

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") 30 June 2022 except as follows:-

During the FPE 30 June 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 RM298,012,733 comprising 3,422,193,725 Shares as a result of the following:-

- (i) conversion of 3,894,400 irredeemable convertible preference shares in Ta Win ("**ICPS**") into 3,894,400 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 8,063,777 warrant A in Ta Win ("**WA**") into 8,063,777 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 30 June 2022 is as follows:-

	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	151,264	7,092	145	-	158,501
Inter-segment sales	4,135	-	193	(4,328)	-
Total revenue	155,399	7,092	338	(4,328)	158,501
Results					
Operating profit/(loss)	(7,734)	7	(2,137)	153	(9,711)
Finance costs	(1,040)	-	-	46	(994)
Share of profit of Associates	-	-	(14)	-	(14)
Profit/(loss) before tax	(8,774)	7	(2,151)	199	(10,719)

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 30 June 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 30 Jun 2022</u>
	<u>RM'000</u>
Approved and contracted for:-	
Purchase of property, plant and equipment	<u>18,082</u>

14. Income tax

	<u>Individual quarter ended 30 Jun</u>		<u>Cumulative quarter ended 30 Jun</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income Tax				
Current period	<u>36</u>	<u>-</u>	<u>1,067</u>	<u>306</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 30 Aug 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	(31.5)	32.6	Within 24 months
Repayment of bank borrowings	40.2	(33.9)	6.3	Within 12 months
Purchase of machineries and equipment	35.1	(16.9)	18.2	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	(96.3)	57.1	

- (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 30 Jun 2022 are as follows:-

	As at 30 Jun 2022	As at 30 Jun 2021
	RM'000	RM'000
Secured Short-Term Borrowings:-		
Trade finance	75,411	78,413
Lease payables	2,932	1,222
Term Loan	3,596	444
	81,939	80,079
Secured Long-Term Borrowings:-		
Term Loan	2,524	3,025
Lease payables	7,555	3,354
	10,079	6,379
	92,018	86,458

17. Derivatives

(i) Disclosure of derivative liability

As at 30 Jun 2022, the Group has the following derivative financial instrument:

	<u>Contract value</u> RM'000	<u>Fair value</u> RM'000
Commodity Swap Less than 1 year	7,639	7,269

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 30 June 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 quorum 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)

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.

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

	Current quarter 30 Jun 2022	Immediate preceding quarter 31 Mar 2022	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue				
Manufacturing	151,264	149,611	1,653	1.1%
Trading	7,092	4,285	2,807	65.5%
Others	145	435	(290)	-66.7%
	158,501	154,331	4,170	2.7%
Profit / (Loss) before tax				
Manufacturing	(8,575)	7,416	(15,991)	-215.6%
Trading	7	4	3	75.0%
Others	(2,151)	(1,250)	(901)	72.1%
	(10,719)	6,170	(16,889)	-273.7%

Revenue for the current quarter under review had increased by approximately RM4.2 million or 2.7% compared to the immediately preceding quarter.

The loss before tax incurred was mainly due to provision for NRV for stock and decrease in LME copper price in the current quarter compared to immediate preceding quarter. Shortage of semiconductor chips which affected automotive industry production resulted in lower orders of our cable and wires. Protracted Russian-Ukraine War disrupted global supply chain and logistics which negatively impacted import of raw materials and increased input costs. Lockdown in China caused by fresh outbreak of Covid 19 delayed shipment of equipment and machineries to two of our major manufacturing facilities and affected commencement of operations.

