110	N/A
Non-controlling interests		(253)	-	(253)	N/A
		<u>7,942</u>	<u>(1,544)</u>	<u>857</u>	<u>N/A</u>
Total comprehensive income attributable to:					
Equity holders of the parents		8,158	(1,524)	1,099	N/A
Non-controlling interests		(253)	-	(253)	N/A
		<u>7,905</u>	<u>(1,524)</u>	<u>846</u>	<u>N/A</u>
Earning/(loss) per share (sen)					
- Basic		10.29	(2.20)	1.39	N/A
- Diluted		N/A	N/A	N/A	N/A

On 30 November 2018, the Company announced the change of financial year end from 31 December to 30 June. The current fiscal period will cover 18 months, from 1 January 2018 to 30 June 2019. As such, there are no comparative figures.

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements. form an integral part of the financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

	(Unaudited)	(Audited)
	As at end of Current Quarter 30-Jun-19 RM'000	As at Preceding Financial Year End 31-Dec-17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,515	20,699
Investment property	-	1,600
	44,515	22,299
Current assets		
Inventories	39,686	31,065
Trade receivables	49,353	58,101
Other receivables, prepayment and deposits	7,440	253
Cash and cash equivalents	36,393	10,970
	132,872	100,389
TOTAL ASSETS	177,387	122,688
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	80,523	47,105
Trade payables	99	426
Other payables	3,783	5,368
Hire purchase payables	118	67
Derivative liability	7	-
Taxation	1,203	-
	85,734	52,966
Non-current liabilities		
Deferred tax liabilities	4,498	2,422
Hire purchase payables	307	13
	4,805	2,435
Total liabilities	90,538	55,401
Total comprehensive income for the period		
Share capital	73,393	66,084
Total loss attributable to:		
<i>Foreign exchange reserves</i>	(410)	(399)
<i>Revaluation reserves</i>	13,277	4,320
<i>Accumulated losses</i>	(1,608)	(2,718)
Equity attributable to equity holders of the Company	84,652	67,287
Non-controlling interest	2,197	-
Total equity	86,849	67,287
TOTAL EQUITY AND LIABILITIES	177,387	122,688
Net asset per share(RM)	1.09	1.05

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

	←——— Attributable to Equity Holders of the Parents ———→					→	Non- controlling interest	Total equity
	←——— Non-Distributable ———→							
	Share capital	Share premium	Revaluation reserve	Exchange reserve	Accumulated losses			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
18 months ended								
<u>Balance at 30 June 2019</u>								
Balance at 1 January 2018	66,084	-	4,320	(399)	(2,718)	67,287	-	67,287
ESOS	4,002	-	-	-	-	4,002	-	4,002
Issuance of shares	3,307	-	-	-	-	3,307	-	3,307
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	2,450	2,450
Total comprehensive profit	-	-	8,957	(11)	1,110	10,056	(253)	9,803
Balance at 30 June 2019	73,393	-	13,277	(410)	(1,608)	84,652	2,197	86,849
12 months ended								
<u>Balance at 31 December 2017</u>								
Balance at 1 January 2017	64,286	1,798	4,320	(448)	(5,468)	64,488	-	64,488
Adjustment for effects of Companies Act 2016 *	1,798	(1,798)	-	-	-	-	-	-
Total comprehensive income	-	-	-	49	2,750	2,799	-	2,799
Balance at 31 December 2017	66,084	-	4,320	(399)	(2,718)	67,287	-	67,287

On 30 November 2018, the Company announced the change of financial year end from 31 December to 30 June. The current fiscal period will cover 18 months, from 1 January 2018 to 30 June 2019. As such, there are no comparative figures.

