

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysia Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended ("FYE") 30 June 2021.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited consolidated financial statements for the FYE 30 June 2021 except for standards effective for financial periods beginning on or after 1 January 2021:-

The standards that are issued but not yet effective up to the date of authorisation of these financial statements are disclosed below. These standards are not expected to significantly impact the financial statements in the period of initial application.

	Effective for annual periods beginning on or after
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
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
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
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	To be confirmed

3. Auditors' report

There was no qualified audit report issued by the auditors in the annual financial statements for the FYE 30 June 2021.

4. Seasonal or cyclical factors

Ta Win and its group of companies' ("Group") operations are not materially affected by any seasonal or cyclical factors.

5. Exceptional items

There were no exceptional items during the quarter under review.

6. Material changes in estimates used

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the FYE 30 June 2021 that may have a material effect on the current quarter results.

7. Debt and equity securities

The Group did not undertake any issuance and / or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended ("FPE") 31 December 2021 except as follows:-

During the FPE 31 December 2021, the Company's issued share capital increased from RM296,689,084 comprising 3,410,235,548 ordinary shares in Ta Win Holdings Berhad ("Ta Win" or the "Company") ("Ta Win Shares" or "Shares") to RM296,875,564 comprising 3,413,965,148 Shares as a result of the following:-

- (i) conversion of 3,729,600 irredeemable convertible preference shares in Ta Win ("ICPS") into 3,729,600 new Shares at the conversion price of RM0.05 by a combination of surrendering 1 ICPS and paying the difference between the issue price of the ICPS surrendered and the conversion price in cash (i.e., RM0.025) for 1 new Share.

8. Dividend

No dividend was paid in the current financial period under review.

9. Carrying amount of revalued assets

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

10. Operating segments

Operating segment information for the FPE 31 December 2021 is as follows:-

	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	158,765	13,115	600	-	172,480
Inter-segment sales	4,947	-	205	(5,152)	-
Total revenue	156,000	13,115	805	(5,152)	172,480
Results					
Operating profit/(loss)	8,220	-	(1,218)	(78)	6,924
Finance costs	(610)	-	-	47	(563)
Share of profit of associates	-	-	1	-	1
Profit/(loss) before tax	7,610	-	(1,217)	(31)	6,362

11. Material events subsequent to the end of the current financial period

In the opinion of the Directors of Ta Win, there are no items, transactions or events of a material and unusual nature that have arisen since FYE 30 June 2021 to the date of this announcement which would substantially affect the financial results of the Group for the FPE 31 December 2021 that have not been reflected in the condensed financial statements.

On 28 January 2022, Sin Line Tek Electronic Co. Sdn Bhd ("Sin Line Tek"), a subsidiary of Cyprium Capital Sdn Bhd ("CC"), which in turn is a subsidiary of the Company has entered into a Shareholders Agreement And Subscription Agreement to subscribe for 850,000 new ordinary shares in Superteam International (M) Sdn Bhd ("Superteam"), representing 51% of the enlarged issued share capital of Superteam for a total consideration of RM1,031,900. Upon completion of Subscription, Superteam shall become 51%-owned subsidiary of Sin Line Tek, which in turn is a subsidiary of the Company.

12. Changes in the composition of the Group

Saved as disclosed in Section 11 above, there were no significant changed in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operation for the current period.

