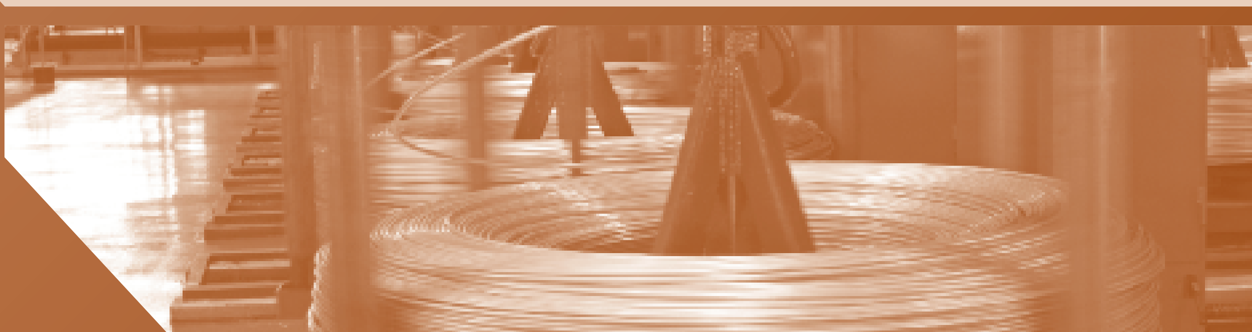
大穩控股有限公司 291592-U
TA WIN HOLDINGS BERHAD

ANNUAL REPORT **2011**

Contents

02 Notice of Annual General Meeting
04 Statement Accompanying the Notice of the Eighteenth Annual General Meeting
05 Corporate Information
06 Corporate Profile
08 Corporate Structure
09 Profile of the Board of Directors
14 Bursa Securities Listing Requirements Compliance Information
16 Chairman's Statement
18 Financial Highlights
20 Management Discussion & Analysis (MD&A)
23 Corporate Social Responsibility Statement (CSR)
24 Corporate Governance Statement
37 Audit Committee Report
43 Internal Control Statement
46 Statement of Directors' Responsibility in Preparing the Financial Statements
47 Financial Statements
101 Analysis of Shareholdings
104 List of Group Properties
105 Proxy Form



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Bilik Bunga Melati, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 25 June 2012 at 10.00 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note 1)

2. To approve the payment of Directors' fee for the financial year ended 31 December 2011. (Ordinary Resolution 1)

3. To re-elect Mr. Chen, Hsi-Tao, the retiring Director who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting. (Ordinary Resolution 2)

4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association :-

   i) Mr. Yeoh Chin Kiang (Ordinary Resolution 3)
   ii) Cik Aliyah Binti Dato' Hj. Baharuddin Marji (Ordinary Resolution 4)

5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012 and to authorize the Directors to fix the Auditors' remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolution :-

6. **Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965.** (Ordinary Resolution 6) (Please refer Explanatory Note 2)
   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

7. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

TEO SOON MEI
(MAICSA 7018590)
Company Secretary
Melaka
Dated: 1 June 2012

Explanatory Notes:-

1. ***Item 1 of the Agenda***
   This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965, in Malaysia, does not require a formal approval of shareholders and hence is not put forward for voting.

2. ***Item 6 of the Agenda***
   The Ordinary Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate"), if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company as the Directors may consider such an action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

   As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 24 June 2011 and which will lapse at the conclusion of the Eighteenth Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and /or acquisitions.

NOTES:

1. *A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of him. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a),(b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, he may appoint more than one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*

3. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorized.*

4. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the meeting convenes or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*

5. *The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.*

6. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*

2011 ANNUAL REPORT OF THE COMPANY:

The 2011 Annual Report of the Company is in a CD-ROM format. A printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of either a verbal or a written request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Mr. Jerry Tan at Tel. No. 03-2084 9000 or fax the request form for a printed copy of Annual Report at Fax No. 03-2094 9940 or send the request form to the Share Registrar, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur. You may also e-mail your request for a printed copy of the Annual Report to hor.seng.tan@sshsb.com.my

STATEMENT ACCOMPANYING THE NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

The particulars of Mr. Chen, Hsi-Tao, the Director who is retiring and is standing for election pursuant to Section 129 of the Companies Act, 1965 at the Eighteenth Annual General Meeting of the Company to be held at Bilik Bunga Melati, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 25 June 2012 at 10.00 a.m. is on page 9 of the Annual Report of the Company for the financial year ended 31 December 2011.

DIRECTORS STANDING FOR RE-ELECTION

Details of the retiring Directors namely, Mr. Yeoh Chin Kiang and Cik Aliyah Binti Dato' Hj. Baharuddin Marji are on page 10 of the Annual Report of the Company for the financial year ended 31 December 2011.

Mr. Yeoh Chin Kiang and Cik Aliyah Binti Dato' Hj. Baharuddin Marji are directors who are retiring and are standing for re-election in accordance to Article 92 of the Company's Articles of Association at the Eighteenth Annual General Meeting of the Company to be held at Bilik Bunga Melati, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 25 June 2012 at 10.00 a.m.

A total of Five (5) Board of Directors' Meetings were held during the financial year ended 31 December 2011 and all the meetings were held at Lot 63-68 Alor Gajah Industrial Estate, 78000 Melaka. Attendance of the retiring directors for the board meetings held during the financial year ended 31 December 2011 is as follows:

Name of Director	Date of Appointment	No. of Meetings Attended
Mr. Chen, Hsi-Tao	5 April 2000	5/5
Mr. Yeoh Chin Kiang	5 April 2000	5/5
Cik Aliyah Binti Dato' Hj. Baharuddin Marji	5 April 2000	5/5

CORPORATE INFORMATION

Board of Directors

Chen, Hsi-Tao	*Chairman cum Managing Director*
Yeoh Chin Kiang	*Executive Director*
Chen Yu, Kuei-Feng	*Executive Director*
Chen, Hung-Lin	*Executive Director and also Alternate Director to Chen, Hsi-Tao*
Aliyah Binti Dato' Hj. Baharuddin Marji	*Independent Non-Executive Director*
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	*Independent Non-Executive Director*
Mohd Khasan Bin Ahmad	*Independent Non-Executive Director*
Chen, Hung-Ping	*Executive Director*
Lau Po Cheng	*Alternate Director to Chen Yu, Kuei-Feng*

Company Secretary
Teo Soon Mei (MAICSA 7018590)

Share Registrar
Securities Services (Holdings)
Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel : 03-2084 9000
Fax : 03-2094 9940

Registered Office
No. 4-1, Komplek Niaga Melaka
Perdana, Jln KNMP 3,
Bukit Katil, 75450 Melaka.
Tel : 06-232 6033
Fax : 06-232 6034

Auditors
Ernst & Young (AF:0039)
Chartered Accountants
Lot 1, 6th Floor Menara Pertam,
Jalan BBP 2,
Taman Batu Berendam Putra,
Batu Berendam,
75350 Melaka.
Tel : 06-336 2399
Fax : 06-336 2899

Stock Exchange Listing
The Main Market of the Bursa Malaysia
Securities Berhad

Principal Bankers
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
CIMB Bank Berhad

Audit Committee
Mohd Khasan Bin Ahmad - *Chairman*
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong
@ Ng Peng Hay - *Member*
Independent Non-Executive Director

Aliyah Binti Dato' Hj.
Baharuddin Marji - *Member*
Independent Non-Executive Director

Nomination Committee
Mohd Khasan Bin Ahmad - *Chairman*
Independent Non-Executive Director

Aliyah Binti Dato' Hj.
Baharuddin Marji - *Member*
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong
@ Ng Peng Hay - *Member*
Independent Non-Executive Director

Remuneration Committee
Chen, Hsi-Tao - *Chairman*
Chairman cum Managing Director

Mohd Khasan Bin Ahmad - *Member*
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong
@ Ng Peng Hay - *Member*
Independent Non-Executive Director

Risk Management Committee
Yeoh Chin Kiang - *Chairman*
Executive Director

Chen, Hung Lin - *Member*
Executive Director and also Alternate Director to Chen, Hsi-Tao

Lau Po Cheng - *Member*
Alternate Director to Chen Yu, Kuei-Feng

Roselin Cheng Lee Ling - *Member*
Human Resource Manager

Ong Jit Wee - *Member*
Quality Assurance Manager

Chan Hui Mei - *Member*
Secretary cum Purchasing Executive

Tan Seow Ngeng - *Member*
Personal Assistant to Managing Director

Gan Seng Hock - *Member*
Sales Manager

Yap Siew Kuan - *Member*
Finance Manager

Investor Relations
Mr. Chen, Hsi-Tao,
Chairman cum Managing Director
Mr. Yeoh Chin Kiang, *Executive Director*
Mr. Chen, Hung-Lin, *Executive Director*
Tel : 06-556 4784
Fax : 06-556 4782
Email : ir@ta-win.com

CORPORATE PROFILE

Ta Win Holdings Berhad (TWHB) was incorporated in Malaysia under the Companies Act, 1965 on 7 March 1994 under the name Sinmah Holdings Berhad. Subsequently, on 15 November 1994, the Company changed its name to Medan Perdana Berhad. The Company assumed its present name on 27 June 1998.

TWHB's shares were offered to the public on 15 August 2000 in conjunction with its listing on Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange). TWHB is currently listed under the "Industrial Products" Sector of the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of TWHB are investment holding and provision of management services while the principal activities of its subsidiaries are as follows :

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Ta Win Industries (M) Sdn. Bhd. (193324-U)	12 February 1990, Malaysia	100.00	Manufacturing and exporting enamelled copper wires and copper rods to overseas market, Licensed Manufacturing Warehouses and local customers.
Twin Industrial (H.K.) Co. Ltd. (258865)	21 July 1989, Hong Kong, SAR	100.00	Trading of enamelled copper wires and copper rods to overseas markets.
Ta Win Industries Corp. (47491)	3 September 2003, Republic of Mauritius	100.00	Investment holding company.
Ta Win Electronic Tech-Material (Changshu) Co. Ltd. (013960)	25 September 2003, People's Republic of China	100.00	Manufacturing and trading of enamelled copper wires.

MISSION STATEMENT

The Group comprises talented, dedicated and resourceful staffs who share the vision to:

1. be a leader of its industry
2. maintain growth and to provide returns of investment through stock appreciation
3. provide reasonable dividends for all shareholders
4. provide employees the opportunity of a challenging and rewarding career
5. provide customers with quality products and excellent services
6. provide suppliers a strong and reliable market for their products and services
7. actively participate in making the communities in which our employees reside a better place to live in

OUR CORPORATE PHILOSOPHY

We believe that the following corporate philosophy and values are practiced and promoted towards the Company's success:

Responsibility Towards Customers

- Ensures quality products
- Strives constantly to reduce costs
- Maintains reasonable prices
- Attends to customers' orders promptly
- Ensures continuous improvements in all areas within the organisation

Responsibility Towards Employees

- Respects employees
- Recognises their achievements
- Promotes a sense of belonging at work
- Provides fair and adequate compensations
- Adopts clean, orderly, and safe working conditions
- Practices equal opportunity for employment, development, and advancement for those qualified
- Develops knowledge, skills and competency through training
- Practices fairness for all actions
- Promotes good work ethics

Responsibility Towards Communities

- Be good citizens
- Supports welfares/charities
- Encourages civic mindedness on cleanliness and hygiene
- Promotes education through workshops
- Maintains the property of the company is privileged to use
- Protects the environment and natural resources

Responsibility Towards Stockholders

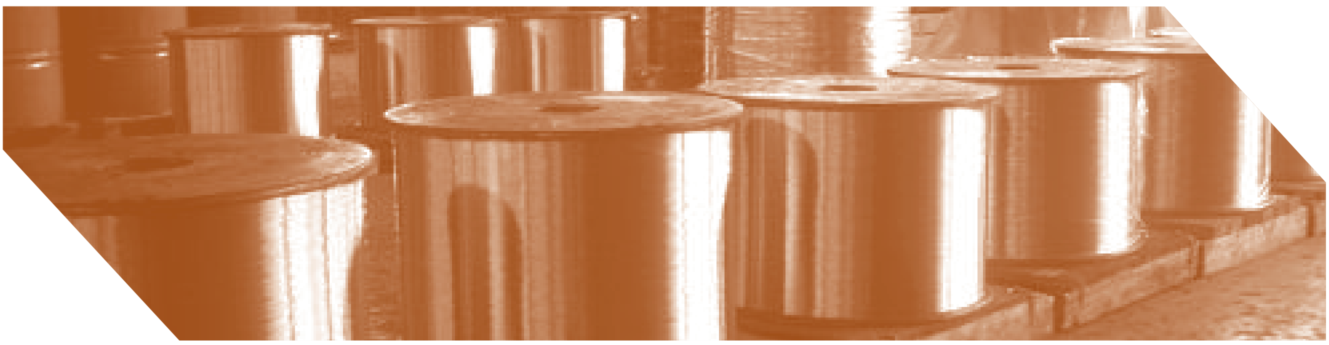
- Makes reasonable profit
- Provides R&D on new ideas
- Develops innovative programs
- Improves existing machinery
- Purchases relevant new equipment
- Creates reserves for unfavourable conditions in the economy
- Provides a fair return on shares

CORPORATE STRUCTURE

大穩控股有限公司

TA WIN HOLDINGS BERHAD

- **100%** TWIN INDUSTRIAL (H.K.) CO. LTD. (258865)
- **100%** TA WIN INDUSTRIES (M) SDN. BHD. (193324-U)
  - **100%** TA WIN INDUSTRIES CORP. (47491)
    - **100%** TA WIN ELECTRONIC TECH-MATERIAL (CHANGSHU) CO. LTD. (013960)



PROFILE OF THE BOARD OF DIRECTORS

Chen, Hsi-Tao
Chairman cum
Managing Director

Age: 73
Nationality: Taiwanese

Qualification:
Bachelors Degree in Business Administration from the University of China Culture, Taiwan in 1972.

Working Experience:
He was appointed as the Chairman cum Managing Director of the Company on 5 April 2000. He has over 30 years experience in the enamelled copper wire business and is in charge of the overall direction and management of Ta Win Group of Companies. He presently sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is the Chairman of the Remuneration Committee of the Company.

Number of Board Meetings Attended:
5/5

Chen Yu, Kuei-Feng
Executive Director

Age: 66
Nationality: Taiwanese

Qualification:
Graduated from a High School in Taiwan.

