

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020	Preceding Year Corresponding Quarter 30.06.2019	Current Year To Date 30.06.2020	Preceding Year Corresponding Period 30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	5,457	6,165	11,528	15,158
Cost of sales	(6,076)	(6,131)	(12,110)	(14,308)
Gross profit / loss	<u>(619)</u>	<u>34</u>	<u>(582)</u>	<u>850</u>
Operating expenses	(880)	(1,043)	(1,764)	(2,018)
Other Income	170	22	195	29
Loss from operations	<u>(1,329)</u>	<u>(987)</u>	<u>(2,151)</u>	<u>(1,139)</u>
Interest expense	(7)	(25)	(25)	(61)
Interest income	29	49	51	106
Loss before taxation	<u>(1,307)</u>	<u>(963)</u>	<u>(2,125)</u>	<u>(1,094)</u>
Taxation	-	-	-	-
Loss for the period	<u>(1,307)</u>	<u>(963)</u>	<u>(2,125)</u>	<u>(1,094)</u>
TOTAL COMPREHENSIVE EXPENSES	<u>(1,307)</u>	<u>(963)</u>	<u>(2,125)</u>	<u>(1,094)</u>
Loss for the period attributable to :				
Owners of the Company	(1,307)	(963)	(2,125)	(1,094)
Non-controlling interests	-	-	-	-
	<u>(1,307)</u>	<u>(963)</u>	<u>(2,125)</u>	<u>(1,094)</u>
Loss per share (sen)				
- Basic	<u>(1.69)</u>	<u>(1.24)</u>	<u>(2.74)</u>	<u>(1.41)</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 (640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020
(The figures have not been audited)

	As At End Of Current Quarter 30.06.2020	As At Preceding Financial Year Ended 31.12.19
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	22,793	23,743
Right-of-use assets	598	613
Investment properties	5,875	5,875
Total non-current assets	<u>29,266</u>	<u>30,231</u>
Current assets		
Inventories	10,690	9,946
Trade and other receivables	4,203	3,945
Current tax assets	1	1
Short term and fixed deposits, cash and bank balances	4,784	6,507
	<u>19,678</u>	<u>20,399</u>
TOTAL ASSETS	<u>48,944</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	(3,161)	(1,036)
Total equity	<u>38,808</u>	<u>40,933</u>
Non-current liability		
Deferred tax liability	156	156
Term Loan - non current portion	755	253
	<u>911</u>	<u>409</u>
Current liabilities		
Trade and other payables	6,102	5,422
Amount owing to Directors	2,870	2,870
Term Loan - current portion	253	996
	<u>9,225</u>	<u>9,288</u>
Total liabilities	<u>10,136</u>	<u>9,697</u>
TOTAL EQUITY AND LIABILITIES	<u>48,944</u>	<u>50,630</u>
Net assets per share attributable to owners of the Company (RM)	0.50	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 (640935-P)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

	Current Financial period ended 30.06.2020	Preceding Year Corresponding Period 30.06.2019
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Loss before tax	(2,124)	(1,094)
Adjustments for:		
Non-cash & non-operating items	1,060	1,135
Operating profit/(loss) before working capital changes	<u>(1,064)</u>	<u>41</u>
 (Increase) / Decrease in working capital		
Inventories	(743)	(2,046)
Trade and other receivables	(633)	1,626
Trade and other payables	1,053	463
Amount owing to Directors	-	520
	<u> </u>	<u> </u>
Cash generated from / (used in) operations	(1,387)	604
 Interest paid	(25)	(65)
Net cash generated from / (used in) operating activities	<u>(1,412)</u>	<u>539</u>
Cash flows generated from / (used in) investing activities		
Purchase of property, plant and equipment	(97)	(84)
Interest received	27	106
	<u> </u>	<u> </u>
Net cash generated from / (used in) investing activities	<u>(70)</u>	<u>22</u>
Cash flows used in financing activities		
Repayment of term loan	(241)	(470)
Net cash used in financing activities	<u>(241)</u>	<u>(470)</u>
Net increase/(decrease) in cash and cash equivalents	(1,723)	91
Cash and cash equivalents at beginning of period	6,507	7,950
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	<u>4,784</u>	<u>8,041</u>
 Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	351	943
Deposits in the licensed bank	4,433	7,098
	<u>4,784</u>	<u>8,041</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 (640935-P)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

	Attributable to owners of the Company					Total Equity
	Non-Distributable			Distributable		
	Share Capital	Share Premium	Revaluation Reserve	Treasury Shares	Retained Earnings/ (Accumulated Loss)	
RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(2,125)	(2,125)
At 30 June 2020	42,809	-	201	(1,041)	(3,161)	38,808

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 30 June 2020, 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 2020, the Group did not have any contingent liability.

A14. Capital Commitments

Purchase of property, plant and equipment	As at 30.06.2020 RM'000
Approved and contracted for	<u> -</u>

A15. Derivative Financial Asset/Liability

There were no outstanding forward foreign exchange contracts outstanding as at 30 June 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 30.06.2020 and Quarter 30.06.2019

The revenue and loss before tax recorded by the Group for the quarter was RM5,457,000 and RM1,307,000 respectively. This represents a decrease of RM708,000 in revenue or 11.48% lower than that of its corresponding quarter. The lower revenue for Quarter 30.06.2020 was due to lower sales, COVID-19 shutdown during April 2020 and the Group's inability to operate at its normal productivity level due to compliance of COVID-19 SOP.

The Group incurred a loss before tax of RM1,307,000 in the quarter as compared to a loss before tax of RM963,000 in the previous corresponding quarter. The increase in loss was primarily due to the following :-

- Lower Sales
- Higher Direct Cost

Comparison between Year to Date 30.06.2020 with Year to Date 30.06.2019

The Group recorded an decrease in revenue to RM11,528,000 against RM15,158,000 in the previous year due to decrease in sales to US market. The registered loss before tax of RM2,125,000 against the loss of RM1,094,000 in the preceding year corresponding period was due to the following :-

- Lower Sales
- Higher Direct Cost

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 30.06.2020 and Quarter 31.03.2020

The Group registered a loss before tax of RM1,307,000 for the current quarter ended 30 June 2020 as compared to a loss before tax of RM818,000 in the previous quarter ended 30 March 2020. The increase in loss was mainly attributed by higher direct cost and higher expenses.

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 30.06.20 RM'000	Current Year To Date 30.06.20 RM'000
Income tax	-	-
Deferred tax liability	-	-

TAFI INDUSTRIES BERHAD
Company No. 200401002432 (640935-P)

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 2020 are as follows :-

	RM'000
Term Loan	<u>1,008</u>

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 2020 is computed as follow:

	Individual Current Year Quarter 30.06.20	Cumulative Current Year To Date 30.06.20
Loss attributable to owners of the Company (RM'000)	<u>(1,307)</u>	<u>(2,125)</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>(1.69)</u>	<u>(2.74)</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. Additional Disclosure on loss for the period

	Current Quarter Ended 30.06.20 (RM'000)	Financial Period Ended 30.06.20 (RM'000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income	(7)	(12)
Distribution of Investments management fund	(22)	(39)
Depreciation of property, plant and equipment	524	1,047
Amortisation of right-of- use assets	7	15
Amortisation of intangible asset	-	-
Realised (gain) on foreign exchange	(26)	(51)
Unrealised loss on foreign exchange	-	-
Interest expense (term loan,overdraft)	7	25

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 2020.

By order of the Board
TAFI Industries Berhad

Dato' Saw Eng Guan
Group Managing Director

17 Aug 2020