



TA WIN HOLDINGS BERHAD

199401005913(291592-U)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER AND THREE MONTH ENDED 30 SEPTEMBER 2020

<u>CONTENTS</u>	<u>PAGE</u>
1) Consolidated Statements of Profit or Loss Other Comprehensive Income	1
2) Consolidated Statement of Financial Position	2
3) Consolidated Statement of Changes in Equity	3
4) Consolidated Statement of Cash Flows	4 - 5
5) Explanatory Notes to the Interim Financial Report	6 - 16

TA WIN HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPT 2020

	Note	Current Quarter 3 months ended		Cummulative Quarter 3 months ended	
		30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
Revenue	15,16	85,008	66,917	85,008	66,917
Cost of sales		(84,121)	(64,765)	(84,121)	(64,765)
Gross profit/(oss)		<u>887</u>	<u>2,152</u>	<u>887</u>	<u>2,152</u>
Other income		284	169	284	169
Selling and distribution expenses		(261)	(360)	(261)	(360)
Administrative expenses		(3,598)	(3,230)	(3,598)	(3,230)
Profit/(loss) from operation		<u>(2,689)</u>	<u>(1,269)</u>	<u>(2,689)</u>	<u>(1,269)</u>
Finance costs		(363)	(839)	(363)	(839)
Profit/(loss) before tax	15,16	<u>(3,051)</u>	<u>(2,108)</u>	<u>(3,051)</u>	<u>(2,108)</u>
Income tax expense		-	(41)	-	(41)
Net profit/(loss) for the period		<u>(3,051)</u>	<u>(2,149)</u>	<u>(3,051)</u>	<u>(2,149)</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		0	11	-	11
Total comprehensive income/(loss) for the period		<u>(3,051)</u>	<u>(2,138)</u>	<u>(3,051)</u>	<u>(2,138)</u>
Total income/(loss) attributable to:					
Equity holders of the parents		(2,754)	(2,093)	(2,754)	(2,093)
Non-controlling interests		(297)	(56)	(297)	(56)
		<u>(3,051)</u>	<u>(2,149)</u>	<u>(3,051)</u>	<u>(2,149)</u>
Total comprehensive income attributable to:					
Equity holders of the parents		(2,754)	(2,082)	(2,754)	(2,082)
Non-controlling interests		(297)	(56)	(297)	(56)
		<u>(3,051)</u>	<u>(2,138)</u>	<u>(3,051)</u>	<u>(2,138)</u>
Earning/(loss) per share (sen)					
- Basic	26	(0.625)	(0.586)	(0.625)	(0.586)
- Diluted	26	Anti-dilutive	Anti-dilutive	Anti-dilutive	Anti-dilutive

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the period ended 30 June 2020 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 FIRST QUARTER ENDED 30 SEPT 2020

	(Unaudited) As at end of Current Quarter 30-Sep-20 RM'000	(Audited) Financial Year End 30-Jun-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,337	50,267
Intangible assets	3,032	3,150
	<u>56,370</u>	<u>53,417</u>
Current assets		
Development expenditure	2,308	-
Inventories	36,477	39,133
Trade receivables	30,250	22,971
Other receivables, prepayment and deposits	19,665	17,545
Current tax assets	433	308
Cash and cash equivalents	48,220	47,644
	<u>137,353</u>	<u>127,601</u>
TOTAL ASSETS	<u>193,723</u>	<u>181,018</u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	61,444	56,516
Lease Payables	76	132
Trade payables	2,795	2,455
Other payables	4,570	3,563
Provision	1,730	1,730
Hire purchase payables	710	251
Derivative liability	866	259
Current tax liabilities	84	-
	<u>72,276</u>	<u>64,906</u>
Non-current liabilities		
Deferred tax liabilities	4,968	4,968
Hire purchase payables	2,632	509
	<u>7,600</u>	<u>5,477</u>
Total liabilities	<u>79,876</u>	<u>70,383</u>
Equity attributable to equity holders of the Company		
Share capital	102,090	93,739
Preference share - ICPS	8,881	10,969
Warrant reserve	6,369	6,369
Total loss attributable to:		
Foreign exchange reserves	(400)	(400)
Revaluation reserves	13,219	13,219
Accumulated losses	(18,061)	(15,307)
	<u>112,098</u>	<u>108,589</u>
Non-controlling interest	1,749	2,046
Total equity	<u>113,847</u>	<u>110,635</u>
TOTAL EQUITY AND LIABILITIES	<u>193,723</u>	<u>181,018</u>
No. of share issued as at 30 Sept 2020/30 June 2020	440,895	357,391
Net asset per share	<u>0.254</u>	<u>0.304</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPT 2020

