

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------------|---------------------------------------|--|---------------------------------------|---|
| | Current Year Quarter 31.03.2020 | Preceding Year Corresponding Quarter 31.03.2019 | Current Year To Date 31.03.2020 | Preceding Year Corresponding Period 31.03.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | | |
| Revenue | 6,071 | 8,993 | 6,071 | 8,993 |
| Cost of sales | (6,034) | (8,177) | (6,034) | (8,177) |
| Gross profit | <u>37</u> | <u>816</u> | <u>37</u> | <u>816</u> |
| Operating expenses | (884) | (975) | (884) | (975) |
| Other Income | 25 | 7 | 25 | 7 |
| Loss from operations | <u>(822)</u> | <u>(152)</u> | <u>(822)</u> | <u>(152)</u> |
| Interest expense | (18) | (36) | (18) | (36) |
| Interest income | 22 | 57 | 22 | 57 |
| Loss before taxation | <u>(818)</u> | <u>(131)</u> | <u>(818)</u> | <u>(131)</u> |
| Taxation | - | - | - | - |
| Loss for the period | <u>(818)</u> | <u>(131)</u> | <u>(818)</u> | <u>(131)</u> |
| TOTAL COMPREHENSIVE EXPENSES | <u>(818)</u> | <u>(131)</u> | <u>(818)</u> | <u>(131)</u> |
| Loss for the period attributable to : | | | | |
| Owners of the Company | (818) | (131) | (818) | (131) |
| Non-controlling interests | - | - | - | - |
| | <u>(818)</u> | <u>(131)</u> | <u>(818)</u> | <u>(131)</u> |
| Loss per share (sen) | | | | |
| - Basic | <u>(1.06)</u> | <u>(0.17)</u> | <u>(1.06)</u> | <u>(0.17)</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020
(The figures have not been audited)

| | As At End Of Current Quarter 31.03.2020 | As At Preceding Financial Year Ended 31.12.19 |
|--|--|---|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 23,223 | 23,743 |
| Right-of-use assets | 605 | 613 |
| Investment properties | 5,875 | 5,875 |
| Total non-current assets | <u>29,703</u> | <u>30,231</u> |
| Current assets | | |
| Inventories | 9,957 | 9,946 |
| Trade and other receivables | 2,538 | 3,945 |
| Current tax assets | 1 | 1 |
| Short term and fixed deposits, cash and bank balances | 6,764 | 6,507 |
| | <u>19,260</u> | <u>20,399</u> |
| TOTAL ASSETS | <u>48,963</u> | <u>50,630</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) |
| Other reserves | 201 | 201 |
| Retained earnings | (1,854) | (1,036) |
| Total equity | <u>40,115</u> | <u>40,933</u> |
| Non-current liability | | |
| Deferred tax liability | 156 | 156 |
| Term Loan - non current portion | 92 | 253 |
| | <u>248</u> | <u>409</u> |
| Current liabilities | | |
| Trade and other payables | 4,734 | 5,422 |
| Amount owing to Directors | 2,870 | 2,870 |
| Term Loan - current portion | 996 | 996 |
| | <u>8,600</u> | <u>9,288</u> |
| Total liabilities | <u>8,848</u> | <u>9,697</u> |
| TOTAL EQUITY AND LIABILITIES | <u>48,963</u> | <u>50,630</u> |
| Net assets per share attributable to owners of the Company (RM) | 0.52 | 0.53 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

| | Current Financial period ended 31.03.2020 | Preceding Year Corresponding Period 31.03.2019 |
|---|--|---|
| | RM'000 | RM'000 |
| Cash flows (used in)/from operating activities | | |
| Loss before tax | (818) | (131) |
| Adjustments for: | | |
| Non-cash & non-operating items | 525 | 566 |
| Operating profit /(loss) before working capital changes | (293) | 435 |
| (Increase) / Decrease in working capital | | |
| Inventories | (11) | (467) |
| Trade and other receivables | 1,407 | 808 |
| Trade and other payables | (688) | (374) |
| Amount owing to Directors | - | 610 |
| Cash generated from / (used in) operations | 415 | 1,012 |
| Interest paid | (16) | (36) |
| Net cash generated from / (used in) operating activities | 399 | 976 |
| Cash flows generated from / (used in) investing activities | | |
| Purchase of property, plant and equipment | (3) | (34) |
| Interest received | 22 | 57 |
| Net cash generated from / (used in) investing activities | 19 | 23 |
| Cash flows used in financing activities | | |
| Repayment of term loan | (161) | (229) |
| Net cash used in financing activities | (161) | (229) |
| Net increase/(decrease) in cash and cash equivalents | 257 | 770 |
| Cash and cash equivalents at beginning of period | 6,507 | 7,950 |
| Cash and cash equivalents at end of the period | <u>6,764</u> | <u>8,720</u> |
| Cash and cash equivalents at end of the period comprise: | | |
| Cash and bank balances | 1,159 | 1,671 |
| Deposits in the licensed bank | 5,605 | 7,049 |
| | <u>6,764</u> | <u>8,720</u> |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