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

	(Unaudited) 18 months ended 30-Jun-19 RM'000	(Audited) 12 months ended 31-Dec-17 RM'000
Operating activities		
Profit before tax	1,730	3,684
Adjustments for :		
Depreciation of property, plant and equipment	1,490	816
Interest expense	4,045	2,208
Fair value loss on derivative liability	838	-
Unrealised foreign exchange loss/(gain)	2,256	(898)
Interest income	(50)	(16)
Gain on disposal of investment property	(300)	-
Gain on fair value adjustment of investment property	-	(100)
Gain on disposal of property, plant and equipment	(8,800)	(23)
	1,209	5,671
Operating cash flows before changes in working capital		
<u>Changes in working capital</u>		
Decrease/(increase) in receivables	2,902	(20,875)
(Increase)/decrease in inventories	(8,621)	24,439
(Decrease)/increase in payables	(4,435)	3,513
Cash flows (used)/from operations	(8,945)	12,748
Income taxes paid	(200)	(246)
Interest paid	(4,045)	(2,208)
Interest received	50	16
Net cash flows (used in)/from operating activities	(13,140)	10,310
Investing activities		
Purchase of property, plant and equipment	(4,948)	(5,771)
Proceeds from disposal of property plant and equipment	-	23
Placement of deposit pledged with bank	(13,051)	(110)
Net cash flows used in investing activities	(17,999)	(5,858)
Financing activities		
Repayment of loans and borrowings	4,691	(8,800)
Drawdown of trade facilities	28,727	-
Repayment of hire purchase financing	(155)	(68)
Drawdown of hire purchase financing	500	-
Proceeds from issuance of shares	9,759	-
Net cash flows from/(used in) financing activities	43,522	(8,868)
Net increase/(decrease) in cash and cash equivalents	12,383	(4,416)
At beginning of financial period	6,857	11,264
Effects of exchange rate changes	(11)	9
At end of financial year	19,229	6,857
Cash and bank balances	19,229	6,857
Deposit pledged with banks	17,164	4,113
Net cash and cash equivalents	36,393	10,970

On 30 November 2018, the Company announced the change of financial year end from 31 December to 30 June. The current fiscal period will cover 18 months, from 1 January 2018 to 30 June 2019. As such, there are no comparative figures.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard ("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 2017. 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.

On 30 November 2018, the Company announced that the Board of Directors approved the change of financial year end from 31 December to 30 June. The next audited financial statements of the Company shall be for a period of eighteen (18) months, made up from 1 January 2018 to 30 June 2019. Thereafter, the subsequent financial years of the Company shall end on 30 June.

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 2017 except for the adoption of the following MFRSs, Amendments to MFRSs, Issues Committee Interpretations ("IC Interpretations") and Statement of Principles.

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Investment Property – Transfers of Investment Property
IC Interpretation 23, Uncertainty over Income Tax Treatment	

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 2, Share-based Payment	1 January 2020
Amendments to MFRS 3, Business Combinations	1 January 2020
Amendments to MFRS 3, Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 9, Prepayment Features with Negative Compensation	1 January 2020
Amendments to MFRS 11, Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 16, Leases	1 January 2019
Amendments to MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 112, Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119, Plan Amendment, Curtailment, or Settlement	1 January 2019
Amendments to MFRS 123, Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 128, Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 31 December 2017 was not qualified.

4. Comments About Seasonal or Cyclical Factors

The sales of copper wire and rods are not subject to significant cyclical or seasonal factors, other than mild slowdowns due to holidays, especially during festival holiday season.

5. Unusual Items Due to their Nature, Size or Incidence

Save as disclosed below, 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.

During the quarter, the Company has disposed of a set of machinery for the price of RM8.8mil. As this machinery has been fully depreciated, the entire RM8.8 mil gain was recorded as other income of the Company in the consolidated Statement of Comprehensive Income.

