

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2015
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.15	Preceding Year Corresponding Quarter 31.12.14	Current Year To Date 31.12.15	Preceding Year Corresponding Period 31.12.14
	RM'000	RM'000	RM'000	RM'000
Revenue	7,609	7,252	28,917	27,943
Cost of sales	(6,805)	(6,630)	(25,753)	(24,587)
Gross profit	<u>804</u>	<u>622</u>	<u>3,164</u>	<u>3,356</u>
Operating expenses	(1,410)	(1,554)	(5,892)	(5,680)
Other Income	871	291	1,929	3,221
Profit/(Loss) from operations	<u>265</u>	<u>(641)</u>	<u>(799)</u>	<u>897</u>
Finance cost	-	(11)	-	(11)
Interest income	68	147	252	499
Share of loss of associate	(2)	(1)	(2)	(1)
Profit/(Loss) before taxation	<u>331</u>	<u>(506)</u>	<u>(549)</u>	<u>1,384</u>
Taxation	19	(132)	(24)	(274)
Profit/(Loss) for the period	<u>350</u>	<u>(638)</u>	<u>(573)</u>	<u>1,110</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES)	<u><u>350</u></u>	<u><u>(638)</u></u>	<u><u>(573)</u></u>	<u><u>1,110</u></u>
Profit/(Loss) for the period attributable to :				
Owners of the Company	350	(638)	(573)	1,110
Non-controlling interests	-	-	-	-
	<u>350</u>	<u>(638)</u>	<u>(573)</u>	<u>1,110</u>
Total comprehensive Income/(Expenses) attributable to:				
Owners of the Company	350	(638)	(573)	1,110
Non-controlling interests	-	-	-	-
	<u>350</u>	<u>(638)</u>	<u>(573)</u>	<u>1,110</u>
Profit/(Loss) per share (sen)				
- Basic	<u>0.45</u>	<u>(0.82)</u>	<u>(0.74)</u>	<u>1.43</u>
- Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Condensed Consolidated Statements of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(The figures have not been audited)

	As At End Of Current Quarter 31.12.15	As At Preceding Financial Year Ended 31.12.2014 (Audited)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	30,412	27,104
Prepaid lease payments on long leasehold land	989	1,027
Investment properties	5,189	4,500
Investment in associated company	1,752	1,298
Product Development Costs	548	-
Total non-current assets	<u>38,890</u>	<u>33,929</u>
Current assets		
Inventories	8,509	8,167
Trade and other receivables	5,636	7,032
Amount owing by associate company	2	-
Current tax assets	154	97
Short term and fixed deposits, cash and bank balances	10,645	16,131
	<u>24,946</u>	<u>31,427</u>
TOTAL ASSETS	<u>63,836</u>	<u>65,356</u>
EQUITY AND LIABILITIES		
Equity - attributable to owners of the Company		
Share capital	40,000	40,000
Share premium	2,809	2,809
Treasury shares, at cost	(1,041)	(1,041)
Retained earnings	16,685	17,258
Total equity	<u>58,453</u>	<u>59,026</u>
Non-current liability		
Deferred tax liability	197	202
Current liabilities		
Trade and other payables	5,185	5,836
Derivative financial liability	-	271
Current tax liabilities	1	21
	<u>5,186</u>	<u>6,128</u>
Total liabilities	<u>5,383</u>	<u>6,330</u>
TOTAL EQUITY AND LIABILITIES	<u>63,836</u>	<u>65,356</u>
Net assets per share attributable to owners of the Company (RM)	0.75	0.76

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2015
(The figures have not been audited)

	Current Financial period ended 31.12.15	Preceding Year Corresponding Period 31.12.14
	RM'000	RM'000
Cash flows (used in)/from operating activities		
(Loss)/Profit before tax	(549)	1,384
Adjustments for:		
Non-cash & non-operating items	748	(247)
Operating profit before working capital changes	<u>199</u>	<u>1,137</u>
(Increase) / Decrease in working capital		
Inventories	(342)	(1,320)
Trade and other receivables	1,396	(2,565)
Trade and other payables	(651)	762
Amount owing by associate company	(2)	-
Cash generated from/(used in) operations	600	(1,986)
Interest paid	-	(11)
Income tax paid	(105)	(156)
Net cash from/(used in) operating activities	<u>495</u>	<u>(2,153)</u>
Cash flows (used in)/from investing activities		
Proceeds from disposal of property, plant and equipment	312	7,377
Purchase of property, plant and equipment	(5,509)	(9,495)
Product development costs	(580)	-
Interest received	252	499
Investment in associates	(456)	(1,300)
Net cash (used in)/from investing activities	<u>(5,981)</u>	<u>(2,919)</u>
Cash flows from/(used in) financing activities		
Share buy back	-	-
Net cash from/(used in) financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(5,486)	(5,072)
Cash and cash equivalents at beginning of period	15,115	20,187
Cash and cash equivalents at end of the period	<u>9,629</u>	<u>15,115</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	6,374	4,335
Deposits in the licensed bank	4,271	11,796
	<u>10,645</u>	<u>16,131</u>
Less : Fixed deposits pledged to licensed bank	(1,016)	(1,016)
	<u>9,629</u>	<u>15,115</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2015
(The figures have not been audited)