13. Capital commitments

The capital commitments of the Group as at the end of the quarter under review were as follows:-

	<u>As at 31 Dec 2021</u>
	<u>RM'000</u>
Approved and contracted for:-	
Purchase of property, plant and equipment	<u>10,256</u>

14. Income tax

	<u>Individual quarter ended 31 Dec</u>		<u>Cumulative quarter ended 31 Dec</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income Tax				
Current period	<u>374</u>	<u>153</u>	<u>479</u>	<u>153</u>

15. Status of corporate proposals announced but not completed as at the date of this announcement

Save as disclosed below, there is no corporate proposal announced by Ta Win but not completed as at the date of this announcement: -

- (i) On 14 September 2020, Mercury Securities Sdn Bhd had, on behalf of the Board of Directors of Ta Win ("Board"), announced that Ta Win proposed to diversify the Group's principal activities to include the undertakings to design, develop, financing, build to operate, sell and market an industrial park to be named as the "Terengganu Ecocycle Park" to be constructed on a piece of leasehold industrial land located at Kawasan Lembah Perasing, Mukim Hulu Jabor, Daerah Kemaman, Terengganu Darul Iman measuring approximately 500 acres as well as other related activities in conjunction with the joint venture agreement dated 29 July 2020 ("JVA") entered between Ta Win and Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") ("Proposed Diversification").

On 29 December 2020, Ta Win announced that Ta Win and PMINT are in the midst of discussion to enter into a supplemental agreement to vary certain terms of the JVA ("Supplemental JVA"). Given the extended time required for Ta Win and PMINT to enter into the Supplemental JVA, Mercury Securities Sdn Bhd had, on behalf of the Board, announced that the Board had on even date resolved to seek Ta Win's shareholders' approval for the Proposed Diversification on a later date, i.e., after Ta Win and PMINT have entered into the Supplemental JVA.

On 11 February 2021, Ta Win had entered into a supplemental JVA with PMINT to amend certain provision of the JVA and insert new clauses in the JVA.

Ta Win shall seek shareholders' approval for the Proposed Diversification when the development of the Terengganu Ecocycle Park is expected to result in either: -

- (a) the diversification of 25% or more of the net assets of the Company; or
- (b) the contribution from such an operation of 25% or more of the net profits of the Company.

- (ii) On 14 September 2020, Mercury Securities Sdn Bhd had, on behalf of the Board, announced that Ta Win proposed to undertake the renounceable rights issue of up to 3,106,101,171 Shares ("**Rights Shares**") at an issue price of RM0.06 per Rights Share on the basis of 3 Rights Shares for every 1 existing Ta Win Share held on 6 May 2021 ("**Rights Issue**"). On 2 February 2021, Bursa Malaysia Securities Berhad had vide its letter dated 2 February 2021 approved the listing and quotation for the securities to be issued under the Rights Issue. On 23 February 2021, Ta Win's shareholders have approved the Rights Issue at the Company's extraordinary general meeting. The Rights Issue has been completed on 9 June 2021 following the listing of and quotation for 2,556,501,561 Rights Shares.

Ta Win has successfully raised RM153,390,093.66 from the Rights Issue and the status of the utilisation of proceeds as at 17 February 2022 is as follows:-

<u>Purpose</u>	<u>Approved utilisation</u>	<u>Actual utilisation</u>	<u>Balance</u>	<u>Estimated timeframe from receipt of proceeds</u>
	<u>RM'million</u>	<u>RM'million</u>	<u>RM'million</u>	
Working capital	64.1	(26.1)	38.0	Within 24 months
Repayment of bank borrowings	40.2	(20.0)	20.2	Within 12 months
Purchase of machineries and equipment	35.1	(10.0)	25.1	Within 24 months
Investment In Sin LIne Tek	12.7	(12.7)	-	Within 1 month
Estimated expenses	1.3	(1.3)	-	Within 1 month
	<u>153.4</u>	<u>(70.1)</u>	<u>83.3</u>	

- (iii) On 1 September 2021, TA Securities Sdn Bhd had, on behalf of the Board, announced that Ta Win proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company to 3rd party investors to be identified later and at an issue price to be determined later ("**Private Placement**"). On 17 September 2021, Bursa Securities had vide its letter dated 17 September 2021, approved the listing and quotation of up to 1,173,506,900 Placement Shares to be issued pursuant to the Private Placement.