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 material issuances, repayments of debt or equity securities, or share cancellation in the current interim period 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 year 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 2017, except for the followings:

A revaluation exercise was carried out by the Group on land and buildings classified as property, plant and equipment. The revaluation resulted in a revaluation surplus, net of deferred tax, of RM11.56 million being incorporated into revaluation reserve. The valuations were conducted by an independent valuer, Henry Butcher Malaysia (Malacca) Sdn Bhd.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

10. Segmental Reporting

Segment information for the eighteen months ended 30 June 2019 is as follows:-

	Malaysia RM'000	Hong Kong RM'000	Elimination RM'000	Total RM'000 30-Jun-19
Revenue				
External sales	562,957	-	-	562,957
Inter-segment sales	-	-	-	-
Total revenue	<u>562,957</u>	<u>-</u>	<u>-</u>	<u>562,957</u>
Results				
Operating profit/(loss)	5,825	(50)	-	5,775
Finance costs	<u>(4,045)</u>	<u>-</u>	<u>-</u>	<u>(4,045)</u>
Profit/(loss) before tax	1,780	(50)	-	1,730
Income tax expenses	<u>(873)</u>	<u>-</u>	<u>-</u>	<u>(873)</u>
Profit/(loss) for the period	<u>907</u>	<u>(50)</u>	<u>-</u>	<u>857</u>
Assets				
Segment assets	177,368	19	-	177,387
Liabilities				
Segment liabilities	90,528	10	-	90,538

11. Subsequent Event

On 13 August 2019, the following new instruments were listed: 238,841,790 new ordinary shares and 477,683,580 new Irredeemable Convertible Preference Shares (ICPS) together with 159,227,860 free detachable warrants on the basis of 3 rights shares and 6 ICPS together with 2 warrants for every 1 existing share.

On 22 and 27 of August, 11,048,800 ICPS and 16,482,400 ICPS were converted, respectively.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

12. Changes in Composition of the Group

- a) On 10 October 2018, the Company entered into a Joint Venture Agreement with Full Dragon Electric (Guang Dong) Company Limited ("FULL DRAGON") and Wing Ying Non-Ferrous Trading Limited (collectively known as "the Parties"), to jointly invest in, setup, and operate a new copper rod manufacturing line in Malaysia via Ta Win Copper Sdn Bhd ("TWCSB").

On 12 February 2019, the Board of Directors announced that the Parties agreed to amend and verify the definition of "FULL DRAGON" to "FULL DRAGON or its nominee" which shall include Hong Kong Full Dragon Technology Development Limited. TWCSB's shares have been allotted to the Parties and TWCSB is no longer a wholly-owned subsidiary of the Company. The composition of shareholdings of TWCSB after the allotments was as follows:-

No.	Name of Allottees	Shareholdings
1	Ta Win Holdings Berhad	4,550,000 (65%)
2	Wing Ying Non-Ferrous Trading Limited	1,750,000 (25%)
3	Hong Kong Full Dragon Technology Development Limited	700,000 (10%)
	Total	7,000,000 (100%)

- b) On 31 January 2019, the Company has incorporated a new wholly-owned subsidiary, namely Cyprium Capital Sdn Bhd with an issued and paid-up share capital of RM1.00.
- c) On 11 April 2019, Cyprium Capital Sdn Bhd, a wholly-owned subsidiary of Ta Win Holdings Berhad, had on 11 April 2019 entered into a Joint Venture cum Shareholders Agreement with Justin Wong Chee Feng, Wong Ah Piaw and Latitude Technology Sdn Bhd, to jointly invest in, setup, and operate a new cable manufacturing business utilising the electron beam irradiation technology in Malaysia via a special purpose vehicle to be incorporated later, namely Cyprium Wire Technology Sdn Bhd.
- d) On 15 April 2019, Cyprium Capital Sdn Bhd, a wholly-owned subsidiary of TA WIN, has incorporated a new wholly-owned subsidiary, namely Cyprium Wire Technology Sdn Bhd with an issued and paid-up share capital of RM1.00.

Save as disclosed above, there are no other changes in the composition of the Group.

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 2017.

14. Capital Commitments

Capital commitments of the Group in respect of capital expenditure is as follows:

	As at 30-Jun-19 RM'000
Approved and contracted for	
Share of joint venture's capital commitments (Cyprium Wire Technology Sdn. Bhd.)	<u>8,350</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

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

15. Performance Analysis

On 30 November 2018, the Company announced the change of financial year end from 31 December to 30 June. The current fiscal period will cover 18 months, from 1 January 2018 to 30 June 2019. As such, there are no comparative figures.