Working Experience:
She was appointed as an Executive Director of the Company on 21 April 2000. She has over 30 years experience in the enamelled copper wire business. She is one of the founding members of Ta Win Holdings Berhad Group and is also an advisor on the administrative and general management of the Group. She also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
None

Number of Board Meetings Attended:
4/5

Aliyah Binti Dato' Hj. Baharuddin Marji

Independent Non-Executive Director

Age: 51
Nationality: Malaysian

Qualification:
Master's Degree in Linguistics and a Bachelor of Science Degree in English Literature from the Southern Illinois University, USA in 1984 and 1983 respectively. She also holds a Diploma in Education. Currently pursuing her doctorate at the Universiti Putra Malaysia.

Working Experience:
She was appointed as a Non-Executive Director of the Company on 5 April 2000. She has been re-designated as an Independent Non-Executive Director of the Company on 27 February 2004. She was an executive trainer for the United Malayan Banking Corporation Berhad (now known as RHB Bank Berhad) for a period of 7 years. In 1991, she set up ABM Training Management Sdn. Bhd., a company which provided training and consultancy services on management related seminars where she was the Managing Director. In 1999, she started Agenda Management (M) Sdn. Bhd. which deals with IT and in 2007 started the next company called Qassas Food Industries. She also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
She is a member of the Audit and the Nomination Committees of the Company.

Number of Board Meetings Attended:
5/5

Yeoh Chin Kiang

Executive Director

Age: 59
Nationality: Malaysian

Qualification:
Bachelors Degree in Business Administration from the National Taiwan University, Taiwan.

Working Experience:
He was appointed as an Executive Director of the Company on 5 April 2000. He has more than 20 years of marketing experience in the copper cable and wire industry. He is presently assisting the Managing Director of the Company formulating the marketing strategies for the Group. Prior to his appointment to the Board as an Executive Director of the Company, he was the General Manager of Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company. He had previously held various senior management positions in Central Cable Bhd. He also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is the Chairman of the Risk Management Committees of the Company.

Number of Board Meetings Attended:
5/5

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay

Independent Non-Executive Director

Age: 60
Nationality: Malaysian

Qualification:
Completed secondary education.

Working Experience:
He was appointed as an Independent Non-Executive Director of the Company on 5 April 2000. He was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 and 1993. His first involvement in social activities was upon completing his secondary education. He was appointed as the Investment Coordinator by the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped attract numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal. He is the Chairman of MCA, 7th Branch Melaka since 1982, Chairman of Melaka State, Malaysia Crime Prevention Foundation (MCPF) and Board Member of Malaysian Industrial Development Authority (MIDA).

Other Directorship of Public Companies:
He is an Independent Non-Executive Director of Bonia Corporation (M) Berhad since 1994, Komarkcorp Berhad since 1997, ICapital.Biz Berhad with effect from 26 April 2010, an Executive Director of Farm's Best Berhad since 1995 and the Chairman of Wellcall Holdings Berhad since 2006. All these companies are listed on the Main Market of Bursa Malaysia Securities Berhad.

Details of Any Other Board Committees:
He is a member of the Audit, the Nomination and the Remuneration Committees of the Company.

Number of Board Meetings Attended:
5/5

Chen, Hung-Lin

Executive Director and also Alternate Director to Chen, Hsi-Tao

Age: 37
Nationality: Taiwanese

Qualification:
Advanced Diploma in Hospitality Management from the University of Portsmouth, United Kingdom in 1999.

Working Experience:
He was appointed as an Alternate Director to Chen Yu, Kuei-Feng on 21 April 2000 and later appointed as an Executive Director of the Company on 29 January 2001. On 26 April 2002, he resigned as the Alternate Director to Madam Chen Yu, Kuei-Feng. He has been appointed as an Alternate Director to Chen, Hsi-Tao, the Chairman and Managing Director of the Company on 24 November 2004. He joined Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company in November 1999 as a Management Executive and was then promoted to the position of a Factory Manager since December 2001. He is currently under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experience for the overall management of the Group. He presently sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is a member of the Risk Management Committee of the Company.

Number of Board Meetings Attended:
5/5

Mohd Khasan Bin Ahmad

Independent Non-Executive Director

Age: 51
Nationality: Malaysian

Qualification:
Degree in Accountancy from the Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants (MIA).

Working Experience:
He was appointed as an Independent Non-Executive Director of the Company on 20 February 2002. He served the Bank Negara Malaysia for a period of about 7 years, the last two (2) years of which he was then seconded to the Capital Issues Committee (CIC) as its Principal Assistant Secretary. Subsequently he joined the Securities Commission for a period of about 6 years and his last position was as an Assistant Manager in the Issues and Investment Division. In 1997, he joined the private sector and held various senior management positions.

Other Directorship of Public Companies:
He is an Independent Non-Executive Director of Farm's Best Berhad, Crest Builder Holdings Berhad and Homeritz Corporation Berhad. All these companies are listed on the Bursa Malaysia Securities Berhad.

Details of Any Other Board Committees:
He is the Chairman of the Audit and the Nomination Committees as well as being a member of the Remuneration Committee of the Company.

Number of Board Meetings Attended:
5/5

Chen, Hung-Ping

Executive Director

Age: 36
Nationality: Taiwanese

Qualification:
Bachelor of Arts in Hospitality Management from the University of Portsmouth, United Kingdom in June 2001.

Working Experience:
He was appointed as an Alternate Director to Madam Chen Yu, Kuei-Feng on 26 April 2002. Later, he was appointed as an Executive Director of the Company but resigned as the Alternate Director to Madam Chen Yu, Kuei-Feng on 30 April 2004. He joined Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company, as a Production Manager II on 14 August 2001. He is currently under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experience for the overall management of the production and marketing of Ta Win Electronic Tech-Material (Changshu) Co. Ltd, the wholly-owned subsidiary of the Company. He also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
None

Number of Board Meetings Attended:
5/5

Lau Po Cheng

Alternate Director to Chen Yu, Kuei-Feng

Age: 36
Nationality: Malaysian

Qualification:
Bachelor of Arts from the National Central University of Taiwan in June 2000.

Working Experience:
She was appointed as an Alternate Director to Madam Chen Yu, Kuei-Feng, the Executive Director of the Company on 30 April 2004. She is currently under the personal tutelage of Madam Chen Yu, Kuei-Feng to acquire the necessary skills and experience for the overall management of the Group. She was previously the Human Resource Manager of Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company. She also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
She is a member of the Risk Management Committee of the Company

Number of Board Meetings Attended:
5/5*

Note :-
(*) She attended 4 meetings by invitation

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

Family Relationship with the Director and Substantial Shareholder

Mr. Chen, Hsi-Tao who is the Chairman cum Managing Director of the Company is the husband to Madam Chen Yu, Kuei-Feng who is the Executive Director of the Company while Mr. Chen, Hung-Lin and Mr. Chen, Hung-Ping are the sons of Mr. Chen, Hsi-Tao and Madam Chen Yu, Kuei-Feng. Mr. Chen, Hung-Lin and Mr. Chen, Hung-Ping are the Executive Directors of the Company. They are also the substantial shareholders of the Company. Madam Lau Po Cheng, the Alternate Director to Madam Chen Yu, Kuei-Feng is the wife of Mr. Chen, Hung-Lin and she is the daughter in-law of Mr. Chen, Hsi-Tao and Madam Chen Yu, Kuei-Feng.

As disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

Share Buy-Back

The Group did not undertake any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company or exercised during the financial year ended 31 December 2011.

American Depository Receipt (ADR) or Global Depository Receipt (GDR)

During the financial year, the Group did not sponsor any ADR or GDR programmes.

Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2011 amounted to RM30,500/-. The non-audit fees paid/payable to the external auditors were for preparing and submitting tax returns, reviewing of internal control statements and reviewing other auditors' works.

Sanctions And/Or Penalties

On 7 August 2008, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had public reprimanded the Company for breached of Paragraph 9.16(1)(a) of the Listing Requirements of Bursa Securities.

Save for the above, there were no other sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory body.

Variation in Results

There were no variances of 10% or more between the audited results and the unaudited results of the Group for the financial year ended 31 December 2011.

Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2011.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2011 or, if not subsisting, since the end of the previous financial year.

Utilisation of Proceeds

The Company did not undertake any corporate proposals to raise proceeds during the financial year ended 31 December 2011.

Recurrent Related Party Transaction of a Revenue Nature

There were no material recurrent related party transactions of a revenue by nature during the year other than those disclosed in Note 25 to the financial statements.

Revaluation Policy on Landed Properties

The Company had adopted a regular revaluation policy on landed properties. Properties that were recognized as investment properties were reassessed at least once a year, whereas properties that were recognized as properties, plants, and equipments were reassessed at least once in every five years. The last revaluation was done on 16 November 2009. Revaluation was based on a valuation by an independent valuer on an open market basis.

Conviction for Offences

None of the Directors had been convicted for any offences within the past ten (10) years other than traffic offences, if any.

Conflict of Interests

None of the Directors had any conflicts of interests with the Company except for Mr. Chen, Hsi-Tao, Madam Chen Yu, Kuei-Feng, Mr. Chen, Hung-Lin, Mr. Chen, Hung-Ping and Madam Lau Po Cheng who are deemed interested in the following related party transactions:

- Mr. Chen, Hsi-Tao who is the Chairman, Managing Director and also the substantial shareholder of the Company receives a rental of HK$13,000/- (equivalent to RM5,330/-) per month paid by Twin Industrial (H.K.) Co. Ltd., a wholly-owned subsidiary of the Company for an office premise located at 5/F, Flat 1, Wah Shing Centre, 11-13, Shing Yip Street, Kwun Tong, Kowloon, Hong Kong from Mr. Chen, Hsi-Tao. A total of HK$156,000/- (equivalent to RM63,960/-) was paid to Mr. Chen, Hsi-Tao as rental for the financial year ended 31 December 2011 by Twin Industrial (H.K.) Co. Ltd..

Shareholdings in the Company

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, page 49 of the Annual Report.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2011.

Performance Review

The Group registered about a 14% higher turnover of RM584.973 million for the year ended 31 December 2011 as compared with RM513.676 million in the previous financial year.

In spite of the continuing uncertainties of economic spill-over from the 2008/09 global economic crisis, we are pleased that we are able to sustain our operations for the year 2011 and we expect this scenario will continue for the coming years ahead.

The Group had turned around to register a profit before tax of RM0.112 million in year 2011 from a loss of RM0.622 million in the previous year.

Market Overview and Business Outlook

Market Overview

The constant fluctuations in copper prices had brought about a great uncertainty in the demand for copper from customers. Most customers adopted the 'wait-and-see' attitude in anticipation of copper prices facing a downturn.

In spite of this factor, the demand for copper remained as in the previous financial year as potential growth was hindered greatly by the cautious spending of manufacturing firms which are trying to safeguard themselves from the fragile global economy that is still recovering from the 2008/09 financial crisis.

The pace for recovery in advanced economies are slower than what was earlier envisaged and this had weakened the whole global economy. Sluggish private demands in the United States and financial turbulence in the euro zone have intensified. With structural problems facing crisis-hit advanced economies yet to be resolved, the global economic outlook has become increasingly uncertain and the downside risks have increased.

However, the authorities have the tools to manage this impact including lowering the policy rate and allowing a greater exchange rate adjustments to absorb negative shocks.

Business Outlook

Our deep understanding and vast knowledge of the industry have provided us with the competitive edge to continuously remain as one of the market leaders and it has helped us greatly in maintaining our market share in this industry.

We strongly believe that this advantage will help us in terms of growth potential and for new market penetration in the future.

Human Resources Development

During 2011, continuous training programmes were conducted internally and externally aimed to further improve skills of Group employees. This was proven beneficial to all staffs and the Group as a whole.

Throughout the year, various quality improvement activities were introduced, such as 5S+1 Principle for Cost Reduction, Budget Seminar, and Effective Interpersonal Communication Skills at the Workplace. These were well received with active participation by employees where the training programmes had also included operational level staff.

Related Party Transactions

Significant related party transactions of the Group during the year were disclosed in Note 25 of the financial statements. There were no material contracts of the Group involving Directors and major shareholders.

Corporate Governance

The Board is committed to observe the Malaysian Code on Corporate Governance and Bursa Malaysia's Listing Requirements for the Main Market and has ensured that a high standard of corporate governance will be practiced throughout the Group to safeguard the Group's assets, operations and to enhance shareholders' value. Our statement on corporate governance is from pages 24 to 36.

Future Prospects

The many stimulus packages introduced by various governments are effective in stimulating the world economy to a certain extent but the financial crisis is still far from over. Although signs of recovery can be seen, the effects of the 2008/09 financial crisis still lingers on. The growth in manufacturing demand was hampered by fluctuations in commodity prices. As the world is still reeling deeper into the debt crisis, especially in US and Europe, the economic prospect generally looks uncertain.

As China's economy recorded a strong growth especially in the housing sector, the commodity prices has also surged as an after effect but as the central government is taking measures to counter the inflationary pressures and imposing a credit crunch in the property sector, we hope that the commodity prices will stabilize and not fluctuate.

Malaysia had sustained its growth in domestic demand at an average Gross Domestic Product (GDP) of 5.1% for year 2011 as domestic demand remains resilient, bolstered by robust confidence and investment activity. This was done through the Economic Transformation Programme (ETP) introduced by the government to boost the country's economy. The implementation of ETP had mitigated the after effects of the global financial crisis and provided an environment conducive for business.

While inflation has been elevated in recent months, it has remained within acceptable limits but is trending downwards.

To enable us to compete in this challenging economic environment, our main strategies are currently to focus on cost control measures, to maintain our mutually beneficial relationship with customers and to improve operational efficiency by enhancing productivity with the same workforce and machineries.

Through prudent financial management and close monitoring of our collections, the Group managed to fund most of the purchase of copper cathodes and rods through internally generated funds.

A Note of Appreciation

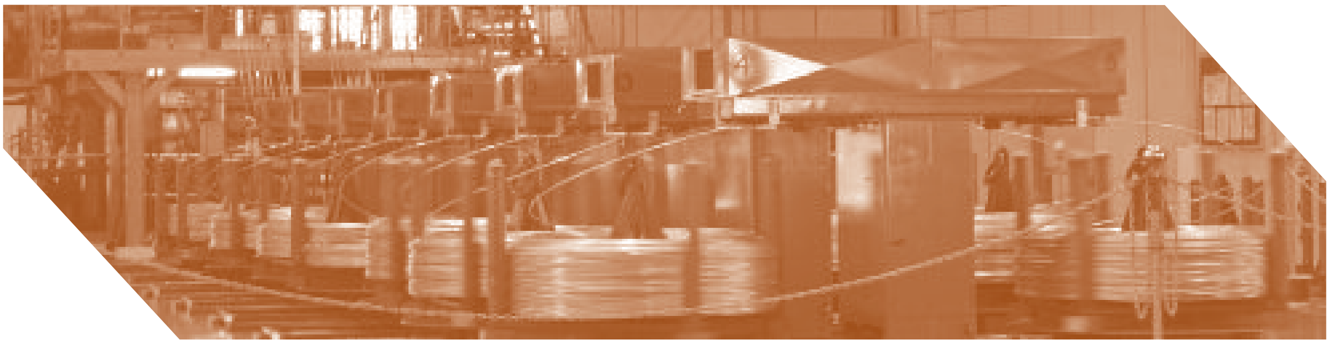
On behalf of the Board of Directors, I would like to take this opportunity to thank all the Management and Staff for their dedicated services, commitment, loyalty and contributions throughout the year. The year 2012 is expected to be far more challenging but I have no doubt with the Group's ability to work together to overcome all obstacles to propel the Group's level to greater heights.

