

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2019	Preceding Year Corresponding Quarter 30.06.2018	Current Year To Date 30.06.2019	Preceding Year Corresponding Period 30.06.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	6,165	5,196	15,158	10,695
Cost of sales	(6,131)	(5,619)	(14,308)	(11,168)
Gross profit	<u>34</u>	<u>(423)</u>	<u>850</u>	<u>(473)</u>
Operating expenses	(1,043)	(1,024)	(2,018)	(2,213)
Other Income	22	11	29	16
Loss from operations	<u>(987)</u>	<u>(1,436)</u>	<u>(1,139)</u>	<u>(2,670)</u>
Interest expense	(25)	(36)	(61)	(83)
Finance cost	-	-	-	-
Interest income	49	44	106	71
Available-for-sale investment's fair value movements	-	-	-	-
Loss before taxation	<u>(963)</u>	<u>(1,428)</u>	<u>(1,094)</u>	<u>(2,682)</u>
Taxation	-	-	-	-
Loss for the period	<u>(963)</u>	<u>(1,428)</u>	<u>(1,094)</u>	<u>(2,682)</u>
TOTAL COMPREHENSIVE EXPENSES	<u>(963)</u>	<u>(1,428)</u>	<u>(1,094)</u>	<u>(2,682)</u>
Loss for the period attributable to :				
Owners of the Company	(963)	(1,428)	(1,094)	(2,682)
Non-controlling interests	-	-	-	-
	<u>(963)</u>	<u>(1,428)</u>	<u>(1,094)</u>	<u>(2,682)</u>
Loss per share (sen)				
- Basic	<u>(1.24)</u>	<u>(1.84)</u>	<u>(1.41)</u>	<u>(3.46)</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 30 JUNE 2019
(The figures have not been audited)

	As At End Of Current Quarter 30.06.2019	As At Preceding Financial Year Ended 31.12.18
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,752	25,831
Prepaid lease payments on long leasehold land	619	632
Investment properties	5,425	5,425
Product Development Costs	-	-
Total non-current assets	<u>30,796</u>	<u>31,888</u>
Current assets		
Inventories	11,223	9,177
Trade and other receivables	2,629	4,255
Current tax assets	51	51
Short term and fixed deposits, cash and bank balances	8,041	7,950
	<u>21,944</u>	<u>21,433</u>
TOTAL ASSETS	<u>52,740</u>	<u>53,321</u>
EQUITY AND LIABILITIES		
Equity - attributable to owners of the Company		
Issue capital	42,809	42,809
Treasury shares, at cost	(1,041)	(1,041)
Retained earnings	1,681	2,775
Total equity	<u>43,449</u>	<u>44,543</u>
Non-current liability		
Deferred tax liability	44	44
Term Loan - non current portion	782	1,252
	<u>826</u>	<u>1,296</u>
Current liabilities		
Trade and other payables	5,989	5,527
Amount owing to Directors	1,528	1,007
Term Loan - current portion	948	948
	<u>8,465</u>	<u>7,482</u>
Total liabilities	<u>9,291</u>	<u>8,778</u>
TOTAL EQUITY AND LIABILITIES	<u>52,740</u>	<u>53,321</u>
Net assets per share attributable to owners of the Company (RM)	0.56	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 30 JUNE 2019
(The figures have not been audited)

