

**TAFI INDUSTRIES BERHAD**  
(Company No. 640935-P)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2017**  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.17	Preceding Year Corresponding Quarter 31.03.16	Current Year To Date 31.03.17	Preceding Year Corresponding Period 31.03.16
	RM'000	RM'000	RM'000	RM'000
Revenue	6,077	6,813	6,077	6,813
Cost of sales	(5,914)	(6,122)	(5,914)	(6,122)
Gross profit	<u>163</u>	<u>691</u>	<u>163</u>	<u>691</u>
Operating expenses	(1,236)	(1,612)	(1,236)	(1,612)
Other (Charges)/Income	(48)	(264)	(48)	(264)
Loss from operations	<u>(1,121)</u>	<u>(1,185)</u>	<u>(1,121)</u>	<u>(1,185)</u>
Interest income	26	21	26	21
Loss before taxation	<u>(1,095)</u>	<u>(1,164)</u>	<u>(1,095)</u>	<u>(1,164)</u>
Taxation	-	(5)	-	(5)
Loss for the period	<u>(1,095)</u>	<u>(1,169)</u>	<u>(1,095)</u>	<u>(1,169)</u>
<b>TOTAL COMPREHENSIVE EXPENSES</b>	<u><b>(1,095)</b></u>	<u><b>(1,169)</b></u>	<u><b>(1,095)</b></u>	<u><b>(1,169)</b></u>
Loss for the period attributable to :				
Owners of the Company	(1,095)	(1,169)	(1,095)	(1,169)
Non-controlling interests	-	-	-	-
	<u>(1,095)</u>	<u>(1,169)</u>	<u>(1,095)</u>	<u>(1,169)</u>
Total comprehensive Expenses attributable to:				
Owners of the Company	(1,095)	(1,169)	(1,095)	(1,169)
Non-controlling interests	-	-	-	-
	<u>(1,095)</u>	<u>(1,169)</u>	<u>(1,095)</u>	<u>(1,169)</u>
Loss per share (sen)				
- Basic	<u>(1.41)</u>	<u>(1.51)</u>	<u>(1.41)</u>	<u>(1.51)</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 2016 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 MARCH 2017**  
(The figures have not been audited)

	As At End Of Current Quarter 31.03.17  RM'000	As At Preceding Financial Year Ended 31.12.2016 (Audited)  RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	29,811	30,439
Prepaid lease payments on long leasehold land	941	951
Investment properties	5,189	5,189
Investment in associated company	-	-
Product Development Costs	944	1,120
<b>Total non-current assets</b>	<u>36,885</u>	<u>37,699</u>
<b>Current assets</b>		
Inventories	8,645	9,656
Trade and other receivables	2,106	5,303
Amount owing by associate company	-	-
Current tax assets	233	240
Short term and fixed deposits, cash and bank balances	8,972	8,174
Assets classified as held for sale	1,749	1,749
	<u>21,705</u>	<u>25,122</u>
<b>TOTAL ASSETS</b>	<u><b>58,590</b></u>	<u><b>62,821</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity - attributable to owners of the Company</b>		
Share capital	40,000	40,000
Share premium	2,809	2,809
Treasury shares, at cost	(1,041)	(1,041)
Retained earnings	9,317	10,412
<b>Total equity</b>	<u>51,085</u>	<u>52,180</u>
<b>Non-current liability</b>		
Deferred tax liability	44	44
Term Loan-non current portion	2,837	3,180
	<u>2,881</u>	<u>3,224</u>
<b>Current liabilities</b>		
Trade and other payables	3,694	6,487
Term Loan-current portion	930	930
	<u>4,624</u>	<u>7,417</u>
<b>Total liabilities</b>	<u>7,505</u>	<u>10,641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>58,590</b></u>	<u><b>62,821</b></u>
Net assets per share attributable to owners of the Company (RM)	0.66	0.67

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017**  
**(The figures have not been audited)**