I would like to convey our deepest appreciation and thanks to all our valued customers, suppliers, bankers, business associates and advisers for their positive contributions towards the Group's growth and success as well as their unwavering confidence and endorsement and I sincerely hope that they will continue to be with us for the foreseeable future.

We would also like to express our gratitude to various government and statutory organizations and our shareholders for their ongoing assistance and continued support, trust and confidence in the Group.

I would also like to thank my fellow Board members for their untiring efforts, professional advice, continuous support and invaluable contribution to the growth and success of the Group, and I hope that the Board continues to be committed to achieve the Group's objectives as we move forward.

Chen, Hsi-Tao
Chairman cum Managing Director



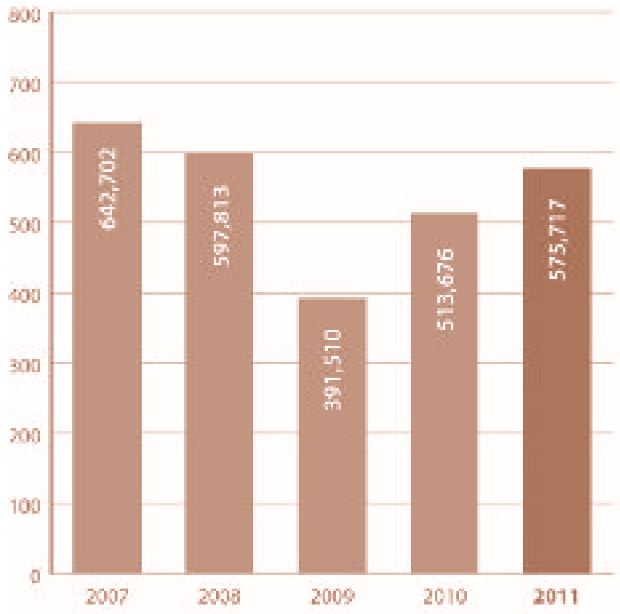
FINANCIAL HIGHLIGHTS

Five Years Group Financial Summary

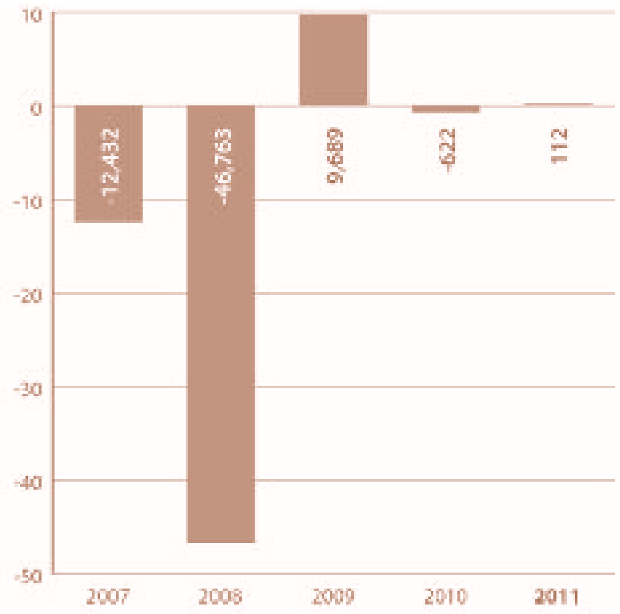
YEAR ENDED 31 DECEMBER	GROUP				
	2011	**2010**	**2009**	**2008 (restated)**	**2007 (restated)**
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	**575,717**	513,676	391,510	597,813	642,702
Operating profit / (loss)	**3,226**	1,944	11,861	-40,915	-5,651
EBITDA	**8,815**	8,221	18,783	-33,544	2,035
Profit /(loss) before taxation	**112**	-622	9,689	-46,763	-12,432
Net profit attributable to equity holders	**112**	-485	9,689	-46,763	-12,168
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	**155,906**	151,039	155,805	162,768	275,594
Total borrowings	**63,112**	68,383	77,106	89,268	153,291
Shareholders equity	**61,367**	60,653	61,324	51,565	100,187
SHARE INFORMATION					
Per share (sen)					
Basic earnings	**0.17**	-0.75	15.07	-72.74	-18.93
Gross dividend	**-**	-	-	-	5.00
Net assets per share (RM)	**0.95**	0.94	0.95	0.80	1.56
Share price as at 31 December (RM) *	**0.27**	0.35	0.46	0.58	1.00
FINANCIAL RATIOS (%)					
Gross profit margin	**1.79**	2.44	5.27	-3.58	0.71
Net profit margin	**0.02**	-0.09	2.47	-7.82	-1.89
Return on equity	**0.17**	-0.79	15.79	-90.68	-12.15
Gearing ratio	**54.93**	57.00	57.48	62.08	58.03

* referring to the last market transaction date for the year

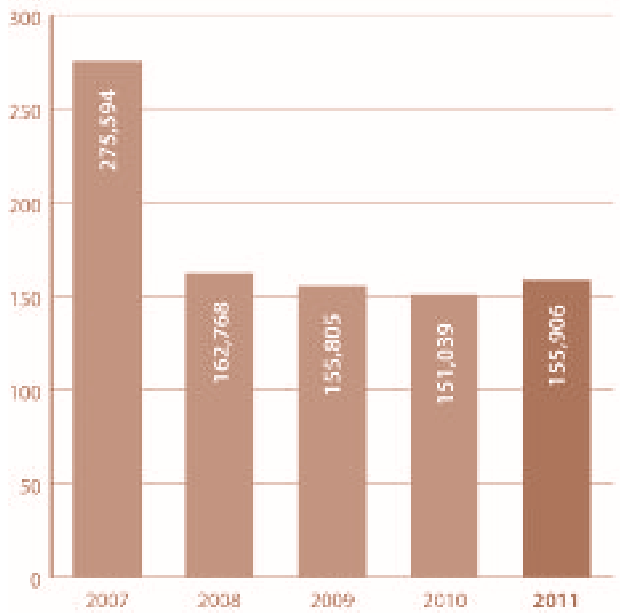
Revenue
(RM'000)



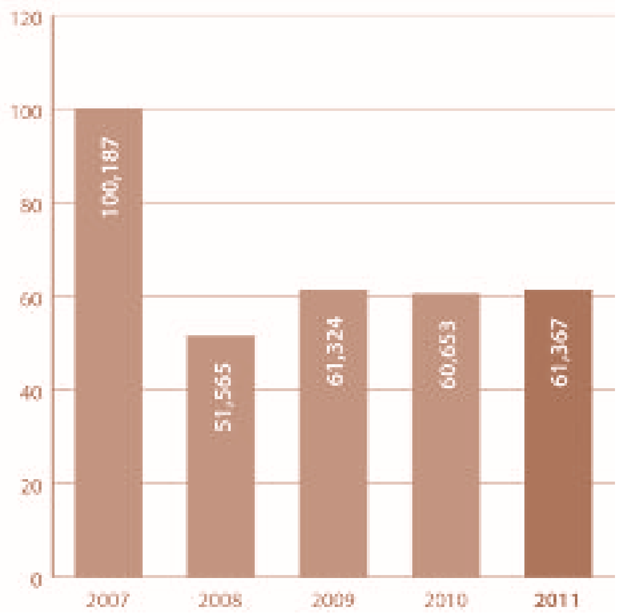
Profit /(loss) before taxation
(RM'000)



Total assets
(RM'000)



Shareholders equity
(RM'000)



MANAGEMENT
DISCUSSION & ANALYSIS (MD&A)

Business Review

The Group's main business is the manufacturing and sales of enameled copper wires and copper rods. The Group have two manufacturing plants undertaking the manufacturing processes and marketing, one is in Malaysia operated by Ta Win Industries (M) Sdn Bhd and the other is located in Changshu, Republic of China operated by Ta Win Electronic Tech-Material (Changshu) Co Ltd. There is a trading-house in Hong Kong operated by Twin Industrial (HK) Co Ltd which mainly imports goods from these two related companies to trade with its customers in nearby regions.

The management is sensitive to natural disasters which have the power to influence the copper prices when supply is affected. Bearing in mind that while this is beyond human control, the management had cautiously outsourced for other alternatives to make up for the shortfall. The Group faced immense competition due to pricing issues as competition became more intense with the constant fluctuations in copper prices and the after effects of global recession. New competitors with a lower pricing structure are entering into our local market and we need to revise our pricing policies from time to time to accommodate the changes in the market in order to remain competitive. The management is constantly aware of customers' requirements and is committed to fulfil their needs without jeopardizing the profit margin.

In view of the fluctuations in copper prices, the management has taken various remedial actions to counter the adverse effects on the bottom-line in terms of back-to-back booking of prices by customers, constant monitoring of LME, hedging of US Dollars exchange rates, to name a few.

The Group had managed to fund most of its purchases of raw material from its internal sources. The management had embarked on various programmes to minimize wastage, to improve product quality and to maximize production capacity to achieve economies of scale. The long term objective of the Group is to continuously remain as one of the market-leaders in this industry and to improve shareholders' value on their investments.

There has been emphasis to expand further into the overseas and local markets. The Group has undertaken to look for any opportunity that is available by exploring that possibility and diversification of product specifications to enhance its existing business operations.

Given the expected scenario, the management is expecting the Group's performance in years ahead to be very challenging.

Financial Review

<u>Revenue</u>

Revenue consists of the sales of enamelled copper wires and copper rods. Sales of copper rod constituted about 71% of the total revenue. Sales are very much related to the price of copper in the London Metal Exchange (LME). Sales dropped significantly by 35% in the financial year 2009 due to the after effects of global economic recession in 2008 but recovered by 31% in year 2010 when the market regained momentum before it increased by 14% in year 2011. On an average, about 22% of the Group's sales is for export market and the remaining 78% is for local market.

<u>Operating profit / (loss)</u>

The Group suffered a serious setback in the financial year 2008 when it posted an operating loss of RM40.915 million due to the global downturn. As the market slowly recovered and the prices of copper started going in the upward trend, the Group posted an operating profit of RM11.861 million in the year 2009. However, as copper prices began to fluctuate again in year 2010, it affected the company's profitability in the early part of year 2010 but due to an upward trend in the last quarter of 2010, the profit from the last quarter offset all of operating losses from the first to the third quarter and the Group made an operating profit of RM1.944 million for the financial year. There is an improvement in performance for the financial year 2011 and its operating profit increased to RM3.226 million. This is mainly due to the gain from foreign exchange rates particularly the US Dollars.

Financial Review (cont'd)

Forex gain/ (loss)

90% of the raw materials used in the production are imported from overseas. The fluctuation in USD is the second major factor in determining the profitability of the Group. For the financial year ended 31 December, 2011 the Group registered a foreign exchange translation gain of RM1.070 million due to transactions, assets and liabilities denominated in foreign currencies as compared with a net translation loss of RM2.623 million in the previous financial year.

Total assets

The total assets for the Group amounted to RM160.577 million for the financial year ended 2011, an increased of RM9.538 million from RM151.039 million as recorded in the previous financial year.

Total borrowings

The total borrowings for the Group amounted to RM99.210 million for the financial year ended 2011, an increased of 7.80% from RM90.386 million recorded in the previous financial year. This is due to an increase in trade payables resulting from a higher revenue.

Earnings per share

As the Group registered an improvement in performance for the financial year under review, basic earnings per share attributable to ordinary equity holders increased to 0.17 sen per share from -0.75 sen per share for previous financial year.

Dividends

The Board of Directors did not recommend any dividends since the last dividend of 5 sen net per ordinary share for the financial ended 31 December 2007.

Operations Review

The two manufacturing plants which are located in Malaysia and People's Republic of China could produce approximately about a 2,300 metric tonne capacity per month.

With the ISO 9001:2000, proper documented production processes are well in place to ensure smooth operations on the production floor until the delivery of goods to customers. Various improvement programs will be discussed and implemented from the feedbacks by the production floor personnel.

The management believes in the importance of human resources and provides continuous training to upgrade the skills of its workers in the hope of improving the capacity and providing the capability to deliver optimum efficiency.

The management ensures that there is a continuous effort to maintain and to improve our machinery to maximize its efficiency and productivity and to further enhance operational excellence to sustain our service reliability to our customers.

During the year under review, the focus is on minimizing loss due to rejects. Our rejects constituted about 0.03% of the total production tonnage and is within the tolerance set by management.

All major costs are monitored and reviewed to keep them at a manageable level. The operations level served as a platform in assisting the management to make an informed business decision to ensure that the Group's performance is heading in the expected direction.

Operations Review (cont'd)

The Risk Management Committee had addressed and made an assessment of all risks faced by the Group and recommends the appropriate actions to overcome the situation or mitigate the adverse effect. The official meetings are held twice a year but ongoing risks are highlighted weekly through the weekly meetings.

Prospect Review

The depleting natural resources, volatile copper prices and escalating costs are of major concern and pose a constant challenge to the management. Although the Company was able to absorb these costs, this had tightened cash reserves. The world will also keep an eye on the US economy as most of the world transactions are quoted in US Dollars and any great fluctuations will definitely affect the profit margin.

As China is looking further to expand itself in the world market, its penetration into our local market is considered a serious threat to our existence creating a competition that will be fierce in terms of pricing. When China tightens its monetary policy in the housing sector, it is expected that the demand for copper will temporarily be affected and will cause our China's plant to drop in revenue.

In spite of these, the management believes that the Economic Transformation Plan (ETP), Tenth Malaysia Plan (10MP) and Special Stimulus Package introduced by the Government of Malaysia will continue to help shield the country's impending recession and will help the country in its economic growth and demand.

The management has no reasonable doubt that the Group will be able to sustain its businesses for the foreseeable future by optimizing costs and capitalizing on the Group's synergistic effect.

CORPORATE
SOCIAL RESPONSIBILITY STATEMENT (CSR)

Introduction

Ta Win Holdings Berhad and its subsidiary companies (the Group) were operating their business in a manner that is environmentally sound and socially responsible.

CSR in the workplace

The Group actively ensured that the safety, health and welfare of all employees were not compromised and was consistently promoting a quality work environment and a healthy and safe workplace through various awareness campaigns which were in line with the established Occupational Safety and Healthy Policy.