	Attributable to owners of the Company					Total Equity
	Non-Distributable			Distributable		
	Share Capital	Share Premium	Fair Value Reserve	Treasury Shares	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	40,000	2,809	-	(1,041)	16,149	57,917
Profit for the year	-	-	-	-	1,109	1,109
At 31 December 2014	<u>40,000</u>	<u>2,809</u>	<u>-</u>	<u>(1,041)</u>	<u>17,258</u>	<u>59,026</u>
At 1 January 2015	40,000	2,809	-	(1,041)	17,258	59,026
Loss for the period	-	-	-	-	(573)	(573)
At 31 December 2015	<u>40,000</u>	<u>2,809</u>	<u>-</u>	<u>(1,041)</u>	<u>16,685</u>	<u>58,453</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirement.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

A2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014.

Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations ("IC Int.") Issued but Not Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments relevant to the Company which were in issue but not yet effective and not early adopted by the Company are as listed below.

MFRS 9	Financial Instruments ¹
MFRS15	Revenue from Contracts with Customers ²
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception ³
Amendments to MFRS 11	Accounting for Acquisitions of Interests In Joint Operations ³
Amendments to MFRS 101	Disclosure Initiative ³
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to MFRS 116 and MFRS 141	Agriculture : Bearer Plants ³
Amendments to MFRS 127	Equity Method in Separate Financial Statements ³

¹ Effective for annual periods beginning on or after January 1, 2018

² Effective for annual periods beginning on or after January 1, 2017

³ Effective for annual periods beginning on or after January 1, 2016

A3. Qualification of Annual Financial Statements

There has not been any qualification made by the auditors on the annual financial statements of the Group for the year ended 31 December 2014.

A4. Seasonal and Cyclical Factors

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

A5. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year to date.

A6. Material Changes in Estimates

There were no changes in accounting estimates that have a material effect on the results for the current quarter and financial year to date.

A7. Issuances and repayment of debt and equity securities

There were no issuances, repurchases of shares for the current quarter under review. As at 31 December 2015, the number of treasury shares held was 2,540,500 ordinary shares.

A8. Dividend Paid

No dividend has been paid for the financial year to date.

A9. Segmental Reporting

No segment analysis is prepared as the Group is involved in a single industry segment relating to the manufacturing and marketing of furniture products. The operation of the Group is carried out entirely in Malaysia.

A10. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment by the subsidiary companies for the current quarter and financial year to date.

A11. Subsequent Events

There were no material events subsequent to the end of the current quarter under review.

A12. Change in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year to date.

A13. Changes in Contingent Liabilities

As at 31 December 2015, a subsidiary company had credit facilities amounting to RM4,200,000 from a licensed local bank which were guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by the subsidiary company.

A14. Capital Commitments

Purchase of property, plant and equipment	As at 31.12.2015 RM'000
Approved and contracted for	<u>1,222</u>

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

A15. Derivative Financial Asset/Liability

There were no outstanding forward foreign exchange contracts outstanding as at 31 December 2015.

Forward foreign exchange contract are entered into with licensed bank to hedge part of the Group's sales from exchange rate movements. As the exchange rate are pre-determined under such contracts, the Group is not exposed to any market risk. Given that the contracts are entered into with the licensed bank, we are of the view that the credit risk is minimal.

A16. Related party transactions

Related parties are those defined under MFRS124 : Related Party Disclosures. The directors are of the opinion that the related party transactions described below were carried out in the ordinary course of business and on commercial terms that are no more favorable than those available to other third parties.