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

	Individual quarter ended 30 Jun				Cumulative quarter ended 30 Jun			
	2022	2021	Variance	Variance	2022	2021	Variance	Variance
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
Manufacturing	151,264	144,193	7,071	4.9%	516,132	437,382	78,750	18.0%
Trading	7,092	10,594	(3,502)	-33.1%	34,288	53,922	(19,634)	-36.4%
Others	145	134	11	8.2	1,709	184	1,525	828.8%
	158,501	154,921	3,580	2.3%	552,129	491,488	60,641	12.3%
Profit/(Loss) before tax								
Manufacturing	(8,575)	(5,072)	(3,503)	69.1%	3,981	(6,208)	10,189	-164.1%
Trading	7	(218)	225	-103.2%	197	85	112	131.8%
Others	(2,151)	(2,674)	523	-19.6%	(6,099)	(6,765)	666	-9.8%
	(10,719)	(7,964)	(2,755)	34.6%	(1,921)	(12,888)	10,967	-85.1%

In the FPE 31 June 2022, the Group's revenue increase by approximately RM3.6 million from the previous financial year corresponding quarter to approximately RM158.5 million. The higher revenue recorded in the manufacturing segment was mainly due to continue growth in sales volume from three major subsidiaries TWI, CWT and SLT.

The Group recorded a loss before tax of approximately RM10.7 million in the FPE 30 June 2022 as compared to the corresponding quarter, FPE 30 June 2021 loss of RM7.9 million, representing an increased of approximately RM2.7 million or 34.6%. The loss before tax was mainly due to provision of NRV for the stock.

In the 12-month FPE 30 June 2022, the Group's revenue increased from approximately RM491.5 million from the previous financial year corresponding period to approximately RM552.1 million, representing an increase of approximately RM60.6 million or 12.3%. The higher revenue recorded was mainly attributable to increase in copper price and sales.

The Group recorded a lower loss before tax of approximately RM1.9 million compared to loss before tax approximately RM12.9 million in the previous financial year corresponding period, representing an increase of approximately RM10.9 million or -85.1%. The lower loss before tax is mainly contributed from manufacturing segment due to better margin and increased in the sales volume.

23. Commentary on prospects

Malaysia economy continue its gradual recovery momentum attributed to reopening of international borders and easing of containment measures. Pent up demand is seen for industrial, consumer and tourism sectors.

The Malaysian economy grew at 6.9% in the first half of 2022 and is projected to continue growing for the remainder of the year. This is underpinned by stronger domestic demand, continued expansion in external demand and further improvement in the labour market.

Nevertheless there are risks to Malaysia's growth momentum. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, higher input costs, lingering developments relating to pandemic and heightened financial market volatility. Despite these headwind and uncertainties, sentiment would continue to improve.

Ta Win Group is leveraging on this positive business sentiment to strengthen its businesses. 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 wire and cables. 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. The new plant is currently in the phase of setting up and installation of machinery and equipment. Commercial trial run is scheduled to begin before end of 2022.

b) Cyprium Wire Technology has also completed the construction of its new electron-beam irradiation plant in Alor Gajah, Melaka. The new plant is currently in pre-commissioning stage. The commercial trial run of the new plant will commence before the end of 2022.

23. Commentary on prospects (Cont'd)

c) Sin Line Tek is continuing to enhance its capacity and research and development activities to offer more new products to existing and new customers in the electrical and electronic sectors.

d) Ta Win disposed its 32.5% associate company Royce Pharma Manufacturing Sdn Bhd in June 2022 to free up financial and operational resources to focus on developing its copper related downstream business.

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

Going forward, the Group foresees the protracted Russian-Ukraine War, disruptions in global supply chain, rising interest rates environment, persistently high inflation, fluctuations in LME copper price and prevailing high energy prices to increase cost of operations and dampen profitability. Despite these challenges, the Group remains cautiously optimistic and will continue to monitor closely the market development and work closely with customers, suppliers, business partners and other stakeholders 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 30 Jun		Cumulative quarter ended 30 Jun	
	2022	2021	2022	2021
Profit/(loss) for the period attributable to equity holders of the parent ('000)	(6,870)	(7,420)	(1,678)	(11,957)
Weighted average number of shares for basis earning per share calculation ('000)	3,422,193	1,434,995	3,422,193	717,412
Weighted average number of shares for diluted earning per share calculation ('000)	5,101,860	-	5,101,860	-
Basic profit/(loss) per share (sen)	(0.0020)	(0.520)	(0.0005)	(1.670)
Diluted earnings / (loss) per share (sen)	Anti-dilutive	Anti-dilutive	Anti-dilutive	Anti-dilutive