In ensuring that safety and health performance were maintained at the highest level, there were ongoing efforts to promote awareness of the corporate philosophy to adhere to the 6S concepts of Seiri (means Organise), Seiton (means Neatness), Seiso (means Cleaning), Seiketsu (means Standardization), Shitsuke (means Discipline) and Safety to improve the workplace to ensure that all employees safety and health were duly protected at work.

As part of our human capital development, the Group arranged for various in-house training programs to equip its employees with the required skills and knowledge to stay ahead.

Besides the above, the Company had also invested significantly in sending relevant employees to attend various external trainings programs.

CSR in the Community

As a caring and responsible corporation, the Group had continued to answer the call for assistance from various non-profit organisations such as the sponsorship of children by donating to World Vision and to Johor flood victims.

CSR in the Environment

The Group recognized the need and importance to conserve the environment. The Group believes that it can play a part in managing its internal environment through waste management, energy savings and water conservation.

The Group is committed to implement a positive culture of safety and health to enhance not only the working environment but also to protect and conserve the environment for future generation. In this respect, all scrap copper wires were collected and sent for recycling.

The Group also ensured strict compliance with all environmental regulations and laws such as the *Akta Alam Sekililing (1974) (Malaysia).*

CSR in the marketplace

The Group believed that in order to achieve sustainable business interests and to respond to increasing demands from stakeholders, the Company conducted responsible business transactions that protected the interest of its shareholders, suppliers, customers, consumers and the public in general.

In this respect, Ta Win Holdings Berhad continuously evaluated and developed work processes and quality management systems that conformed to MS ISO 9001:2000 standards which were subjected to annual independent audits. In addition, major stakeholders such as suppliers were expected to conform to the relevant standards practiced by the Group.

The Board of Directors (Board) of Ta Win Holdings Berhad is committed to ensure that a high standard of corporate governance is practiced throughout Ta Win Holdings Berhad and its subsidiary companies (the Group) in directing and managing the Group's businesses and affairs as the fundamental part of discharging its responsibility and in enhancing the business expansion to support the continued growth of the Group as a long-term commitment to its shareholders and investors with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The following statement outlines the Group's application of the Principles of the Code and the extent of its compliance with the Best Practices of the Malaysian Code on Corporate Governance (the Code) pursuant to paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (the Listing Requirements).

A. Board of Directors

1. Board Composition and Board Balance

The Board comprises (8) Directors, three (3) of whom are Non-Executives. The three (3) Non-Executive Directors are independent who fulfil the criteria of independence as defined in the Listing Requirements. One-third of the Board comprises Independent Non- Executive Directors, thereby bringing objective and independent judgment to facilitate a balanced leadership in the Group as well as safeguarding the interest of the minority shareholders and other stakeholders in ensuring that high standards of conduct and integrity are maintained. While Mr. Chen Hsi-Tao, Madam Chen Yu, Kuei-Feng, Mr. Chen, Hung-Lin and Mr. Chen, Hung-Ping are the largest shareholders of the Company, the investment of the remaining shareholders is fairly reflected in the Board's representation. The mix would represent appropriately the respective size of investment by shareholders.

Mr. Chen, Hsi-Tao, the Chairman and Managing Director, together with Madam Chen Yu, Kuei-Feng and Mr. Yeoh Chin Kiang, both Executive Directors, are veterans in the enamelled copper wire/rod business. They collectively possess more than 90 years of expertise and experience in this business. The extensive experience and knowledge in enamelled copper wire/rod industry from two founders together with Mr. Yeoh Chin Kiang have enhanced their roles as Executive Directors in the Company. The three (3) Independent Non-Executive Directors are professionals in their own rights with wide-ranging experience, skills and expertise in accounting, corporate management and administration. The Independent Non-Executive Directors of the Company are neither engaged in the daily operations and management of the Company, nor involved in any other relationships with the Company, apart from being Directors. This ensures that the Independent Non-Executive Directors remain free from any conflict of interest allowing them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Non-Executive Directors through their varied experiences and qualifications provide effective contribution and support to the functions of the Board. Mr. Chen, Hung-Lin and Mr. Chen, Hung-Ping both Executive Directors are under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experiences for the overall management of the Group and for the orderly succession of management. The members of the Board are of calibre and integrity, qualified with relevant experiences, possess mixed skills and knowledge in playing their roles and performing their duties effectively. The profiles of each member of the Board are set out from pages 9 to 13 of the Annual Report.

2. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control of the management in the Company, its overall responsibilities for strategic planning and execution of the Company objectives and monitoring of Management's performance in implementing them, as stated in the Company's board manual. The Board also provides effective oversight for the Management's performance, risk assessment and control over business operations. It is the responsibility of the Board to conscientiously weigh the interests of shareholders and to consider the effects of decision making in the interests of all shareholders. The Board also has the duty to act in the best interest of the Company and Group at all times.

A. Board of Directors (cont'd)

2. Board Responsibilities (cont'd)

Mr. Chen, Hsi-Tao who is the Chairman cum Managing Director of the Company leads the Board. Four Executive Directors of the Company assist him. He has successfully led the Group the past 20 years and has transformed the Group into a leader in the enamelled copper wire/rod industry in the Asian Region. The Board is aware of the dual role held and has decided that Mr. Chen, Hsi-Tao will continue to hold the dual role in recognition of his contribution which has transformed the Group into a leader of the enamelled copper wire/rod industry in the Asian Region. Besides that, the Board has established a Company's board manual which has set out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's board manual. There is also a clear demarcation of responsibilities between the roles of the Managing Director and the Executive Directors to ensure a balance in authority and power. As Chairman, he is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. As the Managing Director, together with the Executive Directors of the Company, he oversees the running of the Group and the implementation of the Board's decisions, business strategies, and policies. The three Independent Directors by virtue of their roles and responsibilities, represent minority shareholders' interests. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

The Board is of the view that given the size of the Group, the current size and composition of the Board remains optimum, conducive for effective deliberations during Board meetings and well balanced, and can cater effectively to the scope of the Group's operations. The Board does not intend to appoint an Independent Chairman to the Board. It has appointed Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay as the senior Independent Non-Executive Director to facilitate communications with any stakeholders not dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. The compositions and terms of reference of the Board Committees are in accordance with the Best Practices prescribed by the Code. Standing committees of the Board include the Audit Committee (see Report on Audit Committee set out from pages 37 to 42, the Remuneration Committee, the Nomination Committee and the Risk Management Committee. The Employees' Share Option Committee had ceased its duties as the Employees' Share Option Scheme expired on 30 June 2009.

3. Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to plan and include the year's Board meetings into their own schedules. The Board has four (4) quarterly scheduled meetings annually. Board meetings are conducted by a structured formal agenda. The Meeting's agenda include reviews on various aspects of the Group's operations, financial performance, business plans, strategic decisions, any major investments, the findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board. The Board members deliberate, and in the process, assess the viability of business propositions and corporate proposals and the principal risks that may have significant impact on the Group's business or its financial position, and the mitigating factors. Special Board meetings would convene on an adhoc basis to deliberate on any arising urgent matters that would require the Board's immediate decision. In 2011, the Board held four regular meetings and one Special Board meeting.

A. Board of Directors (cont'd)

3. Board Meetings (cont'd)

The date and time of the Board of Directors' Meeting were as follows:

Date of the Board Meeting	Time
24 February 2011	1030
27 April 2011	0930
27 May 2011	1000
25 August 2011	1100
25 November 2011	0930

The Board meetings were chaired by the Chairman, Mr. Chen, Hsi-Tao, who had the responsibility of ensuring that each of the agenda items was adequately reviewed and thoroughly deliberated within a reasonable timeframe.

The directors remain committed in carrying out their duties and responsibilities as reflected by their attendance at the following 5 Board meetings held during the financial year ended 31 December 2011:

Board of Director	Total no. of meetings held during the director's tenure in office	No. of Meetings Attended
Chen, Hsi-Tao	5	5
Chen Yu, Kuei-Feng	5	4
Yeoh Chin Kiang	5	5
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	5	5
Chen, Hung-Lin*	5	5
Chen, Hung-Ping	5	5
Aliyah Binti Dato' Hj. Baharuddin Marji	5	5
Mohd Khasan Bin Ahmad	5	5
Lau Po Cheng# (Alternate Director to Chen Yu, Kuei-Feng)	5	5

Note :-

(*) also Alternate Director to Chen, Hsi-Tao
(#) she attended 4 meetings by invitation

All Directors have thus more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the Listing Requirements (minimum 50% attendance).

A. Board of Directors (cont'd)

4. Supply of Information

All board members were provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. The Board meeting papers are prepared and presented in a concise and comprehensive manner so that the Directors are well informed in advance of any issues at hand in order that the Board's deliberations and decision making are performed in a systematic and in a well-informed manner. A full set of Board papers for each agenda including financial reports and notices were promptly communicated prior to the Board Meetings. This was to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary. As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of these committees. Board meetings were conducted in accordance to a structured agenda.

The Directors had a duty to declare immediately to the Board should they have any interests in transactions to be entered into directly or indirectly with the Company or the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Minutes of each Board meeting were circulated to all Directors before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors could request for clarification or raise comments before the minutes were tabled for confirmation as a correct record of proceedings of the Board.

Senior Management may be invited to attend any Board meetings to provide views and explanations on certain agenda being tabled to the Board, and to furnish clarification on issues that may be raised by the Directors. The Directors had direct access to Senior Management and had complete and unimpeded access information relating to the Group in the discharge of their duties. The Directors had the right when necessary to take on independent professional advice at the Company's expense while carrying out their duties. Every Board member had ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors were also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary served notice to Directors on the closed period for trading the Company's shares, in accordance with the closed period stated in Chapter 14 on Dealings in Securities of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market.

The Company Secretary attended and ensured that all Board meetings were properly convened, and that an accurate and proper record of the proceedings and resolutions passed were taken and maintained in the statutory register at the registered office of the Company.

A. Board of Directors (cont'd)

5. Appointment to the Board

In compliance with the Code, the Board formed the Nomination Committee on 27 February 2002. The Nomination Committee consists of three (3) Independent Non-Executive Directors.

The Nomination Committee will recommend the appointments of new directors to the Board, review annually the required mix of skills, experience, and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group. The Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual director on an on-going basis through a performance evaluation form.

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee of the Company comprises entirely of Independent Non-Executive Directors and its composition is as follows:

	Members	Directorship	Responsibility
1.	Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Chairman
2.	Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Member
3.	Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member

The Nomination Committee upon its recent annual review carried out, was satisfied with the current board make-up and the existing composition of the Board was optimum, well balanced, and catered effectively to the scope of the Group's operation and there was an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. At present, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Nomination Committee was also satisfied that all members of the Board were suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, experiences, skills and qualities. The Nomination Committee had also reviewed the Board members' directorship in companies other than Ta Win Holdings Berhad Group; the number of directorships held were well within the restriction of not more than 10 directorships in public listed companies and not more than 15 directorships in non-public listed companies as stated in the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market. The Nomination Committee also through its recent annual review assessed the composition of all the Board Committees of the Company and the effectiveness of the Board Committees of the Company. The Nomination Committee was satisfied with the composition of each Board Committee and his/her performance.

The Directors had direct access to the advice and the services of the Company Secretary who ensured that all the appointments were properly made and that all the necessary information was obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

A. Board of Directors (cont'd)

6. Directors' Training and Education

The Board acknowledged that the directors of the Company through varied experiences and qualifications provided the desired contribution and support to the functions of the Board for the year of 2011. The Board had empowered the directors of the Company to determine their own training requirements to enhance their knowledge in new rules and regulations while understanding the Group's businesses and operations and keeping abreast with current developments in the market place. During the year, all the Directors of the Company had continued to attend seminars and briefings in order to stay abreast with the latest market developments and also to enhance their knowledge. The Board will evaluate and determine the training needs of its Directors on an ongoing basis to assist them in discharging their responsibilities.

Seminars and briefings attended by the Directors of the Company during the financial year were as follows:

Name of Directors	Course attended	Date of Seminar
Chen, Hsi-Tao	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011
Yeoh Chin Kiang	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011
Chen Yu, Kuei-Feng	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011
Chen, Hung-Lin	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011
Chen, Hung-Ping	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	1) Briefing On The New Corporate Governance Blueprint Issued By Securities Commission	23 August 2011
Mohd Khasan Bin Ahmad	1) Briefing On The New Corporate Governance Blueprint Issued By Securities Commission 2) Advocacy Sessions on Disclosure for CEOs and CFOs	23 August 2011 8 December 2011
Aliyah Binti Dato' Hj. Baharuddin Marji	1) Advocacy Sessions on Disclosure for CEOs and CFOs	8 December 2011
Lau Po Cheng	1) 5S+1 Principle For Cost Reduction 2) Effective Interpersonal Communication Skills At The Workplace 3) Practical Approach Towards Lean Manufacturing	13 May 2011 10 June 2011 16 November 2011

A. Board of Directors (cont'd)

7. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provided that all Directors are required to retire from office once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

Directors who were appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting (AGM).

Details of Directors seeking for re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM on page 4 of this annual report.

B. Board Committees

To assist the Board in discharging its duties, the Board of Directors has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. These committees are:

a) The Audit Committee

The Audit Committee consist of three (3) directors, three (3) of whom including the Chairman are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by reviewing the Group's processes for producing financial data and managing internal controls. The committee is independent of the Group's appointed external and internal auditors. The Audit Committee will discuss with the Management and the external auditors the accounting principles and standards that were applied and their judgments of items that could affect financial statements. It is the policy of the Audit Committee to meet with external auditors at least twice a year to discuss audit plans, audit findings and the Company's financial statements. These meetings are held without the presence of the Executive Directors and the Management. The Minutes of the Audit Committee meetings would be tabled to the Board for action where appropriate and or necessary.

The Audit Committee meets quarterly. Additional meetings are held as and when required. The Audit Committee met five (5) times during the financial year. The Audit Committee Report is presented from pages 37 to 42 of this Annual Report.

b) The Nomination Committee

The Nomination Committee met once during the financial year. The Nomination Committee met to approve the principles and processes of assessing Board effectiveness and the performance evaluation of senior management.

c) The Remuneration Committee

In compliance with the Code, the Board formed the Remuneration Committee on 27 February 2002. The Remuneration Committee consists of three (3) directors, two (2) of whom are Independent Non-Executive Directors.

B. Board Committees (cont'd)

c) The Remuneration Committee (cont'd)

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining and recommending the remuneration packages of executive directors.

