

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2019**  
**(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2019	Preceding Year Corresponding Quarter 31.03.2018	Current Year To Date 31.03.2019	Preceding Year Corresponding Period 31.03.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	8,993	5,499	8,993	5,499
Cost of sales	(8,177)	(5,549)	(8,177)	(5,549)
Gross profit	<u>816</u>	<u>(50)</u>	<u>816</u>	<u>(50)</u>
Operating expenses	(975)	(1,189)	(975)	(1,189)
Other Income	7	5	7	5
Loss from operations	<u>(152)</u>	<u>(1,234)</u>	<u>(152)</u>	<u>(1,234)</u>
Interest expense	(36)	(47)	(36)	(47)
Finance cost	-	-	-	-
Interest income	57	27	57	27
Available-for-sale investment's fair value movements	-	-	-	-
Loss before taxation	<u>(131)</u>	<u>(1,254)</u>	<u>(131)</u>	<u>(1,254)</u>
Taxation	-	-	-	-
Loss for the period	<u>(131)</u>	<u>(1,254)</u>	<u>(131)</u>	<u>(1,254)</u>
<b>TOTAL COMPREHENSIVE EXPENSES</b>	<u><b>(131)</b></u>	<u><b>(1,254)</b></u>	<u><b>(131)</b></u>	<u><b>(1,254)</b></u>
Loss for the period attributable to :				
Owners of the Company	(131)	(1,254)	(131)	(1,254)
Non-controlling interests	-	-	-	-
	<u>(131)</u>	<u>(1,254)</u>	<u>(131)</u>	<u>(1,254)</u>
Loss per share (sen)				
- Basic	<u>(0.17)</u>	<u>(1.62)</u>	<u>(0.17)</u>	<u>(1.62)</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 2018 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 2019**  
(The figures have not been audited)

	As At End Of Current Quarter 31.03.2019	As At Preceding Financial Year Ended 31.12.18
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	25,286	25,831
Prepaid lease payments on long leasehold land	625	632
Investment properties	5,425	5,425
Product Development Costs	-	-
<b>Total non-current assets</b>	<u>31,336</u>	<u>31,888</u>
<b>Current assets</b>		
Inventories	9,644	9,177
Trade and other receivables	3,617	4,255
Current tax assets	51	51
Short term and fixed deposits, cash and bank balances	8,720	7,950
	<u>22,032</u>	<u>21,433</u>
<b>TOTAL ASSETS</b>	<u><u>53,368</u></u>	<u><u>53,321</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity - attributable to owners of the Company</b>		
Issue capital	42,809	42,809
Treasury shares, at cost	(1,041)	(1,041)
Retained earnings	2,644	2,775
<b>Total equity</b>	<u>44,412</u>	<u>44,543</u>
<b>Non-current liability</b>		
Deferred tax liability	44	44
Term Loan - non current portion	1,023	1,252
	<u>1,067</u>	<u>1,296</u>
<b>Current liabilities</b>		
Trade and other payables	5,323	5,527
Amount owing to Directors	1,618	1,007
Term Loan - current portion	948	948
	<u>7,889</u>	<u>7,482</u>
<b>Total liabilities</b>	<u>8,956</u>	<u>8,778</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>53,368</u></u>	<u><u>53,321</u></u>
Net assets per share attributable to owners of the Company (RM)	0.57	0.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**  
(The figures have not been audited)

	Current Financial period ended 31.03.2019	Preceding Year Corresponding Period 31.03.2018
	RM'000	RM'000
<b>Cash flows (used in)/from operating activities</b>		
Loss before tax	(131)	(1,254)
Adjustments for:		
Non-cash & non-operating items	566	833
Operating profit/(loss) before working capital changes	435	(421)
(Increase) / Decrease in working capital		
Inventories	(467)	(600)
Trade and other receivables	808	(74)
Trade and other payables	(374)	(168)
Amount owing to Directors	610	-
Cash generated from / (used in) operations	1,012	(1,263)
Income tax refund	-	48
Interest paid	(36)	(47)
<b>Net cash generated from / (used in) operating activities</b>	<b>976</b>	<b>(1,262)</b>
<b>Cash flows generated from / (used in) investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(34)	(77)
Product Development costs	-	-
Interest received	57	27
Proceeds from disposal of share in associate company	-	-
Net withdrawal/(placement) of short term investment	-	-
Net withdrawal/(placement) of fixed deposit	-	-
<b>Net cash generated from / (used in) investing activities</b>	<b>23</b>	<b>(50)</b>
<b>Cash flows used in financing activities</b>		
Term Loan	-	-
Repayment of term loan	(229)	(219)
<b>Net cash used in financing activities</b>	<b>(229)</b>	<b>(219)</b>
Net increase/(decrease) in cash and cash equivalents	770	(1,531)
Cash and cash equivalents at beginning of period	7,950	10,725
Cash and cash equivalents at end of the period	<u>8,720</u>	<u>9,194</u>
<b>Cash and cash equivalents at end of the period comprise:</b>		
Cash and bank balances	1,671	2,373
Deposits in the licensed bank	7,049	6,821
	<u>8,720</u>	<u>9,194</u>
Less : Fixed deposits pledged to licensed bank	(1,162)	(1,162)
	<u>7,558</u>	<u>8,032</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**  
**(The figures have not been audited)**

