

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 March 2022 except as follows:-

During the FPE 31 March 2022, 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 RM296,896,304 comprising 3,414,229,948 Shares as a result of the following:-

- (i) conversion of 3,551,000 irredeemable convertible preference shares in Ta Win ("ICPS") into 3,551,000 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.
- (ii) conversion of 443,400 warrant A in Ta Win ("WA") into 443,400 new Shares at the conversion price of RM0.10.

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 March 2022 is as follows:-

	<u>Manufacturing</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External sales	149,611	4,285	435	-	154,331
Inter-segment sales	6,848	-	187	(7,035)	-
Total revenue	156,459	4,285	622	(7,035)	154,331
Results					
Operating profit/(loss)	7,879	4	(1,300)	2	6,585
Finance costs	(511)	-	-	46	(456)
Share of profit of associates	-	-	50	-	50
Profit/(loss) before tax	7,368	4	(1,250)	48	6,170

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 March 2022 that have not been reflected in the condensed financial statements.

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 Mar 2022</u>
	RM'000
Approved and contracted for:-	
Purchase of property, plant and equipment	<u>28,670</u>

14. Income tax

	<u>Individual quarter ended 31 Mar</u>		<u>Cumulative quarter ended 31 Mar</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Income Tax				
Current period	<u>552</u>	<u>153</u>	<u>1,031</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.

15. Status of corporate proposals announced but not completed as at the date of this announcement (Cont'd)

- (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 of 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 26 May 2022 is as follows:-

Purpose	Approved utilisation	Actual utilisation	Balance	Estimated timeframe from receipt of proceeds
	RM'million	RM'million	RM'million	
Working capital	64.1	(28.6)	35.5	Within 24 months
Repayment of bank borrowings	40.2	(33.9)	6.3	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
	153.4	(86.5)	66.9	

- (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.

On 1 March 2022 Bursa Securities had granted extension of time until 16 September 2022 to implement the Private Placement.

16. Borrowings and debt securities

Details of the Group's borrowings and debt securities as at 31 March 2022 are as follows:-

	As at 31 Mar 2022	As at 30 Jun 2021
	RM'000	RM'000
Secured Short-Term Borrowings:-		
Trade finance	71,842	78,413
Lease payables	2,761	1,222
Term Loan	4,068	444
	78,671	80,079
Secured Long-Term Borrowings:-		
Term Loan	2,642	3,025
Lease payables	2,990	3,354
	5,632	6,379
	84,303	86,458

17. Derivatives

(i) Disclosure of derivative liability

As at 31 March 2022, the Group has the following derivative financial instrument:

	<u>Contract value</u>	<u>Fair value</u>
	<u>RM'000</u>	<u>RM'000</u>
Commodity Swap		
Less than 1 year	36,304	35,685

Commodity swap 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.

18. 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.

19. Material litigation

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

20. Contingent liabilities

Save for the following, there are no other material changes in contingent assets or contingent liabilities for the FPE 31 March 2022 -

- (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.

On 23.2.2022 Ta Win Appeal was heard before a Coram of 3 Judges at the Court of Appeal in Putrajaya. The Court of Appeal ruled in favor of the decision of Honorable High Court Judge Melaka in not granting leave to Ta Win to commence Judicial Review against RMCD Melaka claims of RM 1,730,356.72. COA also granted costs RM 10,000.00 to the Government. Acting on instructions of the Board an appeal letter was written to RMCD Melaka dated 27.4.2022 to request for discount. We have yet to receive any reply as of date.

20. Contingent liabilities (Cont'd)

- (ii) On 30.3.2022 RMCD Kelantan replied to our submission dated 7.3..2022 pursuant to the Round Table Meeting held 13.2.2022 and insisted their audit findings stand and request Ta Win Industries (M) Sdn.Bhd to pay up the sum of RM3,182,215.95 based on RMCD Kelantan audit findings. Not satisfied, Ta Win Solicitors with consent of the Board filed a written appeal to the Director General RMCD dated 29.4.22 under the provision of Sec.143 Customs Act 1967. As of date, we have yet to receive any reply from DG Custom with regards to our written appeal.

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.

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

	Current quarter 31 Mar 2022	Immediate preceding quarter 31 Dec 2021	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue				
Manufacturing	149,611	158,765	(9,154)	-5.8%
Trading	4,285	13,115	(8,830)	-67.3%
Others	435	600	(165)	-27.5%
	154,331	172,480	(18,149)	-10.5%
Profit / (Loss) before tax				
Manufacturing	7,416	7,453	(37)	-0.5%
Trading	4	126	(122)	-96.8%
Others	(1,250)	(1,217)	(33)	2.7%
	6,170	6,362	(192)	-3.0%

Revenue for the current quarter under review had decreased by approximately RM18.1 million or 10.5% compared to the immediately preceding quarter. The decrease in revenue was mainly due to lower production volume as a result of holidays festive short down during Feb 2022.

The Group recorded profit before tax of RM6.2 million for the 3-month FPE 31 March 2022 as compared to RM6.4 million in the immediately preceding quarter. The continue profit before tax mainly contributed by three major subsidiaries, Ta Win Industries (M) Sdn Bhd ("TWI"), Cyprium Wire Technology Sdn Bhd ("CWT") and Sin Line Tek Electronic Co. Sdn Bhd ("SLT") with higher margin earned.