Segment	3 months ended	
	30-Jun-19	30-Jun-18
	RM'000	RM'000
Malaysia		
Revenue	104,150	82,067
Gross profit	1,895	411
Profit/(loss) before tax	8,616	(1,532)
Hong Kong		
Revenue	-	-
Gross Profit	-	-
Loss before tax	(1)	(12)
Group Total		
Revenue	104,150	82,067
Gross Profit	1,895	411
Profit/(loss) before tax	8,615	(1,544)

For the 3 months ended 30 June 2019, the Group recorded a higher revenue of RM104.15 million as compared to RM82.067 million in the same corresponding quarter ended 30 June 2018. The higher revenue is mainly due increase in the sales volume from 2,833 tonnes to 4,315 tonnes despite an 8% drop in the average price level.

The Group recorded higher gross profit of RM1.895 million as compared to RM0.411 million in the same corresponding quarter ended 30 June 2018. This was mainly due to an increase in gross margin from 0.5% to 2%

The Group registered a profit before tax of RM8.615 million in the current quarter as compared to the loss before tax of RM0.411 million in the same corresponding quarter ended 30 June 2018. The Group recorded a higher profit primarily due to higher other income incurred as a result from the gain on disposal of plant and machine.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

16. Comparison with immediate Preceding Quarter's results

Segment	3 months ended	
	30-Jun-19	31-Mar-19
	RM'000	RM'000
Malaysia		
Revenue	104,150	81,204
Gross profit	1,895	591
Profit/(loss) before tax	8,616	(3,314)
Hong Kong		
Revenue	-	-
Gross profit	-	-
Loss before tax	(1)	(1)
Group Total		
Revenue	104,150	81,204
Gross profit	1,895	591
Profit/(loss) before tax	8,615	(3,315)

For the sixth quarter under review, the Group's revenue is recorded at RM104.150 million as compared to RM81.204 million in the preceding quarter. The increase of revenue was mainly due to higher sales volume.

The Group recorded a gross profit of RM1.895 million as compared to gross profit of RM591 thousand in the previous quarter. The higher gross profit was mainly due to increase in gross margin from 0.7% to 2%, as well as revenue increase as noted above.

The Group registered a profit before tax of RM8.615 million during the sixth quarter as compared to loss before tax of RM3.315 million in the previous quarter. Increase in profit before tax was mainly due to the gain on disposal of plant and machinery.

17. Commentary on Prospects

Management is continuing to secure additional orders from existing and new customers. The newly raised funds from the recent rights issue corporate exercise are in the process of being deployed for working capital, specifically for purchase of raw materials for the Group's active subsidiaries.

The Joint Venture Agreement with Full Dragon and Wing Ying that was announced in October 2018 was launched in August 2019 and the production is being ramped up gradually to reach capacity within the next several quarters. By leveraging the operational know-how and the sales channels of the joint venture partners, the Group will expand its production capacity, sales volume as well as margins.

The joint venture with Justin Wong Chee Feng, Wong Ah Piaw and Latitude Technology Sdn Bhd via Cyprium Wire Technology Sdn Bhd, that was announced in April 2019 marks the Group's first foray into the cable industry, a downstream venture in the value chain. It will use innovative electron beam irradiation technology and it is part of the Company's strategy to capitalise on new and viable opportunities complementing its existing business to drive growth. This joint venture is operational as of August 2019 and is expected to reach current capacity by second quarter of financial year ended 30 June 2020.