	Attributable to Equity Holders of the Parents					Accumulated losses RM'000	Total RM'000	Non- controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	ICPS share RM'000	Non-Distributable Warrant reserve RM'000	Revaluation reserve RM'000	Exchange reserve RM'000				
Balance at 1 July 2020	93,739	10,969	6,369	13,219	(400)	(15,307)	108,589	2,046	110,635
Profit/(loss) for the period	-	-	-	-	-	(2,754)	(2,754)	(297)	(3,051)
<u>Other comprehensive income</u>									
Foreign currency translation differences for foreign operation	-	-	-	-	0	-	0	-	0
Total comprehensive income for the period	-	-	-	-	0	(2,754)	(2,753)	(297)	(3,051)
<i>Contribution by and distributions to owners of the Company</i>	-	-	-	-	-	-	-	-	-
Issue of ordinary shares:									
- Exercise of ICPS conversion	2,088	(2,088)	-	-	-	-	-	-	-
- Additional price paid for ICPS conversion	6,263	-	-	-	-	-	6,263	-	6,263
Arising from business combination	8,351	(2,088)	-	-	-	-	6,263	-	6,263
Total transactions with owners of the Company	8,351	(2,088)	-	-	-	-	6,263	-	6,263
Balance at 30 June 2021	102,090	8,881	6,369	13,219	(400)	(18,061)	112,098	1,749	113,847
Balance at 1 July 2019	73,725	-	-	13,219	(411)	(1,562)	84,971	2,182	87,154
Profit/(loss) for the year	-	-	-	-	-	(13,745)	(13,745)	(736)	(14,481)
<u>Other comprehensive income</u>									
Foreign currency translation differences for foreign operation	-	-	-	-	11	-	11	-	11
Total comprehensive income for the period	-	-	-	-	11	(13,745)	(13,735)	(736)	(14,471)
<i>Contribution by and distributions to owners of the Company</i>	-	-	-	-	-	-	-	-	-
Issue of ordinary shares:									
- Right issue	23,884	11,942	-	-	-	-	35,826	-	35,826
- Exercise of ICPS conversion	973	(973)	-	-	-	-	-	-	-
- Additional price paid for ICPS conversion	2,920	-	-	-	-	-	2,920	-	2,920
- Right issuance expenses	(1,394)	-	-	-	-	-	(1,394)	-	(1,394)
- Reclassification of free warrant reserve cost	(6,369)	-	6,369	-	-	-	-	-	-
Arising from business combination	20,014	10,969	6,369	-	-	-	37,352	-	37,352
Total transactions with owners of the Company	20,014	10,969	6,369	-	-	-	37,352	600	37,952
Balance at 30 June 2020	93,739	10,969	6,369	13,219	(400)	(15,307)	108,589	2,046	110,635

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2020 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 30 SEPT 2020

	(Unaudited) 3 months ended 30-Sep-20 RM'000	(Audited) 12 months ended 30-Jun-20 RM'000
Operating activities		
Profit/(loss) before tax	(2,754)	(14,156)
Adjustments for :		
Amortisation of intangible assets	117	278
Depreciation of property, plant and equipment	632	2,162
Depreciation of right-of-use assets	53	212
Bad debts written off	-	548
Interest expense	363	2,458
Impairment loss on inventories	-	699
Gain/(Loss) on fair value on derivative (assets)/liability	607	(420)
Unrealised foreign exchange loss/(gain)	(406)	(587)
Interest income	(136)	(574)
Rental income	(8)	(36)
Gain on disposal of property, plant and equipment	-	(18)
Operating cash flows before changes in working capital	(1,532)	(9,434)
<u>Changes in working capital</u>		
Decrease/(increase) in receivables	(8,162)	23,908
(Increase)/decrease in inventories	2,656	(7,104)
(Decrease)/increase in payables	220	4,710
Cash flows (used)/from operations	(6,818)	12,080
Tax (paid)/refunded	(42)	(1,503)
Interest paid	(363)	(2,458)
Interest received	136	574
Net cash flows (used in)/from operating activities	(7,086)	8,693
Investing activities		
Acquisition of development expenditure	(2,308)	-
Acquisition of intangible assets	-	(3,428)
Purchase of property, plant and equipment	(3,756)	(6,880)
Proceeds from disposal of property plant and equipment	-	103
Placement of deposit pledged with bank	(103)	(1,013)
Rental income	8	36
Net cash flows used in investing activities	(6,158)	(11,182)
Financing activities		
Repayment of loans and borrowings	(58,325)	(245,150)
Drawdown of loans and borrowings	63,253	221,143
Repayment of hire purchase financing	(534)	(176)
Drawdown of hire purchase financing	3,117	-
Repayment of lease payables	(56)	(228)
Amount due to directors	-	(936)
Proceeds from issuance of shares	-	25,410
Proceeds from issuance of shares to non-controlling interests	-	600
Proceeds from issuance of ordinary shares from ICPS exercise	6,263	11,942
Net cash flows from/(used in) financing activities	13,718	12,605