16. Borrowings and debt securities

Details of the Group's borrowings and debt securities as at 31 December 2021 are as follows:-

	<u>As at 31 Dec 2021</u>	<u>As at 30 Jun 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Secured Short-Term Borrowings:-		
Trade finance	80,507	78,413
Lease payables	1,977	1,222
Term Loan	3,576	444
	<u>86,060</u>	<u>80,079</u>
Secured Long-Term Borrowings:-		
Term Loan	2,768	3,025
Lease payables	3,365	3,354
	<u>6,133</u>	<u>6,379</u>
	<u>92,193</u>	<u>86,458</u>

17. Fair value hierarchy

There were no transfers between any levels of the fair value hierarchy during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

18. Material litigation

Saved as disclosed in Section 19 below, there are no material litigations as at the date of this announcement.

19. Contingent liabilities

Save for the following, there are no other material changes in contingent assets or contingent liabilities for the FPE 30 September 2021: -

- (i) On 16 June 2020, the Royal Malaysian Customs, Melaka ("**Customs**") has issued two notices of demand of even date to TWI, claiming for alleged unpaid import duty and import sales tax of RM1,588,390.30 and RM141,966.42 respectively for the period 1 July 2018 to 30 June 2019 ("**Customs Claims**").

TWI believes it has strong reasonable grounds to object the basis of the Customs Claims. On 14 September 2020, TWI filed an application (bearing application no. MA25-5-09/2020) to the High Court in Melaka for leave to commence judicial review on the Customs Claims. The said application was heard on 4 November 2020 before the Honourable High Court Judge of Melaka. However, the Honourable High Court Judge of Melaka did not grant TWI's application for leave to commence judicial review.

On 16 November 2020, TWI filed an appeal bearing Appeal No. M-01(IM)-614-11/2020 to the Court of Appeal, Putrajaya against the decision of the Honourable High Court Judge of Melaka to set aside TWI's application for leave to commence judicial review. The case management for the said appeal was held on 4 October 2021 and the ground of judgement from the Honourable High Court Judge of Melaka was received by TWI on 24 September 2021.

On 4 October 2021, which was scheduled as a Case Management Hearing, TWI's solicitors informed the Senior Registrar of the Court of Appeal, Putrajaya that the Grounds of Judgement from the High Court of Melaka has been received by TWI solicitors on 24 September 2021 and TWI solicitors made an application before the Senior Registrar to fix another Case Management Hearing pending TWI's written appeal to the DG RMCD, Putrajaya dated 11 March 2021 for decision which as of date, no reply has been received yet. No objections were raised by the Senior Federal Counsel representing Customs and the TWI's application to have another Case Management Hearing which was granted and the next date for Case Management Hearing is fixed on 9 February 2022.

Based on the grounds of judgement by the High Court Judge of Melaka in refusing to grant leave to TWI to commence Judicial Review against Customs claims of alleged unpaid import duty amounting to RM 1,588,390.30 and sales tax amounting to RM 141,966.42 respectively, TWI's solicitors is of the opinion there is a reasonable chance that the appeal to the Court of Appeal will succeed.

If the Customs succeeds in their claims, the estimated maximum liability to the Group is RM1,730,356.72. TWI does not admit liability on the Customs Claims and TWI is taking the appropriate measures to address these matters. Notwithstanding the above, TWI has made the provision for the estimated maximum liability of RM1,730,356.72 in its financial statements for the FYE 30 June 2020. Ta Win will make the necessary announcement on any material development relating to the Customs Claims, as and when appropriate.

- (ii) On 3 June 2021, TWI has received a notice of demand dated 30 May 2021 issued by the Royal Malaysian Customs, Kelantan ("**Customs Kelantan**"), claiming for alleged unpaid import duty and goods and services tax ("**GST**") of RM 2,447,858.42 and RM 734,357.53 respectively for the period from January 2016 to December 2016 ("**Claims by Customs Kelantan**"). TWI has engaged solicitors to attend to this matter and seek further details about the basis of the Claims by Customs Kelantan. The estimated maximum exposure to liabilities of the Claims by Customs Kelantan to the Group is RM3,182,215.95.