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

	Individual quarter ended 31 Mar				Cumulative quarter ended 31 Mar			
	2022	2021	Variance	Variance	2022	2021	Variance	Variance
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Manufacturing	149,611	115,832	33,780	22.6%	364,868	293,189	71,679	19.6%
Trading	4,285	11,663	(7,378)	-172.2%	27,196	43,328	(16,132)	-59.3%
Others	435	5	430	98.9	1,564	50	1,541	96.8%
	154,331	127,499	26,832	17.4%	393,628	336,567	57,061	14.5%
Profit/(Loss) before tax								
Manufacturing	7,416	1,334	6,082	82.0%	12,556	(1,133)	13,689	109.0%
Trading	4	25	(21)	-525.0%	190	303	(113)	-59.5%
Others	(1,250)	(1,709)	459	-36.7%	(3,948)	(4,091)	143	-3.6%
	6,170	(350)	6,520	105.7%	8,798	(4,921)	13,719	155.9%

In the FPE 31 March 2022, the Group's revenue increase by approximately RM26.8 million from the previous financial year corresponding quarter to approximately RM154.3 million. The higher revenue recorded in the manufacturing segment was mainly due to continue growth in sales volume from three major subsidiaries TWI, CWT, SLT with and increase of LME price which ranged from USD9,660.00 to USD10,330.50 per tonne in the 3-month FPE 31 March 2021 (3-month FPE 31 March 2021 USD7,918.50 to USD8,850.50 per tonne).

The Group recorded a higher profit before tax of approximately RM6.2 million in the FPE 31 March 2022 as compared to the corresponding quarter, FPE 31 March 2021 loss of RM0.35 million, representing an increased of approximately RM6.5 million or 105.7%. The higher profit before tax was mainly due to continue improvement of margin contributed by TWI, CWT and SLT from the manufacturing segment.

In the 6-month FPE 31 March 2022, the Group's revenue increased from approximately RM336.6 million from the previous financial year corresponding period to approximately RM393.6 million, representing an increase of approximately RM57.1 million or 14.5%. The higher revenue recorded is mainly attributable to the increase in copper price.

The Group recorded a higher profit before tax of approximately RM8.8 million compared to loss before tax approximately RM4.9 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.

23. Commentary on prospects

Malaysia has lifted its covid-inflicted restrictions on businesses and reopened its international borders on 1st April 2022. The Nation's gradual transition to endemic phase of Covid-19 is a major catalyst to boost demand for both industrial and services sectors.

Ta Win Group is leveraging on this positive operating climate to expand business activities. The Group is currently focusing on increasing both capacity and production in all major facilities in anticipation of stronger demand for its copper products, signal and power solutions, healthcare businesses. The major areas of focus for Ta Win are as follows:-

- a) Ta Win Industries has completed the construction of its new copper rod and wire manufacturing plant in Pulau Indah with the trial run being rescheduled to second half of the calendar year of 2022. This is a result of rescheduling of new machinery and equipment shipment from China as a result of Shanghai lockdown imposed since March 2022.
- b) Cyprium Wire Technology has also completed the construction of its new electron-beam irradiation plant in Alor Gajah. The commercial trial run of the new plant will commence in second half of 2022 due to similar shipment rescheduling caused by the Shanghai lockdown.
- c) Sin Line Tek is continuing to enhance its capacity and research and development activities to offer more new products to customers in the electrical and electronic sectors. Sin Line Tek which also owns a Bonded License Warehouse is looking to expand its revenue channel through its recent acquisition of SuperTeam International, a logistic service solutions provider based in West Port, Klang.
- d) Royce Pharma, Ta Win's 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 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.

23. Commentary on prospects (Cont'd)

The Group is continuously streamlining and improving the efficiency of its operations. The Group has introduced numerous cost optimization initiatives including pre-planned stock-buffer, raw material sourcing and inventory management system to mitigate any uncertainties and risks.

Going forward, the Group foresees the on-going Russian-Ukraine War, disruptions in global supply chain, rising interest rates, fluctuations in LME copper price and the prevailing high commodity and energy prices to increase cost of operations and dampen profitability. Despite these challenges, the Group remains optimistic and will continue to monitor closely the market development and work closely with customers, suppliers and business partners to manage and mitigate the challenges.

24. Profit forecast

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

25. Earnings per share ("EPS")

	Individual quarter ended 31 Mar		Cumulative quarter ended 31 Mar	
	2022	2021	2022	2021
Profit/(loss) for the period attributable to equity holders of the parent ('000)	3,803	(254)	5,192	(4,539)
Weighted average number of shares for basis earning per share calculation ('000)	3,413,552	583,204	3,414,199	478,224
Weighted average number of shares for diluted earning per share calculation ('000)	5,101,860	-	5,101,860	-
Basic profit/(loss) per share (sen)	0.111	(0.043)	0.152	(0.949)
Diluted earnings / (loss) per share (sen)	0.075	Anti-dilutive	0.102	Anti-dilutive