	Current Financial period ended 31.03.17	Preceding Year Corresponding Period 31.03.16
	RM'000	RM'000
<b>Cash flows (used in)/from operating activities</b>		
Loss before tax	(1,095)	(1,164)
Adjustments for:		
Non-cash & non-operating items	817	655
Operating loss before working capital changes	<u>(278)</u>	<u>(509)</u>
(Increase) / Decrease in working capital		
Inventories	1,011	1,259
Trade and other receivables	3,197	(1,325)
Trade and other payables	(2,793)	(195)
	<u>1,137</u>	<u>(770)</u>
Cash (used in)/generated from operations	1,137	(770)
Income tax paid	7	(33)
<b>Net cash (used in)/from operating activities</b>	<u>1,144</u>	<u>(803)</u>
<b>Cash flows (used in)/from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(29)	(609)
Product Development costs	-	(444)
Interest received	26	21
<b>Net cash used in investing activities</b>	<u>(3)</u>	<u>(1,032)</u>
<b>Cash flows from/(used in) financing activities</b>		
Term Loan	-	4,290
Repayment of term loan	(343)	-
<b>Net cash from financing activities</b>	<u>(343)</u>	<u>4,290</u>
Net increase/(decrease) in cash and cash equivalents	798	2,455
Cash and cash equivalents at beginning of period	8,174	9,629
Cash and cash equivalents at end of the period	<u>8,972</u>	<u>12,084</u>
<b>Cash and cash equivalents at end of the period comprise:</b>		
Cash and bank balances	2,351	7,726
Deposits in the licensed bank	7,637	5,374
	<u>9,988</u>	<u>13,100</u>
Less : Fixed deposits pledged to licensed bank	(1,016)	(1,016)
	<u>8,972</u>	<u>12,084</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 MARCH 2017**  
(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 2016	40,000	2,809	-	(1,041)	16,685	58,453
Loss for the year	-	-	-	-	(6,273)	(6,273)
At 31 December 2016	<u>40,000</u>	<u>2,809</u>	<u>-</u>	<u>(1,041)</u>	<u>10,412</u>	<u>52,180</u>
At 1 January 2017	40,000	2,809	-	(1,041)	10,412	52,180
Loss for the period	-	-	-	-	(1,095)	(1,095)
At 31 March 2017	<u>40,000</u>	<u>2,809</u>	<u>-</u>	<u>(1,041)</u>	<u>9,317</u>	<u>51,085</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**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 2016. 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 2016.

**A2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the following amendments to the Malaysian Financial Reporting Standards ("MFRS"):

Description	Effective for annual periods beginning on or after
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
Amendments to MFRS 107 Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above Amendments and Annual improvements to Standards, did not have any material financial impact to the Group.

**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 2016.

**A4. Seasonal and Cyclical Factors**

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

**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.



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**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 31.03.17 RM'000	Preceding year Corresponding Period 31.03.16 RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
<u>Rental expense</u>		
Guan & Associates	-	2
<u>Professional fee</u>		
Macellent (Muar) Sdn Bhd	-	3
Tan Chuan Yong & S.M. Chan	4	-

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

**B1. Review of Performance**

The revenue and loss before tax recorded by the Group for the quarter was RM6,077,000 and RM1,095,000 respectively. This represents a decrease of RM736,000 in revenue or 11% lower than that of its corresponding quarter. The decrease was mainly due to the following :-

- The Group export sales had decreased by 10% and
- Local sales had decreased by 16%

The Group incurred a loss before tax of RM1,095,000 in the quarter as compared to a loss before tax of RM1,164,000 in the previous corresponding quarter. The reduced loss was primarily due to the following :-

- Lower overheads

**B2. Variation of Results Against Preceding Quarter**

The Group registered a loss before tax for the current quarter ended 31 March 2017 of RM1,095,000 as compared to a loss before tax of RM2,072,000 in the previous quarter ended 31 December 2016. The reduced loss was mainly attributed by the following:-

- Lower overheads.

**B3. Commentary on Prospects**

The group is reevaluating its marketing strategies to enter the North American markets more aggressively for bigger market share and better product margins. Therefore going forward we expect to see improvement in performance.

**B4. Variance of Actual and Forecast Profit**

Not applicable

**B5. Taxation**

	Current Year Quarter 31.03.17 RM'000	Current Year To Date 31.03.17 RM'000
Income tax	-	-

**B6. Status of Corporate Proposal**

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



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**B7. Group Borrowing and Debt Securities**

Details of the Group's borrowings as of 31 March 2017 was as follows :-

RM'000

Term Loan 3,767

**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 loss per share for the quarter and financial period ended 31 March 2017 is computed as follow:

	Individual Current Year Quarter 31.03.17	Cumulative Current Year To Date 31.03.17
Loss attributable to owners of Company (RM'000)	<u>(1,095)</u>	<u>(1,095)</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>77,460</u>	<u>77,460</u>
Basic Loss Per Share based on weighted average number of ordinary shares of RM0.50 each in issue (sen)	<u>(1.41)</u>	<u>(1.41)</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 31.03.17 (RM'000)	As at 31.03.16 (RM'000)
Total retained earnings of the Group		
- Realised	9,337	15,944
- Unrealised	(20)	(428)
As per consolidated accounts	<u>9,317</u>	<u>15,516</u>

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**B13. Additional Disclosure on loss for the period**

	Ended 31.03.17 (RM'000)	Financial Period Ended 31.03.17 (RM'000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income	(26)	(26)
Depreciation of property, plant and equipment	56	56
Amortisation of prepaid lease payments	10	10
Amortisation of intangible asset	176	176
Realised loss on foreign exchange	55	55
Unrealised loss on foreign exchange	50	50
Interest expense ( term loan )	77	77

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, impairment of assets and exceptional items for the current quarter and period ended 31 March 2017.

By order of the Board  
TAFI Industries Berhad

Dato' Saw Eng Guan  
Executive Chairman

29 May 2017