| | Attributable to owners of the Company | | | | | Total Equity RM'000 |
|---------------------------------------|---------------------------------------|----------------------------|----------------------------------|------------------------------|---|---------------------------|
| | Non-Distributable | | | Distributable | | |
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Treasury Shares RM'000 | Retained Earnings/ (Accumulated Loss) RM'000 | |
| At 1 January 2019 | 42,809 | - | - | (1,041) | 2,775 | 44,543 |
| Total comprehensive loss for the year | - | - | 201 | - | (3,811) | (3,610) |
| At 31 December 2019 | 42,809 | - | 201 | (1,041) | (1,036) | 40,933 |
| At 1 January 2020 | 42,809 | - | 201 | (1,041) | (1,036) | 40,933 |
| Total comprehensive loss for the year | - | - | - | - | (818) | (818) |
| At 31 March 2020 | 42,809 | - | 201 | (1,041) | (1,854) | 40,115 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. 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 2019.

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 2019 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2020 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 2019.

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 2020, the number of treasury shares held was 2,540,500 ordinary shares.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

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 March 2020, the Group did not have any contingent liability.

A14. Capital Commitments

| | |
|---|----------------------------|
| Purchase of property, plant and equipment | As at 31.03.2020 RM'000 |
| Approved and contracted for | <u>55</u> |

A15. Derivative Financial Asset/Liability

There were no outstanding forward foreign exchange contracts outstanding as at 31 March 2020.

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 31.03.2020 and Quarter 31.03.2019

The revenue and loss before tax recorded by the Group for the quarter was RM6,071,000 and RM818,000 respectively. This represents a decrease of RM2,922,000 in revenue or 32.49% lower than that of its corresponding quarter. The lower revenue for Quarter 31.03.2020 was due to the lower export sales to North America and COVID-19 shutdown during March 2020.

The Group incurred a loss before tax of RM818,000 in the quarter as compared to a loss before tax of RM131,000 in the previous corresponding quarter. The increase in loss was primarily due to the following :-

- Lower Sales

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 31.03.2020 and Quarter 31.12.2019

The Group registered a loss before tax of RM818,000 for the current quarter ended 31 March 2020 as compared to a loss before tax of RM1,275,000 in the previous quarter ended 31 December 2019. The decrease in loss was mainly attributed by lower direct cost and higher sales.

B3. Commentary on Prospects

The results for the financial year ending 31/12/2020 are expected to be poor due to the global economic recession resulting from the COVID-19.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

| | Current Year Quarter 31.03.20 RM'000 | Current Year To Date 31.03.20 RM'000 |
|------------------------|---|---|
| Income tax | - | - |
| Deferred tax liability | - | - |

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.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

B7. Group Borrowing and Debt Securities

Details of the Group's borrowings as of 31 March 2020 are as follows :-

RM'000

Term Loan 1,088

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 2020 is computed as follow:

| | Individual Current Year Quarter 31.03.20 | Cumulative Current Year To Date 31.03.20 |
|--|--|--|
| Loss attributable to owners of the Company (RM'000) | <u>(818)</u> | <u>(818)</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>(1.06)</u> | <u>(1.06)</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.

TAFI INDUSTRIES BERHAD
(Company No. 200401002432)

B12. Additional Disclosure on loss for the period

| | Current Quarter Ended 31.03.20 (RM'000) | Financial Period Ended 31.03.20 (RM'000) |
|--|---|--|
| Loss for the period is arrived at after charging/(crediting) : | | |
| Interest income | (5) | (5) |
| Distribution of Investments management fund | (17) | (17) |
| Depreciation of property, plant and equipment | 523 | 523 |
| Amortisation of right-of- use assets | 8 | 8 |
| Amortisation of intangible asset | - | - |
| Realised (gain) on foreign exchange | (25) | (25) |
| Unrealised loss on foreign exchange | - | - |
| Interest expense (term loan,overdraft) | 18 | 18 |

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 31 March 2020.

By order of the Board
TAFI Industries Berhad

Dato' Saw Eng Guan
Group Managing Director

29 Jun 2020