18. Profit Forecast or Profit Guarantee

There was neither a profit forecast nor a profit guarantee issued by the Company for the current quarter ending 30 June 2019.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

19. Income Tax Expense

	3 months ended		18 months
	30-Jun-19	30-Jun-18	ended 30-Jun-19
	RM'000	RM'000	RM'000
Tax expenses			
Income tax	(1,197)	-	(873)
Deferred tax	524	-	-
Total tax expenses charges in current period	<u>(673)</u>	<u>-</u>	<u>(873)</u>

20. Status of Corporate Proposals

On 11 January 2019, Mercury Securities Sdn Bhd, on behalf of the Board of Directors, has announced that the Company proposes to undertake the following:

- (i) proposed renounceable rights issue of 238,841,790 new ordinary shares ("Ta Win Share") and 477,683,580 irredeemable convertible preference shares ("ICPS") together with 159,277,860 free detachable warrants ("Warrants") on the basis of 3 Rights Shares and 6 ICPS together with 2 Warrants for every 1 existing Ta Win Share held on an entitlement date to be determined later at the issue price of RM0.10 per Rights Share and RM0.025 per ICPS ("Proposed Rights Issue"); and
- (ii) proposed amendments to the Company's Constitution to facilitate the issuance of the ICPS. ("Proposed Amendments")

On 18 January 2019, Mercury Securities Sdn Bhd, on behalf of the Board of Directors, has announced the listing application in relation to the Proposed Rights Issue has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 21 February 2019, Mercury Securities Sdn Bhd, on behalf of the Board of Directors, has announced Bursa Securities had, vide its letter dated 21 February 2019, resolved to approve the following:

- (i) admission to the Official List and listing of 477,683,580 ICPS and 159,227,860 Warrants to be issued pursuant to the Proposed Rights Issue;
- (ii) listing of 238,841,790 new Ta Win Shares to be issued pursuant to the Proposed Rights Issue;
- (iii) listing of up to 477,683,580 new Ta Win Shares to be issued pursuant to the conversion of ICPS; and
- (iv) listing of up to 159,227,860 new Ta Win Shares to be issued arising from the exercise of Warrants,

whereby the Rights Shares, ICPS and Warrants must be listed and quoted simultaneously.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

20. Status of Corporate Proposals (continued)

On 26 March 2019, the Company held an Extraordinary General Meeting and all resolutions related to the Proposed Rights Issue and Proposed Amendments were duly passed by the shareholders of the Company.

The above corporate exercise was completed on 13 August 2019. Except the above-mentioned, there were no other corporate proposals announced.

22. Borrowings and Debts Securities

	As at 30-Jun-19 RM'000	As at 30-Jun-18 RM'000
Short term borrowings		
Secured	<u>80,523</u>	<u>44,115</u>

23. Derivative Financial Instruments

(i) Disclosure of derivative liability

As at 30 June 2019, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM'000	Fair value RM'000	Fair value loss RM'000
Commodity swap contract - less than 1 year	<u>2,659</u>	<u>2,666</u>	<u>7</u>

Commodity swap contract is used to mitigate copper commodity price risk arising from volatile market prices. There are no cash requirement risks as the Group only uses commodity swap contract as hedging instrument.

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's management objectives, accounting policies and processes.

(ii) Fair value changes of derivative liability

The Group determines the gains or losses from fair value changes of the derivative financial instruments (commodity swap contracts) by using the difference between the contracted value and market price.

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.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

26. Profit before tax

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

	Cumulative Qtr 18 months ended 30-Jun-19 RM'000
Interest income	50
Rental income	111
Gain on disposal of investment property	300
Gain on disposal of plant and machinery	8,800
Realised Foreign exchange gain	4,363
Interest expenses	(4,045)
Depreciation and amortization	(1,490)
Unrealised Foreign exchange loss	124
Fair value loss on derivative liability	(838)

27. Earnings Per Share ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing the net (loss)/profit for the period by the weighted average number of ordinary issue shares in during the period.

On 30 November 2018, the Company announced the change of financial year end from 31 December to 30 June. The current fiscal period will cover 18 months, from 1 January 2018 to 30 June 2019. As such, there are no comparative figures.

	3 months ended 30-Jun-19	18 months ended 30-Jun-19
Profit for the year attributable to equity holders of the parent (RM'000)	8,195	1,110
Weighted average number of ordinary shares in issue ('000)	79,614	79,614
Basic EPS (sen)	<u>10.29</u>	<u>1.39</u>

b) Diluted EPS

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

28. 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 28 August 2019.