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPT 2020

	(Unaudited) 3 months ended 30-Sep-20 RM'000	(Audited) 12 months ended 30-Jun-20 RM'000
Net increase/(decrease) in cash and cash equivalents	473	10,116
At beginning of financial period	29,467	19,216
Effects of exchange rate changes	-	135
At end of financial year	<u>29,940</u>	<u>29,467</u>
Cash and bank balances	48,220	47,644
Deposit pledged with banks	(18,280)	(18,177)
Net cash and cash equivalents	<u>29,940</u>	<u>29,467</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2020 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 30 SEPT 2020

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 30 June 2020. 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 30 June 2020.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2020 except for the adoption of the following MFRSs, Amendments to MFRSs, Issues Committee Interpretations ("IC Interpretations") and Statement of Principles.

Amendments to MFRS 3	Business Combination - Definition of Business
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 139	Financial Instruments, Recognition and Measurement, and
Amendments to MFRS 7	Financial Instruments: Disclosures - Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements, and
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	

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 3, Business Combinations - Definition of Business	1 January 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimation and Errors - Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 4, Insurance Contracts - Extension of the Temporary Exemption From Applying MFRS9	17 August 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform (Phase 2)	1 January 2021

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

Amendment to MFRS 1, First-time Adoption of Malaysia Financial Reporting Standards(Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendment to Illustrative Example accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendment to MFRS 116, Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137, Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts	1 January 2023

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

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current and prior period financial statement of the Group and the Company.

MFRS 16: Leases

MFRS 16, the standard introduces a single on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying assets and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the financial impact on its financial statements upon initial application of MFRS16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 July 2019.

Other than the above, the Group and the Company elected to apply exemption for lease of equipment within twelve months by recognising the lease payments as an expense on a straight-line basis over the remaining lease terms.

3. Audit Qualification of Preceding Annual Financial Statements

The auditors' report on the annual audited financial statements for the financial year ended 30 June 2020 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

There were no other material unusual items in this financial period/year.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

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 revalued and amended from the financial statements for the period ended 30 June 2020.

10. Segmental Reporting

Segment information for the 3 months ended 30 September 2020 is as follows:-

	Malaysia RM'000	Hona Kona RM'000	Elimination RM'000	Total RM'000 30-Sep-20
Revenue				
External sales	87,633	-	-	87,633
Inter-segment sales	-	-	(2,625)	(2,625)
Total revenue	87,633	-	(2,625)	85,008
Results				
Operating profit/(loss)	(2,636)	(2)	(52)	(2,691)
Finance costs	(416)	-	53	(363)
Profit/(loss) before tax	(3,052)	(2)	1	(3,053)
Income tax expenses	-	-	-	-
Profit/(loss) for the period	(3,052)	(2)	1	(3,053)
Assets				
Segment assets	347,277	11	(153,566)	193,723
Liabilities				
Segment liabilities	128,438	592	(49,154)	79,876

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

11. Subsequent Event

There were material events subsequent to the financial period ended 30 Sept 2020:

- a) On 9 July 2020, 25 August 2020, 14 September 2020, 28 September 2020 and 6 November 2020 Mercury Securities Sdn Bhd, on behalf of the Board of Directors of Ta Win announced that the Company proposes to undertake the following:
- i) proposed acquisition of 1,747,581 ordinary shares in Sin Line Tek Electronic Co. Sdn Bhd ("Sin Line Tek"), representing approximately 30.0% of the enlarged issued share capital of Sin Line Tek after the completion of the Proposed Investment (approximately 38.0% of the existing issued share capital of Sin Line Tek) for purchase consideration of approximately RM12.2million, to be satisfied via a combination of new ordinary shares in Ta Win and cash; and
 - ii) proposed subscription of 1,221,264 ordinary shares in Sin Line Tek, representing approximately 21.0% of the enlarged issued share capital of Sin Line Tek after the completion of the Proposed Investment for a total subscription amount of RM8.5million.
- iii) On behalf of the Board, Mercury Securities Sdn Bhd wishes to announce that Ta Win had on 6 November 2020 entered into the following:
- i) a supplemental letter to the SSA with the Vendor to extend the stipulated period for the fulfilment of conditions precedent of the SSA by 45 days to 23 December 2020;
 - ii) a supplemental letter to the Subscription Agreement with the Vendor and Sin Line Tek to be extend the stipulated period for the fulfilment of conditions precedent of the Subscription Agreement by 45 days to 23 December 2020; and
 - iii) a supplemental letter to the Shareholders Agreement with the Vendor and Lim Wei Keong (the other shareholder of Sin Line Tek) to be extend the stipulated period for the fulfilment of conditions precedent of the Shareholders Agreement by 1 month to 8 January 2021.
- Save for the abovementioned extension, the other salient terms of the SSA, Subscription Agreement and Shareholders Agreement remain unchanged.
- c) On 29 Jul 2020, the Board of Directors of Ta Win announced that the Company had entered into the following proposal:
- i) Proposed Joint Venture between Ta Win and Perbadanan Menajukan Iktisad Negeri Terengganu to formalised their relationship in a joint venture company to be incorporated which shall develop an industrial park on a piece of leasehold industrial land located at the Kawasan Lembah Perasing, Mukim Hulu Jabor, Daerah Kemaman, Terengganu Darul Iman measuring approximately 500 acres.

Save as disclosed above, there are no other material subsequent event to the end of the current financial quarter that have not been reflected in this interim financial report.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

13. Changes in Contingent Liabilities and Contingent Assets

Save for the following, there are no other material changes in contingent liabilities or contingent assets for the quarter ended 30 Sept 2020.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

13. Changes in Contingent Liabilities and Contingent Assets ("Con'd")

On 16 June 2020, Ta Win Industries (M) Sdn Bhd had received two bills of demand from the Melaka State Customs Director of Royal Malaysian Customs ("Customs") for the following:

- i) Sales tax amounting to RM141,966.42 for the period 1 July 2017 to 30 June 2019;
- ii) Import duty amounting to RM1,588,390.30 for the period 1 July 2017 to 30 June 2019.

Based on the legal advice sought, Ta Win Industries (M) Sdn Bhd believes it has strong reasonable grounds to object the basis of the bill of demand for sales tax and import duty issued by the Customs. Ta Win will make the necessary announcement on any material development relating to this matter, as and when appropriate.

Ta Win Industries (M) Sdn Bhd does not admit liability on the bills of demand made by Customs and will take appropriate measures to address these matters. However, the company has recognised in the accounts.

On 14 September 2020, Ta Win Industries (M) Sdn Bhd filed a judicial review application ("Application") against Customs to grant the Ta Win Industries (M) Sdn Bhd leave in respect of the Customs Bill of Demand.

On 5 October 2020, the judge instructed counsel to submit the supporting documents for the Application on 20 October 2020.

In the judicial review on 4 November 2020, the judge has not granted the Application and the management of TWI informed our lawyer to proceed with the appeal at the court of appeal.