TWI's solicitors cannot provide their opinion on the probable outcome of the Claims by Customs Kelantan until they receive a reply from Customs Kelantan. Accordingly, notwithstanding the above, TWI has made provision for the estimated maximum liability of RM3,182,215.95 in its financial statements for the FYE 30 June 2021.

20. Detailed analysis of the performance between the current quarter and the immediately preceding quarter

	Current quarter	Immediate	Variance	Variance
	31 Dec 2021	preceding quarter 30 Sept 2021		
	RM'000	RM'000	RM'000	%
Revenue				
Manufacturing	158,765	64,204	94,561	147.3%
Trading	13,115	2,084	11,031	529.3%
Others	600	529	71	13.4%
	172,480	66,817	105,663	158.1%
Profit / (Loss) before tax				
Manufacturing	7,453	(2,311)	9,764	422.5%
Trading	126	60	66	-109.8%
Others	(1,217)	(1,481)	264	17.8%
	6,362	(3,732)	10,094	270.5%

Revenue for the current quarter under review had increased by approximately RM105.7 million or 158.1% compared to the immediately preceding quarter. The increase in revenue was mainly attributable by manufacturing segment increased from RM64.2 million to RM158.8 million. This was contributed by higher production volume as a result of the lifted COVID-19 pandemic measures implemented by the Government such as full movement control order ("MCO") with effect from 11 October 2021, the Group's resume all manufacturing facilities to fulfil outstanding orders. The subsidiaries, Cyprium Wire Technology Sdn Bhd and Sin Line Tek Electronic Co. Sdn Bhd started contributed revenue to the Group.

The Group recorded profit before tax of RM6.4 million for the 3-month FPE 31 December 2021 as compared to a loss before tax of RM3.7 million in the immediately preceding quarter. The higher profit before tax was contributed from high margin subsidiaries, Cyprium Wire Technology Sdn Bhd and Sin Line Tek Electronic Co. Sdn Bhd represented 50% of profit to the Group.

21. Detailed analysis of the performance for the current quarter and year

	Individual quarter		Variance	Variance	Cumulative quarter		Variance	Variance
	ended 31 Dec 2021	ended 31 Dec 2020			ended 31 Dec 2021	ended 31 Dec 2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Manufacturing	158,765	103,210	55,555	35.0%	222,969	177,358	45,611	20.5%
Trading	13,115	20,827	(7,712)	58.8%	15,199	31,662	(16,463)	-108.3%
Others	600	23	577	96.2	1,129	48	1,081	95.7%
	172,480	124,060	48,420	28.1%	239,297	209,068	30,229	12.6%
Profit/(Loss) before tax								
Manufacturing	7,453	(290)	7,743	103.9%	5,140	(2,439)	7,579	147.5%
Trading	126	43	83	65.8%	186	278	(92)	-49.6%
Others	(1,217)	(1,244)	27	-2.2%	(2,698)	(2,380)	(318)	11.8%
	6,362	(1,491)	7,853	123.4%	2,628	(4,541)	7,169	272.8%

In the FPE 31 December 2021, the Group's revenue increase by approximately RM48.4 million from the previous financial year corresponding quarter to approximately RM172.5 million. The higher revenue recorded in the manufacturing segment was mainly due to higher sales volume after the Government had lifted MCO as explained above and increased in copper price. The increase of LME price which ranged from USD9,324.07 to USD9,550.31 per tonne in the 6-month FPE 31 December 2021 (6-month FPE 31 December 2020: USD6,353.76 to USD7,755.24 per tonne).

The Group recorded a higher profit before tax of approximately RM6.4 million in the FPE 31 December 2021 as compared to the corresponding quarter, FPE 31 December 2020 loss of RM1.5 million, representing an increased of approximately RM7.8 million or 123.4%. The higher profit before tax was due to improvement of margin from increased of sale volume from of the manufacturing segment.