	Current year to date 31.12.15 RM'000	Preceding year Corresponding Period 31.12.14 RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
<u>Rental expense</u>		
Guan & Associates	6	6
<u>Professional fee</u>		
Macellent (M) Sdn Bhd	-	91
Macellent (Muar) Sdn Bhd	14	7
Tan Chuan Yong & S.M. Chan	2	44

A17. Valuation to Fair Value of Investment Properties

Investment properties have been valued at fair value in accordance with accounting standards and there was a gain of RM690,000 been included in Other Income during the current quarter and financial year to date.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA
MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

B1. Review of Performance

The revenue and profit before tax recorded by the Group for the quarter was RM7,609,000 and RM331,000 respectively. This represents an increase of RM357,000 in revenue or 5% higher than that of its corresponding quarter. The increase was mainly due to the following :-

- The Group export sales had increased by 9% and
- Local sales had decreased by 4 %

The Group incurred a profit before tax of RM331,000 in the quarter as compared to a loss before tax of RM506,000 in the previous corresponding quarter. The increase in profit was primarily due to the following :-

- Higher other income, resulting from revaluation of investment properties to its fair value as required by accounting standards ;
- Lower overheads

The Group recorded an increase in revenue to RM28,917,000 against RM27,943,000 in the previous year mainly due to increase on local sales. The registered loss before tax of RM549,000 against the profit of RM1,384,000 in the preceding year corresponding period was due to the following :-

- Higher overheads ;
- Lower other income

B2. Variation of Results Against Preceding Quarter

The Group registered a profit before tax for the current quarter ended 31 December 2015 of RM331,000 as compared to a loss before tax of RM183,000 in the previous quarter ended 30 September 2015. The profit was mainly attributed by the following:-

- Higher other income, resulting from revaluation of investment properties to its fair value as required by accounting standards ;
- Lower overheads

B3. Commentary on Prospects

The Group shall see through its investments and envisaged that these investments would contribute positively to the performance of the Group in the longer term although the incubation period for these investments has taken longer than expected. We anticipate the Group to break even with these investments in the financial year 2016 barring unforeseen circumstances.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

	Current Year Quarter 31.12.15 RM'000	Current Year To Date 31.12.15 RM'000
Income tax	(15)	28
Deferred tax	(4)	(4)
	<u>(19)</u>	<u>24</u>

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

The effective tax rate differs from the statutory tax rate for the current year to date due to certain income of the holding company which cannot be offset for tax purposes.

B6. Status of Corporate Proposal

There is no corporate proposal announced for the current quarter under review.

B7. Group Borrowing and Debt Securities

As at 31 December 2015, the Group does not have any debt securities and no bank borrowings.

B8. Gains/Losses arising from fair value changes of financial assets/liabilities

The Group does not have any financial instruments at the end of reporting period.

B9. Material Litigation

The Group does not have any material litigation as at the date of this report.

B10. Dividend Payable

No dividend has been declared for the current quarter under review.

B11. Basis of Calculation of Earnings/(Loss) Per Share

The basic profit/(loss) per share for the quarter and financial period ended 31 December 2015 is computed as follow:

	Individual Current Year Quarter 31.12.15	Cumulative Current Year To Date 31.12.15
Profit/(Loss) attributable to owners of Company (RM'000)	350	(573)
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>77,460</u>	<u>77,460</u>
Basic Profit/(Loss) Per Share based on weighted average number of ordinary shares of RM0.50 each in issue (sen)	<u>0.45</u>	<u>(0.74)</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

B12. Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Bhd ("Bursa Malaysia") on 25 March 2010, is as follows:

	As at 31.12.15 (RM'000)	As at 31.12.14 (RM'000)
Total retained earnings of the Group		
- Realised	17,164	17,035
- Unrealised	<u>(479)</u>	<u>224</u>

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(Company No. 640935-P)

As per consolidated accounts	<u>16,685</u>	<u>17,259</u>
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B13. Additional Disclosure on profit for the period

	Current Quarter Ended 31.12.15 (RM'000)	Financial Period Ended 31.12.15 (RM'000)
Profit for the period is arrived at after charging/(crediting) :		
Gain on disposal of fixed asset	-	(141)
Interest income	(68)	(252)
Depreciation of property, plant and equipment	495	2,030
Amortisation of prepaid lease payments	10	38
Realised loss/(gain) on foreign exchange	(507)	(1,014)
Unrealised loss/(gain) on foreign exchange	(165)	(282)
Gain on derivative	(41)	(271)
Fair value gain	(690)	(690)

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, interest expenses, impairment of assets and exceptional items for the current quarter and period ended 31 December 2015.

By order of the Board
TAFI Industries Berhad

Dato' Saw Eng Guan
Executive Chairman

26 February 2016