The members of the Remuneration Committee as of this Statement are as follows:

	Members	Directorship	Responsibility
1.	Chen, Hsi-Tao	Chairman/Managing Director	Chairman
2.	Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Member
3.	Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Member

The Remuneration Committee of the Company has set up a remuneration policy framework and made recommendations to the Board on remuneration packages and other terms of employment for Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

The component parts of remuneration for executive directors are structured to link rewards to corporate and individual performance. For non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities. The Executive Directors will abstain from participating in the discussion of their own remunerations. The determination of remuneration of Non-Executive Directors is handled by the Board as a whole. The individuals concerned had abstained from discussion and decision of his/her remunerations.

The remuneration of Non-Executive Directors comprises fees while the remuneration package of Executive Directors comprises the basic salary, fees and bonuses.

The Remuneration Committee will meet at least once a year to carry out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. During the meeting, the results of the Directors' performance are evaluated and rated by the Nomination Committee which is then presented to the Remuneration Committee. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strive to reward Directors based on accountability, fairness, and competitiveness as prescribed in the Code and to ensure the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing any remuneration packages for Directors.

The Remuneration Committee had via its Ninth Remuneration Committee Meeting reviewed the performance of all Executive Directors and the Chairman/Managing Director of the Company and recommended to the Board specific adjustments in remuneration that included the reward payments which commensurate with their contributions during the year, and which were competitive and in tandem with the Group's corporate objectives.

B. Board Committees (cont'd)

c) The Remuneration Committee (cont'd)

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December 2011 is as follows:

Total Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries and other emoluments	587	-	587
Fees	24	84	108
Bonus	46	-	46
Defined Contribution Plans	31	-	31
	688	84	772

Number of Directors whose remuneration falls within the following bands :-

	Number of Directors		
	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	2*	3	5
RM50,001 to RM100,000	2	-	2
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	1	-	1
RM250,001 to RM300,000	1	-	1
RM300,001 to RM350,000	-	-	-
	6	3	9

Note :
(*) including the Alternate Director

d) The Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established to administer the Group's Employees Share Options Scheme ("the Scheme"). The ESOS Committee will ensure that the Scheme is administered in accordance with the Bye-laws approved by the shareholders of the Company. The Scheme expired on 30 June 2009 pursuant to Bye-Laws 18 of the ESOS. As such, the ESOS Committee has ceased its duties with effect from 30 June 2009.

e) The Risk Management Committee

The Risk Management Committee has been formed to ensure that the Group achieves its corporate objectives by applying effective risk management controls. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks and to ensure that infrastructure, resources, processes and systems are in order.

B. Board Committees (cont'd)

e) The Risk Management Committee (cont'd)

The members of the Risk Management Committee as at the date of this Statement are as follows:

	Members	Directorship	Responsibility
1.	Yeoh Chin Kiang	Executive Director	Chairman
2.	Chen, Hung-Lin	Executive Director and also Alternate Director to Chen, Hsi-Tao	Member
3.	Lau Po Cheng	Alternate Director to Chen Yu, Kuei-Feng	Member
4.	Roselin Cheng Lee Ling	Human Resources Manager	Member
5.	Ong Jit Wee	Quality Assurance Manager	Member
6.	Chan Hui Mei	Secretary cum Purchasing Executive	Member
7.	Tan Seow Ngeng	Personal Assistant to Managing Director	Member
8.	Gan Seng Hock	Sales Manager	Member
9.	Yap Siew Kuan	Finance Manager	Member

C. Relationship with Shareholders and Investors

One of the key elements for good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision for clear, relevant, timely, comprehensive, and assessable information to all stakeholders.

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The annual report of the Company is the channel of communication with shareholders and investors. The shareholders and investors are kept informed of performance and of any major developments of the Group through annual reports and announcements via Bursa LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to allow shareholders and investors to have an overview of the Group's business activities and performance. Information on pricing, however, is not disclosed until after the prescribed announcement to the Bursa Malaysia Securities Berhad.

The Company disseminates its annual report to its shareholders either in hard copy or in CD ROM media.

2. Annual General Meeting (AGM)

The main forum for dialogues with shareholders of the Company is the Ta Win Holdings Berhad's General Meeting. The general meeting represents the primary platform for two-way interactions between shareholders, Directors and senior management of the Company. During the general meeting, shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda items of the general meeting. All Directors and senior management, where appropriate, will provide feedback, answers and clarifications to questions raised from any shareholders during the Annual General Meeting. Adequate notice of the Annual General Meeting of not less than 21 days is communicated to those concerned.

Other than the annual report, the Company's website, www.ta-win.com also houses all other corporate and financial information that is made to public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market and other corporate information on the Company.

2. Annual General Meeting (AGM) (cont'd)

An explanatory note or statement to facilitate full understanding and evaluation of issues involved will accompany items under 'special business' of the meeting.

3. Extraordinary General Meeting (EGM)

The Board will hold an EGM if a situation requires shareholders to meet in between AGMs. An appropriate notice would be communicated according to the purpose of such a meeting. A circular would accompany the notice to shareholders providing an explanation of the intended agenda to facilitate understanding and evaluation.

4. Investor relations

The extensive investor relations activities of the Company form an important channel of communications with shareholders, investors and the investment community. As part of fulfilling its corporate governance obligations, the Company maintains a level of disclosure and extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as annual and quarterly reports.

The senior level of management personnel responsible for the Company's investor relations function reflects the commitment of the Group to maintain investor relations as well as provide views and information on the Group that is appropriate and substantive to investors.

Senior Management Personnel in investor relations activities are:

a) Mr. Chen, Hsi-Tao, Chairman/Managing Director
b) Mr. Yeoh Chin Kiang, Executive Director
c) Mr. Chen, Hung-Lin, Executive Director

D. Accountability and Audit

1. Financial Reporting

The Board aims to present to its shareholders, investors, and relevant Regulatory Authorities a clear, precise, and concise assessment of the Company and the Group's financial positions and future prospects.

Timely releases of the quarterly financial statements reflect the Board's commitment to provide transparent and up-to-date disclosures of the Group's performance.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies as well as ensures that these financial statements comply with accounting standards and regulatory requirements.

The Statement on the Directors' Responsibility in the annual audited financial statements of the Company and its Group pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market is set out on page 46.

D. Accountability and Audit (cont'd)

2. Internal Controls

The Board acknowledges its responsibilities for maintaining a reliable system of internal controls within the Group which covers the financial controls, the operational and compliance controls, and risk management. The internal control system is designed to meet the Group's needs and to manage risks to which it can be exposed. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all companies within the Group. This will ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The size and the nature of the Group's operations involve the acceptance and management of a wide variety of risks. These risks mean that events may occur which would give rise to unanticipated or unavoidable losses beyond the management's control The Company's and the Group's system of internal controls, by its nature are designed to provide reasonable but not absolute assurance against risks of material errors, misstatements, frauds, or losses occurring. The Risk Management Committee through half yearly meetings ensures that the accountability for managing significant risks identified is clearly assigned and that identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

The Company has engaged Messrs LLTC to carry out the internal audit function of the Group for the financial year ended 31 December 2011. Messrs LLTC is a professional firm of qualified accountants, and independent of the activities and operations of the Group. The internal auditors are assisting the Audit Committee in discharging its duties and responsibilities.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee during quarterly meetings. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management processes of the Company and the Group. The Minutes of the Audit Committee meetings are circulated to the Directors for notation and for action by the Board where appropriate. The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Internal Control are on pages 43 to 45 of this Annual Report.

3. Relationships with the Auditors

The Group's independent external auditors are essential for all shareholders in ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring attention to the Audit Committee of any significant deficiency in the Group's control system. In accordance to the terms of reference of the Audit Committee, the Audit Committee will meet with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. With regards to this, the Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out from pages 37 to 42 of this Annual Report.

D. Accountability and Audit (cont'd)

3. Relationships with the Auditors (cont'd)

Terms of engagement for the services provided by the external auditors were reviewed by the Audit Committee and approved by the Board. In reviewing terms of engagement for services to be provided by the external auditors, the Audit Committee ensured that the independence and objectivity of the external auditors will not be compromised.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2011 to the external auditors are set out below:

Details of fees	The Company (RM'000)	The Group (RM'000)
Statutory Audit	24	72
Other Services	20	30

E. Deviations from Best Practices

The Board has to the best of its ability and knowledge complied with the Best Practices on Corporate Governance set out in Part 2 of the Code except for the following:

AAII Best Practices

The roles of the Chairman and the Chief Executive Officer should be segregated to ensure a balance of power and authority, such that no one individual can dominate the board's decision making.

Deviation

The managing Director, Mr. Chen, Hsi-Tao has also assumed the role of Chairman. The Board is aware of the dual role held and has decided that Mr. Chen, Hsi-Tao will continue to hold the dual role in recognition of his contribution which has transformed the Group into a leader of the enamelled copper wire/rod industry in the Asian Region. The Board has also established a board manual which has set out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's board manual.

AUDIT COMMITTEE REPORT

The Board of Directors of Ta Win Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

The Audit Committee was established with the objective to assist the Board in the areas of corporate governance, systems of internal control, and management and financial practices of the Group.

1. Composition of the Committee

The audit committee are as follows:-

Chairman

Mohd Khasan Bin Ahmad	*(Independent Non-Executive Director)*

Members

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	*(Independent Non-Executive Director)*
Aliyah Binti Dato' Hj. Baharuddin Marji	*(Independent Non-Executive Director)*

Encik Mohd Khasan Bin Ahmad is a member of the Malaysian Institute of Accountants.

2. Terms of Reference

The terms of reference of the Audit Committee are as follows:

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors from among their number and shall consist of no less than three (3) members, a majority of whom shall be independent directors. All members of the Audit Committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Audit Committee and at least one (1) member of the Audit Committee:

(a) shall be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he has at least three (3) years' working experience and:

(i) he has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
(ii) he is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967

or

(c) either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:

(i) a degree/master/doctorate in accounting or finance; or
(ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants

or

(d) shall be at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

(e) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

2. Terms of Reference (cont'd)

MEMBERSHIP (cont'd)

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within 3 months.

MEETINGS AND MINUTES

The Audit committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and any additional meetings as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Audit Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Audit Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Audit Committee shall meet the external auditors without any executive directors present.

QUORUM

A quorum shall consist of a majority of members present who must be independent directors.

AUTHORITY

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company to:

a) investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group
b) have the resources in order to perform its duties as set out in its terms of reference
c) have full and unrestricted access to any information pertaining to the Company and the Group
d) have direct communication channels with the external auditors and internal auditors
e) obtain external legal or other independent professional advice where necessary
f) invite outsiders with relevant experience to attend its meetings, whenever deemed necessary
g) convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

2. Terms of Reference (cont'd)

DUTIES

The duties of the Committee are as follow:

a) To consider and report the same to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees
b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved
c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management)
d) To do the following and report the same to the Board of Directors of the Company, in relation to the internal audit function:
    1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work
    2) review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function
    3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees
    4) approve any appointment or termination of senior staff members of the internal audit function
    5) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning
e) To review the effectiveness of the management information system
f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company, focusing particularly on:
    1) any change in or implementation of accounting policies and practices
    2) significant adjustment arising from the audit
    3) any unusual events
    4) the going concern assumption
    5) compliance with accounting standards and other legal requirements
g) To review the following and report to the same to the Board of Directors of the Company:
    1) with the external auditor, the audit plan
    2) with the external auditor, his evaluation of the system of internal controls
    3) with the external auditor, his audit report
    4) the assistance given by the employees of the Company and the Group to the external auditor
h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter
i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors
j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels
k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity
l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees
n) Any such other functions as may be agreed by the Committee and the Board.

2. Terms of Reference (cont'd)

RESPONSIBILITY

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

REVIEW OF THE COMPOSITION OF THE COMMITTEE

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

3. Summary of Audit Committee Activities During the Year

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2011. The Managing Director, Finance Manager and a representative of the external and internal auditors normally attend the meeting. Other Board members may attend the meeting upon invitation by the Committee. The Minutes of the Audit Committee meetings had been extended to all members of the Board of Directors and relevant issues were discussed at the Board Meetings.

The details of the Audit Committee's attendance at each meeting is as follows:

Audit Committee Member	Total no. of meetings held during the year	Meetings attended
Mohd Khasan Bin Ahmad	5	5
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	5	5
Aliyah Dato' Hj. Baharuddin Marji	5	5

The activities undertaken by the Audit Committee during the financial year include:

a. Discussed and reviewed the quarterly unaudited financial statements of the Group prior making recommendations to the Board of Directors for approval

b. Discussed and reviewed any inter-company transactions and/or any related party transactions or situations causing a conflict of interest within the Group or the Company

c. Discussed and reviewed the semi-annual returns pursuant to Paragraph 8.10 of Chapter 8 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

d. Discussed and reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December 2010 and making recommendations to the Board of Directors for approval

e. Discussed and reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2011

f. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration

3. Summary of Audit Committee Activities During the Year (cont'd)

The activities undertaken by the Audit Committee during the financial year include: (cont'd)

g. Discussed and reviewed staffing requirements, the skills, the core competencies and the independence of the internal auditors and made recommendations to the Board of Directors on the appointment of internal auditors of the Company

h. Discussed and reviewed the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2011

i. Discussed and reviewed the action plans of the internal audit of the Group, the internal audit findings for the financial year ended 31 December 2011 and the follow-up internal audit report from the internal auditors

j. Discussed and reviewed the risk management report from Risk Management Committee which were tabled during the year, the recommendations made and Management response to these recommendations

k. Discussed and reviewed the Company's investment in China

l. Discussed the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements and others relevant rules and regulations

m. Discussed the tentative timetable for the 2012 Audit Committee Meetings of the Company

n. Discussed relevant matters with the external auditors without the presence of the Executive Directors and employees of the Company

o. Discussed and reviewed the revised terms of reference of the Audit Committee

p. Discussed and reviewed the statement of Directors' responsibility for the financial year ended 31 December 2010

q. Discussed and reviewed the statement on internal control for the financial year ended 31 December 2010

r. Discussed and reviewed the audit committee report for the financial year ended 31 December 2010

s Discussed and reviewed the statement on Corporate Governance for the financial year ended 31 July 2010

t. Discussed and reviewed the statement on corporate social responsibilities for the financial year ended 31 December 2010

u. Discussed and reviewed the litigations and claims against the subsidiary company of the Company

4. Review of Employees' Share Options Scheme ("ESOS")

The ESOS had expired on 30 June 2009 pursuant to Bye-Laws 18 of the ESOS. Thus, no review was conducted by the Audit Committee of the Company during the year. There were no options offered to the Non-Executive Directors during the year.

5. Internal Audit Function

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Audit Committee is supported by the internal auditors of the Company in the discharge of its duties and responsibilities.

The Company engaged Messrs LLTC to carry out the internal audit function of the Group for the financial year ended 31 December 2011. The primary function of the internal audit was to independently carry out a review of the existing systems, controls and procedures and thereafter provided such recommendations that would assist to further enhance the existing internal control.