	<b>Attributable to owners of the Company</b>					<b>Total Equity</b>
	<b>Non-Distributable</b>			<b>Distributable</b>		
	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 2018	42,809	-	-	(1,041)	7,388	49,156
Total comprehensive loss for the year	-	-	-	-	(4,613)	(4,613)
Transfer from / (to) 'no par value regime'						
At 31 December 2018	<u>42,809</u>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>2,775</u>	<u>44,543</u>
At 1 January 2019	42,809	-	-	(1,041)	2,775	44,543
Loss for the period	-	-	-	-	(131)	(131)
At 31 March 2019	<u>42,809</u>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>2,644</u>	<u>44,412</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **PART A : EXPLANATORY NOTES AS PER MFRS 134**

#### **A1. Basis of Preparation**

The interim financial statements are unaudited and have 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 statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018. The explanatory notes attached to the interim financial statements 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 2018.

#### **A2. Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2019 and onwards. The adoption of these standards, amendments and IC interpretation does not have significant impact on the financial statements of the Group and the Company.

#### **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 2018.

#### **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.

#### **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 March 2019, 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.

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**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 March 2019, the Group did not have any contingent liability.

**A14. Capital Commitments**

Purchase of property, plant and equipment	As at 31.03.2019 RM'000
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Approved and contracted for	<u>295</u>
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**A15. Derivative Financial Asset/Liability**

There were no outstanding forward foreign exchange contracts outstanding as at 31 March 2019.

**A16. Related party transactions**

There was no related party transactions during the financial period under review.

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

**B1. Review of Performance**

**Comparison between Quarter 31.03.2019 and Quarter 31.03.2018**

The revenue and loss before tax recorded by the Group for the quarter was RM8,993,000 and RM131,000 respectively. This represents an increase of RM3,494,000 in revenue or 63.5% higher than that of its corresponding quarter. The higher revenue for Quarter 31.03.2019 was due to the higher export sales to North America.

The Group incurred a loss before tax of RM131,000 in the quarter as compared to a loss before tax of RM1,254,000 in the previous corresponding quarter. The decrease in loss was primarily due to the following :-

- Higher Sales;
- Lower operating expenses.

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

**Comparison between Quarter 31.03.2019 and Quarter 31.12.2018**

The Group registered a loss before tax for the current quarter ended 31 March 2019 of RM131,000 as compared to a loss before tax of RM975,000 in the previous quarter ended 31 December 2018. The decrease in loss was mainly attributed by higher export sales.

**B3. Commentary on Prospects**

Our entry into North American market has shown positive result and we shall continue to expand on market share. We are also entering the European and other markets. Besides, due to the trade conflict between US and China, US' orders from China are shifting to Malaysia and we are getting additional orders from US. We anticipate improvement in the Group's performance.

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

Not applicable

**B5. Taxation**

Current Year Quarter 31.03.19 RM'000	Current Year To Date 31.03.19 RM'000
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Income tax	-	-
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Malaysian corporate income tax is calculated at the statutory tax rate of 24% of the estimated Taxable profit for the year.

**B6. Status of Corporate Proposal**

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

**B7. Group Borrowing and Debt Securities**

Details of the Group's borrowings as of 31 March 2019 are as follows :-

	RM'000
Term Loan	<u>1,971</u>

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**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 2018 is computed as follow:

	Individual Current Year Quarter 31.03.19	Cumulative Current Year To Date 31.03.19
Loss attributable to owners of the Company (RM'000)	<u>(131)</u>	<u>(131)</u>
Weighted average number of ordinary shares ( '000) in issue	<u>77,460</u>	<u>77,460</u>
Basic Loss Per Share based on weighted average number of ordinary shares in issue (sen)	<u>(0.17)</u>	<u>(0.17)</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. Additional Disclosure on loss for the period**

	Current Quarter Ended 31.03.19 (RM'000)	Financial Period Ended 31.03.18 (RM'000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income	(30)	(4)
Distribution of Investments management fund	(27)	(23)
Depreciation of property, plant and equipment	580	628
Amortisation of prepaid lease payments	8	8
Amortisation of intangible asset	-	176
Realised loss on foreign exchange	36	146
Unrealised gain on foreign exchange	(35)	(138)
Interest expense ( term loan )	36	47

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 2019.

By order of the Board  
TAFI Industries Berhad

Dato' Saw Eng Guan  
Group Managing Director

27 May 2019