14. Capital Commitments

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

	As at 30-Sep-20 RM'000
Approved and contracted for	
Share of joint venture's capital commitments (Cyprium Wire Technology Sdn. Bhd.)	2,802
Property, Plant and Equipment Purchase of Plant and Machinery (Ta Win Industries (M) Sdn. Bhd.)	5,113
	<u>7,914</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

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

15. Performance Analysis

Segment	Current Quarter 3 months ended		Cummulative Quarter 3 months ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	RM'000
Malaysia				
Revenue	85,008	66,917	85,008	66,917
Gross (loss)/profit	887	2,152	887	2,152
Profit/(loss) before tax	(3,049)	(2,102)	(3,050)	(2,102)
Hong Kong				
Revenue	-	-	-	-
Gross Profit	-	-	-	-
Loss before tax	(2)	(6)	(2)	(6)
Group Total				
Revenue	85,008	66,917	85,008	66,917
Gross (Loss)/Profit	887	2,152	887	2,152
Profit/(loss) before tax	(3,051)	(2,108)	(3,051)	(2,108)

For the quarter under review, the Group's revenue was RM85.008 million and loss before tax ("LBT") was RM3.051 million as compared with revenue and LBT of RM66.917 million and RM2.108mil respectively for the corresponding quarter of the preceding quarterly ended 30. Sept 2019.

The revenue has improved by 27% from the correspondence quarter with recovery in market condition and our production capacity during this MCO period.

Gross profit in the current quarter amounted to RM0.887 million, a reduction from RM2.152 million recorded in the corresponding quarter of the previous year. The lower in the group profit was mainly due to the 70% recovery from the MCO.

Segment	Current Quarter 3 months ended	
	30-Sep-20	30-Jun-20
	RM'000	RM'000
Malaysia		
Revenue	85,008	37,620
Gross (loss)/profit	887	(1,895)
Profit/(loss) before tax	(3,049)	(5,823)
Hong Kong		
Revenue	-	-
Gross profit	-	-
Loss before tax	(2)	(1)
Group Total		
Revenue	85,008	37,620
Gross profit/(loss)	887	(1,895)
Profit/(loss) before tax	(3,051)	(5,824)

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

15. Performance Analysis ("Con'd)

For the quarter under review, the Group's revenue was RM85.008 million and loss before tax ("LBT") was RM3.051 million as compared with revenue and LBT of RM37.620 million and RM5.824mil respectively for the corresponding quarter of the preceding quarter ended 30 June 2020.

The revenue has improved by 125% from the correspondence quarter due to continuous market recovery from the MCO.

Gross profit in the current quarter amounted to RM0.887 million, an improvement from a gross loss of RM1.895 million recorded in the corresponding quarter last year. The improvement in group profit was mainly due to 70% recovery from the MCO.

16. Commentary on Prospects

Malaysia's economic prospects for 2020 are negatively impacted by the COVID-19 pandemic with most business environments adversely impacted by the unprecedented movement control order imposed by the government to contain the pandemic. However, economic activities are expected to gradually pick up in the second half of 2020 as we enter the Recovery stage of the movement Control Order for the period from 10 June 2020 until 31 August 2020 however, the recovery movement control order has been extended until 31 December 2020.

Given the ongoing COVID-19 pandemic and the economic uncertainties globally, the Management expects the outlook for the current financial year to be challenging. The Management will undertake cautious measures and continue to monitor closely its ongoing business development to ensure the stability of the Group's business operation. Barring any unforeseen circumstances, the management is optimistic the pandemic can be contained and its performance to be stabilized towards the end of the current financial year.

17. 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 September 2020.

18. Income Tax Expense

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
Tax expenses				
Malaysia Income tax	-	(41)	-	(41)
Real Property Gain Tax	-	-	-	-
Deferred tax	-	-	-	-
Total tax expenses charges in current/cumulative period	-	(41)	-	(41)

TA WIN HOLDINGS BERHAD199401005913(291592-U)
(Incorporated in Malaysia)**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020****19. Status of Corporate Proposals**

The Group's borrowings as at 30 September 2020 are as follows:

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
Secured Short-Term Borrowings		
Trade Finance	61,444	64,905
Lease Payables	710	100
	62,155	65,005
Secured Long-Term Borrowings		
Lease Payables	2,632	300
	2,632	300
Total	64,787	65,305

a) The average effective interest rates of the Group's borrowings are as follows:

	As at 30-Sep-20 RM'000	As at 30-Sep-19 RM'000
Trade Finance	5.05% - 7.25%	5.05% - 7.23%
Lease Payables	2.00% - 3.51%	2.00% - 3.51%

TA WIN HOLDINGS BERHAD

199401005913(291592-U)
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

20. Derivative Financial Instruments

(i) Disclosure of derivative liability

As at 30 Sept 2020, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM'000	Fair value RM'000	Fair value Gain/(Loss) RM'000
Commodity swap contract - less than 1 year	17,507	16,641	(866)

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.