The Audit Committee will report to the Board on significant findings and results.

The Internal Auditors of the Company works collaboratively with Risk Management Committee to review and assess the risk governance framework and the risk management processes of the Company and the Group in respect of their adequacy and effectiveness.

During the year, the Company managed to conduct the risk assessment review by the Risk Management Committee. This included evaluation of processes where significant risks were identified, evaluated and managed risks within defined risk parameters in order to achieve the Group's business objectives. The Company had set up a Risk Management Committee to carry out the ongoing process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance processes.

The total costs incurred for the internal audit function of the Company and the Group for 2011 are as follows :-

	RM'000
Company	28
Group	28

Further details of the activities of the internal audit are set out in the Statement on Internal Control.

INTERNAL CONTROL STATEMENT

Introduction

The Malaysian Code on Corporate Governance requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad Paragraph 15.26 (b) require directors of listed companies to include a statement on the state of the Group's internal controls in annual reports. The Bursa Malaysia Securities Berhad's Statement on Internal Control – Guidance for Directors of Public Listed Companies (Internal Control Guidance) provides guidance for compliance with these requirements.

Set out below is the Board of Directors' Statement on Internal Control which has been prepared in accordance with the Guidance.

BOARD RESPONSIBILITY

The Board acknowledges and is committed to its overall responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity on financial, operational and compliance controls, and risk management procedures.

The Board recognizes the reviewing of the Group's system of internal control that involves a concerted and continuing process where the system is designed to manage rather than eliminate the risks of failures in order to achieve all business goals and objectives. However, in pursuing this objective, the Group's internal control system is designed to only provide a reasonable and not an absolute assurance against material misstatement, operational failure, fraud or loss. The concept of reasonable assurance recognizes that the cost of control procedures shall not exceed the expected benefits.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Executive Directors, Managing Director and his management team. The Managing Director and his management team would receive timely information pertaining to Group's performance and profitability through monthly and weekly reports which consists of quantitative and qualitative trends and analyses.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to the management. This is achieved through his daily involvement with the business operations as well as his attendance at various scheduled management committee meetings. The management committee comprising the Heads of Departments meet weekly to discuss issues on Production, Operational, Sales and Human Resource. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interactions with the management and through reviews of the Management Committee minutes.

The Board monitors the Group's performance, operations and business development through Board papers which are tabled at quarterly meetings. In addition, the Managing Director briefs the Board on the Group's activities while highlighting significant matters that require further discussion and decision making.

INTERNAL AUDIT

The objective of the Audit Committee is to monitor reviews of all pertinent systems on controls, procedures, and operations to ensure that the overall internal control system is adequate and satisfactory. The internal auditors reports directly to the Audit Committee. Its role is to provide the Audit Committee with independent and objective reports on the effectiveness of the internal control systems within the Group.

INTERNAL AUDIT (cont'd)

The internal auditors assist the Audit Committee in monitoring the effectiveness of policies, processes, and activities that should manage internal controls and maintain risk management and corporate governance processes during the year. The internal auditors assist the Audit Committee to identify any internal control weaknesses. In addition, the Audit Committee also plays a key role in reviewing and deliberating on any matters relating to internal controls highlighted by the external auditors when preparing the audit for the Group's financial statements.

During the year under review, the internal auditors carried out various internal audit tests. A number of minor internal control weaknesses were identified during the year, all of which have been, or is being, addressed. None of the weaknesses had resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

In addition, as required by the ISO 9001:2000 where certification is accredited to the Group, scheduled internal ISO audits are conducted once a year. Results of these audits were reported to the Managing Director.

RISK MANAGEMENT FRAMEWORK

The Board recognizes that effective risk management is an integral part of the business management practice. The Board also acknowledges that all areas of the Group's activities involve some degree of risks and is committed to ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate and manage risks within defined risk parameters in order to achieve the Group's business objectives. The Board continues to identify, assess, and manage key business, operational, and financial risks.

During the financial year, the Risk Management Committee met with the Audit Committee to report on the processes, findings and actions taken by management. The Risk Management Committee will continuously identify new risks by taking into consideration the Group's business objectives, strategies, targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Management Committee then reports to the Board of any significant changes in the business and the external environment.

OTHER INTERNAL CONTROL PROCESSES

The Board has implemented an internal control system, which comprises underlying control environment, control processes, communication and monitoring system such as the following:

- Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties, and the flow of information which are effectively communicated to all levels. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, and the Nomination Committee, the Executive and Management Committees will support the Board. These committees convene at board and management meetings to assess performance and controls in all areas of operations

- Document internal policies and procedures for the Group including those set out in the Quality management System under ISO9001:2000 and various overseas' product certification awarded from Underwriters Laboratories

- Provide continuous training and developmental programmes for all employees to maintain competency and efficiency

- Prepare timely public releases of quarterly reports upon review by the Audit Committee and the approval of the Board

- Monitoring mechanisms in the form of financial and operational reports and operational review meetings

THE BOARD'S COMMITMENT

The Group's internal control system is designed to provide reasonable but not absolute assurance against the risk of material misstatement or loss. It is possible for internal control to be circumvented or overridden. Furthermore, because of changing business environment, the effectiveness of an internal control system may vary over time. The rationale of implementing the internal control system is to assist the Group in achieving its corporate objectives within an acceptable risk.

The Board believes that there is no significant breakdown or weaknesses in the internal control system of the Group that may result in material losses for the financial year ended 31 December 2011. The Group continues to take the necessary measures to strengthen its internal controls.

This Statement was made in accordance with the resolution of the Board of Directors dated 26 April 2012.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Companies Act, 1965 requires the Directors to ensure that financial statements provide a true and fair view of the state of affairs within the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and Company for the financial year. In preparing these statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- prepared the financial statements on an on going concerned basis unless it is inappropriate to presume that the Group will continue its business;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group thus enabling to ensure that the financial statements comply with the Companies Act, 1965. Further to this, the directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and/or to detect fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operations.

Financial Statements

48 Directors' Report
51 Statement by Directors
51 Statutory Declaration
52 Independent Auditors' Report
54 Statements of Comprehensive Income
55 Statements of Financial Position
57 Statements of Changes in Equity
59 Statements of Cash Flows
61 Notes to the Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(loss) net of tax	112	(133)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Aliyah Binti Dato' Hj. Baharuddin Marji
Chen Yu, Kuei-Feng
Chen, Hsi-Tao
Chen, Hung-Lin (also alternate to Chen, Hsi-Tao)
Chen, Hung-Ping
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay
Lau Po Cheng (alternate to Chen Yu, Kuei-Feng)
Mohd Khasan Bin Ahmad
Yeoh Chin Kiang

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' benefits (cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Direct interest -				
Chen, Hsi-Tao	26,447,398	-	-	26,447,398
Chen Yu, Kuei-Feng	1,646,400	-	-	1,646,400
Chen, Hung-Lin	2,826,220	-	-	2,826,220
Yeoh Chin Kiang	152,700	-	-	152,700
Chen, Hung-Ping	2,499,900	-	-	2,499,900
Lau Po Cheng	33,000	-	-	33,000

	Number of ordinary shares of RM1 each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Indirect interest -				
Chen, Hsi-Tao	6,972,520	-	-	6,972,520
Chen Yu, Kuei-Feng	31,773,518	-	-	31,773,518
Chen, Hung-Lin	30,593,698	-	-	30,593,698
Chen, Hung-Ping	30,920,018	-	-	30,920,018

Chen, Hsi-Tao, Chen Yu, Kuei-Feng, Chen, Hung-Lin and Chen, Hung-Ping by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2012.

Chen, Hsi-Tao

Chen, Hung-Lin

Melaka, Malaysia

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Chen, Hsi-Tao** and **Chen, Hung-Lin**, being two of the directors of **Ta Win Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 54 to 99 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 32 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2012.

Chen, Hsi-Tao

Chen, Hung-Lin

Melaka, Malaysia

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **Chen, Hsi-Tao**, being the director primarily responsible for the financial management of **Ta Win Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 99 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Chen, Hsi-Tao
at Melaka in the State of Melaka
on 26 April 2012.

Chen, Hsi-Tao

Before me,

Ong San Kee
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Ta Win Holdings Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Ta Win Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 99.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Report on other legal and regulatory requirements (cont'd)

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 32 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965, in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 26 April 2012

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	575,717	513,676	724	586
Cost of sales		(565,391)	(501,136)	-	-
Gross profit		10,326	12,540	724	586
Other income	5	2,692	377	-	-
Other items of expenses					
Selling and distribution expenses		(2,330)	(2,140)	-	-
General and administrative expenses		(7,462)	(8,833)	(757)	(824)
Finance costs	6	(3,114)	(2,566)	-	-
Profit/(loss) before tax	7	112	(622)	(33)	(238)
Income tax expense	10	-	137	(100)	62
Profit/(loss) net of tax		112	(485)	(133)	(176)
Other comprehensive income:					
Gain on available-for-sale financial assets:					
- Transfer to profit or loss upon disposal		-	74	-	-
Foreign currency translation		602	(186)	-	-
Other comprehensive income for the year, net of tax		602	(112)	-	-
Total comprehensive income/(loss) for the year		714	(597)	(133)	(176)
Earnings/(loss) per share attributable to owners of the parent (sen per share):					
Basic	11	0.2	(0.8)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	33,978	36,365	-	-
Land use rights	13	-	832	-	-
Investment property	14	900	800	-	-
Investments in subsidiaries	15	-	-	32,082	30,082
		34,878	37,997	32,082	30,082
Current assets					
Inventories	16	40,548	43,827	-	-
Trade and other receivables	17	60,487	57,659	61,908	64,237
Other current assets		-	638	10	14
Income tax recoverable		291	945	206	195
Cash and bank balances	18	19,702	9,973	452	247
		121,028	113,042	62,576	64,693
Total assets		155,906	151,039	94,658	94,775
Equity and liabilities					
Current liabilities					
Loans and borrowings	19	60,418	68,383	-	-
Trade and other payables	20	31,394	22,003	154	138
Other current liabilities		32	-	-	-
		91,844	90,386	154	138
Net current assets		29,184	22,656	62,422	64,555
Non-current liabilities					
Loans and borrowings	19	2,695	-	-	-
Total liabilities		94,539	90,386	154	138
Net assets		61,367	60,653	94,504	94,637

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Equity attributable to equity holders of the Company					
Share capital	21	64,286	64,286	64,286	64,286
Share premium	21	1,798	1,798	1,798	1,798
Other reserves	22	3,821	3,219	-	-
(Accumulated losses)/retained earnings	23	(8,538)	(8,650)	28,420	28,553
Total equity		61,367	60,653	94,504	94,637
Total equity and liabilities		155,906	151,039	94,658	94,775

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2011

	Equity, total RM'000	Share capital RM'000	Non-Distributable Other reserves RM'000	Non-Distributable Share premium RM'000	Distributable Accumulated losses RM'000
Group					
Opening balance at 1 January 2011	60,653	64,286	3,219	1,798	(8,650)
Total comprehensive income	714	-	602	-	112
Closing balance at 31 December 2011	61,367	64,286	3,821	1,798	(8,538)
Opening balance at 1 January 2010	61,250	64,286	3,331	1,798	(8,165)
Total comprehensive loss	(597)	-	(112)	-	(485)
Closing balance at 31 December 2010	60,653	64,286	3,219	1,798	(8,650)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

statements of changes in equity (cont'd)

for the Financial Year Ended 31 December 2011

	Equity, total RM'000	Non-Distributable Share capital RM'000	Non-Distributable Other reserves RM'000	Non-Distributable Share premium RM'000	Distributable Accumulated losses RM'000
Company					
Opening balance at 1 January 2011	94,637	64,286	-	1,798	28,553
Total comprehensive loss	(133)	-	-	-	(133)
Closing balance at 31 December 2011	94,504	64,286	-	1,798	28,420
Opening balance at 1 January 2010	94,813	64,286	-	1,798	28,729
Total comprehensive loss	(176)	-	-	-	(176)
Closing balance at 31 December 2010	94,637	64,286	-	1,798	28,553

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2011

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities				
Profit/(loss) before tax	112	(622)	(33)	(238)
Adjustments for :				
Depreciation of property, plant and equipment	5,589	6,258	-	-
Amortisation of land use rights	-	19	-	-
Impairment loss on trade receivables	69	-	-	-
Bad debts written off	1	-	-	-
Gain on disposal of property, plant and equipment	(851)	(3)	-	-
Property, plant and equipment written off	51	96	-	-
Gain from fair value adjustment of investment property	(100)	(100)	-	-
Gross dividends	-	-	(400)	(300)
Interest expense	3,114	2,566	-	-
Interest income	(19)	(146)	-	-
Fair value loss on available-for-sale financial assets	-	74	-	-
Unrealised exchange loss	670	2,174	-	-
Total adjustments	8,524	10,938	(400)	(300)
Operating cash flows before changes in working capital	8,636	10,316	(433)	(538)
Changes in working capital				
Decrease/(increase) in inventories	3,279	(1,448)	-	-
(Increase)/decrease in receivables	(3,576)	(9,914)	2,329	351
Decrease/(increase) in other current assets	670	(311)	4	2
Increase/(decrease) in payables	9,400	4,720	16	(4)
Total changes in working capital	9,773	(6,953)	2,349	349
Cash flows from/(used in) operations	18,409	3,363	1,916	(189)
Income taxes paid	(91)	(37)	(11)	(24)
Income taxes refunded	745	-	-	-
Interest received	19	146	-	-
Interest paid	(3,114)	(2,566)	-	-
Net cash flows from/(used in) operating activities	15,968	906	1,905	(213)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of property, plant and equipment	(853)	(1,525)	-	-
Proceeds from disposal of property, plant and equipment	851	3	-	-
Proceeds from disposal of investment securities	-	6,819	-	-
Investment in subsidiary	-	-	(2,000)	-
Net dividends received	-	-	300	225
Net cash flows (used in)/from investing activities	(2)	5,297	(1,700)	225
Financing activities				
Proceeds from loans and borrowings	5,390	7,097	-	-
Repayment of loans and borrowings	(8,488)	(17,937)	-	-
Repayment of obligation under finance lease	-	(55)	-	-
Net cash flows from/(used in) financing activities	(3,098)	(10,895)	-	-
Net increase/(decrease) in cash and cash equivalents	12,868	(4,692)	205	12
Effects of exchange rate changes	(967)	912	-	-
Cash and cash equivalents at 1 January	7,801	11,581	247	235
Cash and cash equivalents at 31 December (Note 18)	19,702	7,801	452	247

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business and the registered office of the Company is located at Lot 63-68, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka and No. 4-1, Komplek Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka respectively.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted, where applicable, the following new and amended FRS and IC Interpretations which became mandatory at the beginning of the current financial year.