	Current Financial period ended 30.06.2019	Preceding Year Corresponding Period 30.06.2018
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Loss before tax	(1,094)	(2,682)
Adjustments for:		
Non-cash & non-operating items	1,135	1,638
Operating profit/(loss) before working capital changes	<u>41</u>	<u>(1,044)</u>
(Increase) / Decrease in working capital		
Inventories	(2,046)	(1,121)
Trade and other receivables	1,626	(1,010)
Trade and other payables	463	5
Amount owing to Directors	520	1,100
	<u>604</u>	<u>(2,070)</u>
Cash generated from / (used in) operations	604	(2,070)
Income tax refund	-	48
Interest paid	(65)	(83)
Net cash generated from / (used in) operating activities	<u>539</u>	<u>(2,105)</u>
Cash flows generated from / (used in) investing activities		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(84)	(83)
Product Development costs	-	-
Interest received	106	71
Proceeds from disposal of share in associate company	-	-
Net withdrawal/(placement) of short term investment	-	-
Net withdrawal/(placement) of fixed deposit	-	-
Net cash generated from / (used in) investing activities	<u>22</u>	<u>(12)</u>
Cash flows used in financing activities		
Term Loan	-	-
Repayment of term loan	(470)	(448)
Net cash used in financing activities	<u>(470)</u>	<u>(448)</u>
Net increase/(decrease) in cash and cash equivalents	91	(2,565)
Cash and cash equivalents at beginning of period	7,950	10,725
Cash and cash equivalents at end of the period	<u>8,041</u>	<u>8,160</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	943	1,295
Deposits in the licensed bank	7,098	6,865
	<u>8,041</u>	<u>8,160</u>
Less : Fixed deposits pledged to licensed bank	(1,162)	(1,162)
	<u>6,879</u>	<u>6,998</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.

TAFI INDUSTRIES BERHAD
(Company No. 640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2019
(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 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	-	-	-	-	(1,094)	(1,094)
At 30 June 2019	<u>42,809</u>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>1,681</u>	<u>43,449</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 30 June 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.

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 30 June 2019, the Group did not have any contingent liability.

A14. Capital Commitments

Purchase of property, plant and equipment	As at 30.06.2019 RM'000
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Approved and contracted for	<u>211</u>
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A15. Derivative Financial Asset/Liability

There were no outstanding forward foreign exchange contracts outstanding as at 30 June 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 30.06.2019 and Quarter 30.06.2018

The revenue and loss before tax recorded by the Group for the quarter was RM6,165,000 and RM963,000 respectively. This represents an increase of RM969,000 in revenue or 18.65% higher than that of its corresponding quarter. The higher revenue for Quarter 30.06.2019 was due to the higher export sales to North America.

The Group incurred a loss before tax of RM 963,000 in the quarter as compared to a loss before tax of RM1,428,000 in the previous corresponding quarter. The decrease in loss was primarily due to higher sales.

Comparison between Year to Date 30.06.2019 with Year to Date 30.06.2018

The Group recorded an increase in revenue to RM15,158,000 against RM10,695,000 in the previous year due to increase in sales to US market. The registered loss before tax of RM1,094,000 against the loss of RM2,682,000 in the preceding year corresponding period was due to the following :-

- Higher Sales
- Lower operating expenses

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 30.06.2019 and Quarter 31.03.2019

The Group registered a loss before tax of RM963,000 for the current quarter ended 30 June 2019 as compared to a loss before tax of RM131,000 in the previous quarter ended 31 March 2019. The increase in loss was mainly attributed by lower export sales.

B3. Commentary on Prospects

Our entry into North American market has shown positive result and this has been boosted by the US and China Trade War. We anticipate additional orders from US and improvement in the Group's performance in the last quarter of this year.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

	Current Year Quarter 30.06.19 RM'000	Current Year To Date 30.06.19 RM'000
Income tax	-	-

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 30 June 2019 are as follows :-

RM'000

Term Loan 1,730

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 30 June 2019 is computed as follow:

	Individual Current Year Quarter 30.06.19	Cumulative Current Year To Date 30.06.19
Loss attributable to owners of the Company (RM'000)	(963)	(1,094)
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>(1.24)</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. Additional Disclosure on loss for the period

	Current Quarter Ended 30.06.19 (RM'000)	Financial Period Ended 30.06.19 (RM'000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income	(1)	(37)
Distribution of Investments management fund	(48)	(69)
Depreciation of property, plant and equipment	584	995
Amortisation of prepaid lease payments	5	13
Amortisation of intangible asset	-	-
Realised (gain)/loss on foreign exchange	(7)	29
Unrealised gain on foreign exchange	(7)	(42)
Interest expense (term loan)	25	65

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there was 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 30 June 2019.

By order of the Board
TAFI Industries Berhad

Dato' Saw Eng Guan
Group Managing Director

21 Aug 2019