In the 6-month FPE 31 December 2021, the Group's revenue increased from approximately RM209.1 million from the previous financial year corresponding period to approximately RM239.3 million, representing an increase of approximately RM30.2 million or 12.6%. The higher revenue recorded is mainly attributable to the increase in copper price.

The Group recorded a higher profit before tax of approximately RM2.6 million compared to loss before tax approximately RM4.5 million in the previous financial year corresponding period. The higher profit before tax is mainly contributed from manufacturing segment due to better margin and increased in the sales volume.

22. Commentary on prospects

The Malaysian economy is continuing its gradual recovery trajectory in 2022 from the impact of COVID-19 pandemic and Omicron variant fueled with further prospects of stronger recovery momentum with the planned reopening of Malaysia's national borders. Our government indicated that extended lockdowns and border controls are no longer viable and implemented mitigation strategies to contain the pandemic while slowing down the impending Omicron wave without imposing stringent economic or movement restrictions. This will be a major catalyst and hasten the economic recovery for both industrial and services sectors.

Ta Win Group is leveraging on this positive operating climate to expand business activities. The Group is currently increasing our production in all major facilities and concurrently focusing on expanding capacity in anticipation of stronger demand for its copper products, signal and power solutions businesses.

- a. The construction of new Ta Win Industries' facilities in Pulau Indah is progressing towards commercial trial run in mid calendar year 2022 to cater for long term growth in demand for copper products.
- b. The building progress of Cyprium Wire Technology's electron beam irradiation plant is on track to also commence trial run in Q4 FY2022 which will enable the Group to supply irradiation cross-linked wire and cable products for the global electric vehicle supply chain.
- c. Sin Line Tek, our subsidiary specializing in manufacturing, including original equipment manufacturing (OEM) and trading of cable, wire harness, alternative current (AC) and direct current (DC) power cords for electronic equipment and appliance is enhancing its capacity and increasing its research and development activities to offer new products to customers in the electrical and electronic sectors. Sin Line Tek is also exploring new business opportunities and is in the process of obtaining relevant certification to supply products to the automotive industry.
- d. Royce Pharma, our associate company specializing in manufacturing and supply of pharmaceutical products (drugs and supplements) and nonpharmaceutical products (medical disposables, equipment and devices):
 - i. has started to resume and increase its production capacity earlier this year to fulfil its government hospital contracts;
 - ii. Is expected to progress towards initiating more collaborative efforts with other industry players to introduce new products.

Ta Win Group is continuously streamlining and enhancing the efficiency of its operations to strengthen competitiveness and improve financial performance. This is achieved through on-going cost optimization initiatives, improving operational efficiencies and internal processes which will mitigate the impact of current challenges while enabling Ta Win to remain agile and able to rapidly capitalize on new business opportunities.

The Board of Directors is optimistic that with the Ta Win Group's strategic focus, capacity building and introduction of new products coupled with the reopening of Malaysia's national borders will further enhance the Ta Win Group's financial performance and future prospects.

23. Profit forecast

Not applicable as the Group does not publish any profit forecast.

24. Earnings per share ("EPS")

	Individual quarter ended 31 Dec		Cumulative quarter ended 31 Dec	
	2021	2020	2021	2020
Profit/(loss) for the period attributable to equity holders of the parent ('000)	4,664	(1,503)	1,389	(4,256)
Weighted average number of shares for basis earning per share calculation ('000)	3,413,234	955,367	3,413,965	955,3675
Weighted average number of shares for diluted earning per share calculation ('000)	3,736,838	-	3,736,838	-
Basic profit/(loss) per share (sen)	0.137	(0.157)	0.041	(0.445)
Diluted earnings / (loss) per share (sen)	0.125	Anti-dilutive	0.037	Anti-dilutive