21. Changes in Material Litigation

There was no material litigation pending as at the date of this announcement.

22. Dividend

No dividend was recommended for the current financial period under review.

23. Profit/(loss) before tax

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

	Cumulative Qtr 3 months ended 30-Sep-20 RM'000
Interest income	(136)
Rental income	(8)
Amortisation of intangible assets	117
Depreciation of property, plant and machinery	632
Depreciation of right-of-use assets	53
Unrealised Foreign exchange (gain)/loss	(406)
Professional Fee	21

TA WIN HOLDINGS BERHAD

199401005913(291592-U)
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

24. Earnings Per Share ("EPS")

The basic EPS is calculated by dividing the profit/(loss) for the period attributable to the owners of the Company by weighted average number of ordinary issue shares in during the period as follows:

		3 months ended Current Quarter		3 months ended Cummulative Quarter	
		30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
a) Basic earning/(loss) per share					
Loss for the period attributable to equity holders of the parent	(RM'000)	(2,754)	(2,093)	(2,754)	(2,093)
Weighted average number of ordinary shares in issue	('000)	440,895	357,391	440,895	357,391
Basic earnings/(loss) per share	(sen)	(0.625)	(0.586)	(0.625)	(0.586)
b) Diluted earning/(loss) per share (Note 1)					
Weighted average number of ordinary shares in issue after convertible securities	('000)				
Diluted earnings/(loss) per share	(sen)	Anti-dilutive		Anti-dilutive	

Note:

(1) The Calculation of diluted earnings per share as at 30 September 2020 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares. The diluted earnings per share is not presented as the effects are anti-dilutive.

TA WIN HOLDINGS BERHAD

199401005913(291592-U)
(Incorporated in Malaysia)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPT 2020

25. Corporate Proposals

- a) On 9 July 2020, Mercury Securities Sdn Bhd, on behalf of the Board of Directors of Ta Win announced that the Company proposes to undertake the following:
- i) proposed acquisition of 1,747,581 ordinary shares in Sin Line Tek Electronic Co. Sdn Bhd ("Sin Line Tek"), presenting approximately 30.0% of the enlarged issued share capital of Sin Line Tek after the completion of the Proposed Investment (approximately 38.0% of the existing issued share capital; of Sin Line Tek) for purchase consideration of approximately RM12.2mill, to be satisfied via a combination of new ordinary shares in Ta Win and cash; and
 - ii) proposed subscription of 1,221,264 ordinary shares in Sin Line Tek, representing approximately 21.0% of the enlarged issued share capital of Sin Line Tek after the completion of the Proposed Investment for a total subscription amount of
- b) On 29 July 2020, the Board of Directors of Ta Win announced that the Company had entered into the following proposal:
- i) Proposed Joint Venture between Ta Win and Perbadanan Menajukan Iktisad Negeri Terengganu to formalised their relationship in a joint venture company to be incorporated which shall development an industrial park on a piece of leasehold industrial land located at the Kawasan Lembah Perasing, Mukim Hulu Jabor, Daerah Kemaman, Terengganu Darul Iman measuring approximately 500 acres.
- c) On 14 September 2020 Mercury Securities Sdn Bhd, on behalf of the Board of Directors of Ta Win announced that the Company proposes to undertake the following:
- i) proposed renounceable rights issue of up to 3,106,101,171 ordinary shares in Ta Win ("Ta Win Shares" or "Shares") ("Rights Shares") at an issue price of RM0.06 per Right Share on the basis of 3 Rights shares for every 1 existing Ta Win Share held on the entitlement date;
 - ii) proposed diversification of the principal activities of Ta Win and its subsidiaries ("Group") to include the Group's undertake design, develop, financing, build to operate, sell and market an industrial park to be developed on a piece of leasehold industrial land located at the Kawasan Lembah Perasing, Mukim Hulu Jabor, Daerah Kemaman, Terengganu Darul Iman measuring approximately 500acres as well as other related activities; and
 - iii) proposed share buy-back authority for the Company to purchase up to 10% of its total number of issued Shares.

(collectively referred to as "the Proposals")

The Proposal are subject to the approval of Bursa Malaysia Securities Berhad and the shareholders.

Save as disclosed above, there are no other corporate proposals announced to the issue date of this interim quarter financial report.

26. 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 27 November 2020.