FRS 1: First-time Adoption of Financial Reporting Standards
Amendments to FRS 2: Share-based Payment
FRS 3: Business Combinations
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to FRS 132: Classification of Rights Issues
IC Interpretation 18: Transfers of Assets from Customers
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 1: Limited Exemptions for First-time Adopters
Amendments to FRS 1: Additional Exemptions for First-time Adopters
IC Interpretation 4: Determining Whether an Arrangement contains a Lease
Improvements to FRS issued in 2010

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Business combinations involving entities under common control are accounted for by applying the pooling on interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Leasehold land : 50 to 99 years
- Buildings : 50 years
- Motor vehicles : 5 years
- Plant, machinery, equipment and electrical installation : 10 years
- Furniture, fittings and other equipment : 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Gains or losses arising from changes in the fair values of investment property is recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Company holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

(a) As lessee (cont'd)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20 (e).

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. Summary of significant accounting policies (cont'd)

2.21 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

The management did not make any critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and machinery

The cost of plant and machinery for the manufacture of enamelled copper wires and copper rods is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 17.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The total carrying value of recognised tax losses, capital allowances and reinvestment allowances of the Group was RM11,402,000 (2010 : RM12,135,000) and the unrecognised tax losses, capital allowances and reinvestment allowances of the Group was RM57,146,000 (2010 : RM56,056,000).

4. Revenue

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	575,717	513,676	-	-
Dividend income from a subsidiary	-	-	400	300
Management fees	-	-	324	286
	575,717	513,676	724	586

5. Other income

	Group	
	2011 RM'000	2010 RM'000
Interest income	19	146
Rental income from investment property		
- minimum lease payments	40	36
Gain on disposal of property, plant and equipment	851	3
Net gain from fair value adjustment of investment property (Note 14)	100	100
Realised foreign exchange gain	1,742	-
Miscellaneous	(60)	92
	2,692	377

6. Finance costs

	Group	
	2011 RM'000	2010 RM'000
Interest expense on:		
Bank borrowings	3,095	2,347
Obligations under finance lease	-	1
Other payable	19	218
	3,114	2,566

7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration				
- statutory audits	68	66	24	22
- other services	34	32	20	22
Employee benefits expense (Note 8)	4,432	4,472	342	364
Bad debts written off	1	-	-	-
Impairment loss on trade receivables	69	-	-	-
Depreciation of property, plant and equipment (Note 12)	5,589	6,258	-	-
Amortisation of land use rights (Note 13)	-	19	-	-
Net foreign exchange (gains)/losses	(1,073)	2,623	-	-
Fair value loss on financial instruments:				
- Available-for-sale financial assets (transferred from equity on disposal of investment securities)	-	74	-	-
Non-executive directors' remuneration (Note 9)	84	84	84	84
Operating lease:				
- minimum lease payments on buildings	103	117	-	-
Property, plant and equipment written off	51	96	-	-
Utility charges	7,003	6,833	-	-

8. Employee benefits expense

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	3,782	4,132	318	340
Social security contributions	25	34	-	-
Contributions to defined contribution plan	349	225	-	-
Other benefits	252	57	-	-
Directors' fee	24	24	24	24
	4,432	4,472	342	364

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM688,000 (2010: RM724,000) and RM342,000 (2010: RM364,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive:				
Salaries and other emoluments	633	668	318	340
Fees	24	24	24	24
Defined contribution plan	31	32	-	-
Total executive directors' remuneration (Note 8)	688	724	342	364
Non-Executive:				
Fees	84	84	84	84
Total non-executive directors' remuneration (Note 7)	84	84	84	84
Total directors' remuneration	772	808	426	448

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2011	2010
Executive directors:		
Below RM50,000	2	2
RM50,001 – RM100,000	2	2
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	2
Non-Executive directors:		
Below RM50,000	3	3

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	-	-	100	(62)
Over provision in respect of previous years	-	(137)	-	-
Income tax expense recognised in profit or loss	-	(137)	100	(62)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	2011 RM'000	2010 RM'000
Group		
Accounting profit/(loss) before tax	112	(622)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	28	(156)
Different tax rates in other countries	84	99
Income not subject to tax	(6)	(8)
Expenses not deductible for tax purposes	351	564
Benefits from previously unrecognised tax losses	(306)	(362)
Benefits from previously unabsorbed reinvestment allowance	(716)	(845)
Deferred tax assets recognised on unused tax losses	(215)	-
Deferred tax assets not recognised on unused tax losses	780	708
Over provision of income tax in respect of previous years	-	(137)
Income tax expense for the year	-	(137)
Company		
Accounting loss before tax	(33)	(238)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	(8)	(60)
Expenses not deductible for tax purposes	108	60
Over provision of income tax in respect of previous years	-	(62)
Income tax expense recognised in profit or loss	100	(62)

10. Income tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit/(loss) for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group	
	2011 RM'000	**2010 RM'000**
Utilisation of previously unrecognised tax losses	306	362

11. Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the years ended 31 December:

	Group	
	2011	**2010**
Profit/(loss) net of tax attributable to owners of the parent (RM'000)	112	(485)
Weighted average number of ordinary shares in issue ('000)	64,286	64,286
Basic earnings/(loss) per share (sen)	0.2	(0.8)

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

There is no diluted earnings/(loss) per share as the Company does not have any dilutive potential ordinary shares.

12. Property, plant and equipment

Group	*Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant, machinery, equipment, and electrical installation RM'000	Furniture, fittings, and other equipment RM'000	Total RM'000
	At cost or valuation	←	*At cost*	→	
Cost or valuation:					
At 1 January 2010:	21,354	2,900	88,126	1,441	113,821
Additions	5	188	1,323	9	1,525
Disposals	-	(18)	-	-	(18)
Written off	-	-	-	(96)	(96)
Exchange differences	(353)	(34)	(1,489)	171	(1,705)
At 31 December 2010 and 1 January 2011	21,006	3,036	87,960	1,525	113,527
Reclassification	1,027	-	-	-	1,027
Additions	-	355	415	83	853
Disposals	-	(205)	(4,075)	-	(4,280)
Written off	-	-	-	(51)	(51)
Exchange differences	353	41	1,585	10	1,989
At 31 December 2011	22,386	3,227	85,885	1,567	113,065
Accumulated depreciation:					
At 1 January 2010:	2,181	2,368	65,775	1,249	71,573
Depreciation charge for the year	535	272	5,381	70	6,258
Disposals	-	(18)	-	-	(18)
Exchange differences	(47)	(26)	(562)	(16)	(651)
At 31 December 2010 and 1 January 2011	2,669	2,596	70,594	1,303	77,162
Reclassification	195	-	-	-	195
Depreciation charge for the year	572	204	4,767	46	5,589
Disposals	-	(205)	(4,075)	-	(4,280)
Exchange differences	7	34	376	4	421
At 31 December 2011	3,443	2,629	71,662	1,353	79,087

12. Property, plant and equipment (cont'd)

	*Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant, machinery, equipment, and electrical installation RM'000	Furniture, fittings, and other equipment RM'000	Total RM'000
	At cost or valuation	←	*At cost*	→	
Net carrying amount:					
At 31 December 2010	18,337	440	17,366	222	36,365
At 31 December 2011	18,943	598	14,223	214	33,978

*** Leasehold land and buildings**

	Leasehold land and buildings RM'000	Long term leasehold land RM'000	Factory buildings RM'000	Total RM'000
Cost or valuation:				
At 1 January 2010:	444	3,250	17,660	21,354
Additions	-	-	5	5
Exchange differences	-	-	(353)	(353)
At 31 December 2010 and 1 January 2011	444	3,250	17,312	21,006
Reclassification	-	1,027	-	1,027
Exchange differences	-	-	353	353
At 31 December 2011	444	4,277	17,665	22,386
Accumulated depreciation:				
At 1 January 2010:	45	205	1,931	2,181
Depreciation charge for the year	9	41	485	535
Exchange differences	-	-	(47)	(47)
At 31 December 2010 and 1 January 2011	54	246	2,369	2,669
Depreciation charge for the year	9	62	501	572
Reclassification	-	195	-	195
Exchange differences	-	(56)	63	7
At 31 December 2011	63	447	2,933	3,443

12. Property, plant and equipment (cont'd)

	Leasehold land and buildings RM'000	Long term leasehold land RM'000	Factory buildings RM'000	Total RM'000
Net carrying amount:				
At 31 December 2010	390	3,004	14,943	18,337
At 31 December 2011	381	3,830	14,732	18,943

Revaluation of leasehold land and buildings

Land and buildings were revalued on 30 October 2009 and 16 November 2009 by accredited independent valuers. Fair value is determined by reference to open market values on an existing use basis.

If the land and buildings were measured using the cost model, the carrying amount would be as follows:

	2011 RM'000	2010 RM'000
Leasehold land and buildings	323	330
Long term leasehold land	1,091	1,108
Factory buildings	4,932	5,047
	6,346	6,485

Assets pledged as security

The Company's leasehold land and building with a carrying amount of RM18,562,000 (2010: RM17,947,000) are mortgaged to secure the Company's bank loans (Note 19).

13. Land use rights

	Group	
	2011 RM'000	2010 RM'000
At 1 January	832	906
Reclassification	(832)	-
Amortisation for the year (Note 7)	-	(19)
Exchange differences	-	(55)
At 31 December	-	832

The Group has land use rights over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage facilities reside. The land use rights are not transferable and have a remaining tenure of 45 years (2010: 46 years).

14. Investment property

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	800	700
Gain from fair value adjustment recognised in profit or loss (Note 5)	100	100
At 31 December	900	800

Valuation of investment property

Investment property is stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuation is determined by reference to open market values on an existing use basis.

15. Investment in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares at cost	32,082	30,082

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
Ta Win Industries (M) Sdn. Bhd. ("TWI")	Malaysia	Manufacture of enamelled copper wires and copper rods	100	100
Twin Industrial (H.K.) Company Limited *	Hong Kong	Trading of enamelled copper wires and copper rods	100	100
Subsidiary of TWI :				
Ta Win Industries Corp. ("TWIC")	Republic of Mauritius	Investment holding	100	100
Subsidiary of TWIC :				
Ta Win Electronic Tech-Material (Changshu) Co. Ltd. ("TW Changshu") *	People's Republic of China	Manufacturing and trading of enamelled copper wires	100	100

* Audited by firm other than Ernst & Young.

16. Inventories

	Group 2011 RM'000	Group 2010 RM'000
At cost:		
Raw materials	20,186	20,471
Work-in-progress	8,797	12,060
Finished goods	10,699	9,926
Consumables	866	1,370
	40,548	43,827

17. Trade and other receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables				
Third parties	57,938	56,689	-	-
Less: Allowance for impairment	(69)	(2,255)	-	-
Trade receivables, net	57,869	54,434	-	-
Other receivables				
Amounts due from subsidiaries	-	-	61,908	64,237
Refundable deposits	85	42	-	-
Sundry receivables	2,533	3,183	-	-
	2,618	3,225	61,908	64,237
	60,487	57,659	61,908	64,237
Total trade and other receivables	60,487	57,659	61,908	64,237
Add: Cash and bank balances (Note 18)	19,702	9,973	452	247
Total loans and receivables	80,189	67,632	62,360	64,484

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010 : 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

17. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM'000	2010 RM'000
Neither past due nor impaired	38,549	26,895
1 to 30 days past due not impaired	16,579	24,623
31 to 60 days past due not impaired	98	2,659
61 to 90 days past due not impaired	2,643	257
	19,320	27,539
Impaired	69	2,255
	57,938	56,689

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to RM19,320,000 (2010: RM27,539,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2011 RM'000	2010 RM'000
Trade receivables - nominal amounts	69	2,255
Less: Allowance for impairment	(69)	(2,255)
	-	-

17. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

Movement in allowance accounts:	2011 RM'000	2010 RM'000
At 1 January	2,255	2,255
Charge for the year	69	-
Written off	(2,255)	-
At 31 December	69	2,255

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficuities and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

18. Cash and cash equivalents

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	19,702	9,973	452	247
Bank overdrafts (Note 19)	-	(2,172)	-	-
Cash and cash equivalents	19,702	7,801	452	247

19. Loans and borrowings

		Group	
	Maturity	2011 RM'000	2010 RM'000
Current			
Secured:			
4.25% p.a fixed rate RMB loan	2011	-	8,283
7.56% p.a. fixed rate RMB loan	2012	3,859	-
Bank overdrafts (Note 18)	On demand	-	2,172
Bankers' acceptances at 3.23% (2010 : 2.95%) p.a.	2012	41,732	56,126
		45,591	66,581

19. Loans and borrowings (cont'd)

		Group	
	Maturity	2011 RM'000	2010 RM'000
Unsecured:			
USD loan at SIBOR + 4.50% p.a.	2012	2,695	-
Bankers' acceptances at 3.36% p.a.	2012	9,135	-
Export credit refinancing at 4.20% (2010 : 3.80%) p.a.	2012	2,997	1,802
		14,827	1,802
		60,418	68,383
Non current			
Unsecured:			
USD loan at SIBOR + 4.50% p.a.	2013	2,695	-
Total loans and borrowings		63,113	68,383

USD bank loan at SIBOR +4.50% p.a.

This loan is secured against corporate guarantee provided by the Company.

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR + 1.5% p.a. and are secured against corporate guarantee provided by the Company.

Secured loans and borrowings

The secured portion of loans and borrowings are secured by certain property, plant and equipment (Note 12) of the Group.

20. Trade and other payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables				
Third parties	15,053	7,757	-	-
Other payables				
Due to directors	1,027	883	110	110
Accrued operating expenses	616	619	44	28
Other payables				
- interest bearing at 2% (2010: 2%) per annum	12,660	10,900	-	-
- non-interest bearing	2,038	1,844	-	-
	16,341	14,246	154	138
	31,394	22,003	154	138
Total trade and other payables	31,394	22,003	154	138
Add: Loans and borrowings (Note 19)	63,113	68,383	-	-
Total financial liabilities carries at amortised cost	94,507	90,386	154	138

(a) Trade payables

These amounts non-interest bearing. Trade payables are normally settled on 30 to 60 day (2010: 30 to 60 day) terms.

(b) Other payables

These amounts are normally settled on 30 to 60 day (2010: 30 to 60 day) terms.

(c) Amounts due to directors

These amounts are unsecured, non-interest bearing and are repayable on demand.

21. Share capital and share premium

Group and Company	Number of ordinary shares of RM1 each: Share capital (Issued and fully paid) '000	Amount: Share capital (Issued and fully paid) RM'000	Amount: Share premium RM'000	Amount: Total share capital and share premium RM'000
At 31 December 2010/ 31 December 2011	64,286	64,286	1,798	66,084

21. Share capital and share premium (cont'd)

	Number of ordinary shares of RM 1 each		Amount	
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Authorised share capital	100,000	100,000	100,000	100,000

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

22. Other reserves

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
Group				
At 1 January 2010	2,769	636	(74)	3,331
Other comprehensive income:				
Foreign currency translation	-	(186)	-	(186)
Available-for-sale financial assets:				
- Transfer to profit or loss upon disposal (Note 7)	-	-	74	74
	-	(186)	74	(112)
At 31 December 2010	2,769	450	-	3,219
At 1 January 2011	2,769	450	-	3,219
Other comprehensive income:				
Foreign currency translation	-	602	-	602
At 31 December 2011	2,769	1,052	-	3,821

The nature and purpose of each category of reserves are as follows:

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

22. Other reserves (cont'd)

(b) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

23. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011, the Company has sufficient credit in the 108 balance to distribute dividends amounting to RM846,000 (2010: RM846,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

24. Deferred tax liabilities

	Group	
	2011 RM'000	2010 RM'000
Represented by:		
Deferred tax assets	(2,874)	(3,318)
Deferred tax liabilities	2,874	3,318
	-	-

24. Deferred tax liabilities (cont'd)

Deferred income tax as at 31 December relates to the following:

	Deferred tax liabilities	Deferred tax assets		
	Property, plant and equipment, and investment properties RM'000	Capital allowances, reinvestment allowances and tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2010	3,827	(3,670)	(157)	-
Recognised in profit or loss	(509)	637	(128)	-
At 31 December 2010	3,318	(3,033)	(285)	-
Recognised in profit or loss	(444)	184	260	-
At 31 December 2011	2,874	(2,849)	(25)	-

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM37,584,000 (2010 : RM34,147,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation of the respective countries in which the subsidiaries operate.

Unabsorbed reinvestment allowances

Unabsorbed reinvestment allowances of a subsidiary has not been recognised as deferred tax assets principally due to absence of foreseeable future taxable profit from the subsidiary to set off against the unabsorbed reinvestment allowances.

25. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

25. Related party transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	2011 RM'000	2010 RM'000
Group		
Rental of premises paid to a director	64	62
Company		
Dividend from a subsidiary	400	300
Management fee from a subsidiary	324	286

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	657	692	342	364
Defined contribution plan	31	32	-	-
	688	724	342	364

26. Commitments

(a) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of building. This lease has an average life of two years with no purchase option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 31 December 2011 amounted to RM103,000 (2010: RM136,000).

Future minimum rentals payables under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2011 RM'000	2010 RM'000
Future minimum rentals payable:		
Not later than 1 year	84	99
Later than 1 year and not later than 5 years	64	18
	148	117

27. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	17
Trade and other payables (current)	20
Loans and borrowings (current)	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

28. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

28. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM63,112,000 (2010: RM66,211,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Credit risk concentration profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011		
	On demand or within one year	One to five years	Total
	RM'000	RM'000	RM'000
Group			
Financial liabilities:			
Trade and other payables	31,394	-	31,394
Loans and borrowings	60,418	2,695	63,113
Total undiscounted financial liabilities	91,812	2,695	94,507

	2011		
	On demand or within one year	One to five years	Total
	RM'000	RM'000	RM'000
Company			
Financial liabilities:			
Other payables, excluding financial guarantees*	154	-	154
Total undiscounted financial liabilities	154	-	154

28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2010		
	On demand or within one year	**One to five years**	**Total**
	RM'000	**RM'000**	**RM'000**
Group			
Financial liabilities:			
Trade and other payables	68,383	-	68,383
Loans and borrowings	22,003	-	22,003
Total undiscounted financial liabilities	90,386	-	90,386
Company			
Financial liabilities:			
Other payables, excluding financial guarantees*	138	-	138
Total undiscounted financial liabilities	138	-	138

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis point lower/higher, with all other variables held constant, the Group's profit before tax would have been RM631,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

28. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD") and New Taiwan Dollars ("NTD"). Such transactions are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
Functional currency of Group Companies	**United States Dollars RM'000**	**New Taiwan Dollars RM'000**	**Total RM'000**
As at 31 December 2011			
Ringgit Malaysia	5,812	-	5,812
Hong Kong Dollars ("HKD")	(12,508)	2,405	(10,103)
Chinese Renminbi ("RMB")	(11,714)	-	(11,714)
	(18,410)	2,405	(16,005)
As at 31 December 2010			
Ringgit Malaysia	1,479	-	1,479
Hong Kong Dollars	-	2,083	2,083
	1,479	2,083	3,562

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

28. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

		Group 2011 RM'000	2010 RM'000
		Profit net of tax	**Profit net of tax**
USD/RM	- strengthened 3%	174	44
	- weakened 3%	(174)	(44)
USD/HKD	- strengthened 3%	(375)	-
	- weakened 3%	375	-
USD/RMB	- strengthened 3%	(351)	-
	- weakened 3%	351	-
NTD/HKD	- strengthened 3%	72	62
	- weakened 3%	(72)	(62)

29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

	Note	2011 RM'000	2010 RM'000
Loan and borrowings	19	63,113	68,383
Trade and other payables	20	31,394	22,003
Less: Cash and bank balances	18	(19,702)	(9,973)
Net debt		74,805	80,413
Total capital		61,367	60,653
Capital and net debt		136,172	141,066
Gearing ratio		55%	57%

30. Segment information

The Group is principally involved in manufacturing and trading of enamelled copper wires and copper rods which are principally carried out in Malaysia, Hong Kong and the People's Republic of China. Accordingly, information by operating segments on the Group's operations as required by FRS 8 is not presented.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		*Non-current assets*	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Malaysia	442,613	395,750	15,977	22,480
Hong Kong	51,627	48,437	136	154
People's Republic of China	81,477	69,489	18,765	15,363
	575,717	513,676	34,878	37,997

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2011 RM'000	**2010 RM'000**
Property, plant and equipment	33,978	36,365
Land use rights	-	832
Investment property	900	800
	34,878	37,997

Information about a major customer

Revenue from one major customer amount to RM108,017,000 (2010: RM108,556,000), arising from sales by the Group.

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 26 April 2012.

32. Supplementary information – Breakdown of realised and unrealised retained earnings

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	16,465	17,341	28,420	28,553
- Unrealised	(1,678)	(2,725)	-	-
	14,787	14,616	28,420	28,553
Less: Consolidated adjustments	(23,325)	(23,266)	-	-
(Accumulated losses)/retained earnings as per financial statements	(8,538)	(8,650)	28,420	28,553

ANALYSIS OF SHAREHOLDINGS

as at 23 April 2012

Authorised Capital	:	100,000,000 shares
Issued and fully paid-up	:	64,286,300 ordinary shares of RM1.00 each
Class of shares	:	RM1.00 ordinary Share
Voting Rights	:	1 vote per ordinary Share
Number of Shareholders as at 23 April 2012	:	2,271

Distribution Of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	32	1.41	1,362	0.00
100 – 1,000	268	11.80	234,760	0.36
1,001 – 10,000	1,506	66.31	6,175,591	9.61
10,001 – 100,000	422	18.58	11,669,100	18.15
100,001 – 3,214,314(*)	42	1.85	21,180,489	32.95
3,214,315 and above (**)	1	0.05	25,024,998	38.93
Total	2,271	100.00	64,286,300	100.00

Note :

(*) means less than 5% of issued and paid-up share capital
(**) means 5% and above of issued and paid-up share capital

Substantial Shareholders as at 23 April 2012

The Substantial shareholders of Ta Win Holdings Berhad (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:

	Direct interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chen, Hsi-Tao	26,447,398	41.14	7,433,340 [0]	11.56
Chen Yu, Kuei-Feng	1,646,400	2.56	32,234,338 [1]	50.14
Chen, Hung-Lin	2,826,220	4.40	31,054,518 [2]	48.31
Chen, Hung-Ping	2,960,720	4.61	30,920,018 [3]	48.10

Note :

(0) Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping.
(1) Deemed interested by virtue of her interest via her spouse, Chen, Hsi-Tao and her sons, Chen, Hung-Lin and Chen, Hung-Ping.
(2) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping.
(3) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Lin.

Directors' Interests in Related Corporations as at 23 April 2012

By virtue of their interests in the shares of the Company, Chen, Hsi-Tao, Chen Yu, Kuei-Feng, Chen, Hung-Lin and Chen, Hung-Ping are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office had any interest in shares in the Company's subsidiaries or related corporation as at 23 April 2012.

Directors' Shareholdings as at 23 April 2012

	Direct interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Chen, Hsi-Tao	26,447,398	41.14	7,433,340 [0]	11.56
Chen Yu, Kuei-Feng	1,646,400	2.56	32,234,338 [1]	50.14
Aliyah Binti Dato' Hj. Baharuddin Marji	-	-	-	-
Yeoh Chin Kiang	152,700	0.24	-	-
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Chen, Hung-Lin*	2,826,220	4.40	31,054,518 [2]	48.31
Chen, Hung-Ping	2,960,720	4.61	30,920,018 [3]	48.10
Lau Po Cheng (Alternate Director to Chen Yu, Kuei- Feng)	33,000	0.05	-	-

Note :

([0]) Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping.

([1]) Deemed interested by virtue of her interest via her spouse, Chen, Hsi-Tao and her sons, Chen, Hung-Lin and Chen, Hung-Ping.

([2]) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping.

([3]) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Lin.

(*) Chen, Hung-Lin is also the Alternate Director to Chen, Hsi-Tao

Thirty Largest Shareholders as at 23 April 2012

No	Shareholders	No. of Shares	%
1	CHEN, HSI-TAO	25,024,998	38.93
2	YU, CHUN-FU	3,089,620	4.81
3	CHEN, HUNG-PING	2,495,720	3.88
4	CHEN, HUNG-LIN	2,060,100	3.20
5	CHEN YU, KUEI-FENG	1,622,729	2.52
6	CHEN, HSI-TAO	1,422,400	2.21
7	CHANG, TIEN-LAI	1,225,180	1.91
8	YU, CHUN-FU	821,400	1.28
9	YU, KUO-PING	578,760	0.90
10	CHANG, TIEN-LAI	543,800	0.85
11	CHEN, HUNG-LIN	474,920	0.74
12	TSAI, FEN-CHIN	471,200	0.73
13	CHEN, HUNG-PING	465,000	0.72
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YEO GUIK HIANG*	370,600	0.58
15	OU, CHIA-WEI	343,600	0.53
16	TAY TECK HO	340,000	0.53
17	YANG PO-CHUN	318,000	0.49
18	YEW KOK SOO	306,300	0.48
19	CHEN, HUNG-LIN	291,200	0.45
20	OOI POH HENG @ YEOH JOO ENG	258,400	0.40
21	CHIA SIEW FUNG	253,400	0.39
22	TAN KOK SING	250,000	0.39
23	YEOH KEAN BENG	240,000	0.37
24	HSU, YAO-JIH	223,160	0.35
25	OU, CHIA-WEI	214,200	0.33
26	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAY ENG TONG*	195,000	0.30
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG NGOW @ NG SOO HAR*	190,000	0.30
28	EWE CHOR LAY	176,700	0.27
29	TAN KOK SING	175,000	0.27
30	YONG HON CHONG	167,000	0.26

LIST OF GROUP PROPERTIES

Location	Tenure/ Expiry Date	*Existing Use	Age of Building (year /month)	Land area (m2)/(Built-up area) (m2)	Carrying Amount @ 31.12.2011 RM ('000)	Year of Valuation / #Acquisition
Lot PT 1234 to 1237 and Lot PT 1287 to 1290 Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 26/6/2089 for Lot PT 1234 to 1237, leaving unexpired terms of about 78 years 99 years leasehold expiring on 25/6/2089 or Lot PT 1287 to 1290 leaving unexpired terms of about 78 years	*Industrial land, factory building & office	9,10,13,16 years (4 factories)	31,794/ (17,920)	13,127	2009
Lot No. 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold expiring on 19/8/2075, leaving unexpired terms of about 64 years	*Building (Shophouse)	28 years	148/(366)	900	2011
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 80 years	*Apartments	10 years	N/A/(728)	382	2009
No. 58 Shenzen Rd. High-Tech Industrial Park of Changshu Economic Development Zone, Jiangshu China	50 years leasehold expiring on 24/5/2056, leaving unexpired terms of about 45 years	^Industrial Land, factory building & office	5 years	44,039/ (12,604.50)	5,433	#2003

Note :

* All the land and buildings are owned by Ta Win Industries (M) Sdn. Bhd.

^ The industrial land, factory building and office are owned by Ta Win Electronic Tech-Material (Changshu) Co. Ltd.

The Certificate of Fitness for the factory building was received in 2007.

PROXY FORM

大穩控股有限公司 291592-U
TA WIN HOLDINGS BERHAD

Number of Shares held	

I/We ____ NRIC No. ____________________
(Full Name in Capital Letters)

of ____
(Full Address)

being a *Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint ____________________
(Full Name in Capital Letters)

NRIC No. __________________ of ____
(Full Address)

or failing him, ____ NRIC No. ____________________
(Full Name in Capital Letters)

of ____
(Full Address)

as *my/our proxy to vote for *my/our behalf at the Eighteenth Annual General Meeting to be held at Bilik Bunga Melati, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Monday, 25 June 2012 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain for voting as his discretion.

No	**Agenda**			
1	To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.			
		Resolution	**For**	**Against**
2	To approve the payment of Directors' fee for the financial year ended 31 December 2011.	1		
3	To re-elect Mr. Chen, Hsi-Tao, the retiring Director who retires pursuant to Section 129 of the Companies Act, 1965, and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting.	2		
4	To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association :- i) Mr. Yeoh Chin Kiang	3		
	ii) Cik Aliyah Binti Dato' Hj. Baharuddin Marji	4		
5	To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012 and to authorize the Directors to fix the Auditors' remuneration.	5		
6	Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965.	6		

* Strike out whichever not applicable.

As witness my/our hand this ______ day of __________________

____
Signature of Member/Common Seal

NOTES:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of him. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a),(b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. The instrument appointing a proxy shall be in writing by the appointor or an attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or by an officer or attorney duly authorized.

4. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1 Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the meeting convenes or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.

5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.

6. In respect of deposited securities, only member whose names appear in the Record of Depositors on 18 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

STAMP

The Secretary
TA WIN HOLDINGS BERHAD
(291592-U)

No. 4-1 Komplek Niaga Melaka Perdana
Jln KNMP 3, Bukit Katil
75450 Melaka

大穩控股有限公司 291592-U

TA WIN HOLDINGS BERHAD

No. 4-1 Komplek Niaga Melaka Perdana
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