

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020	Preceding Year Corresponding Quarter 30.09.2019	Current Year To Date 30.09.2020	Preceding Year Corresponding Period 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	9,007	6,715	20,535	21,873
Cost of sales	(9,604)	(7,193)	(21,714)	(21,501)
Gross profit / loss	<u>(597)</u>	<u>(478)</u>	<u>(1,179)</u>	<u>372</u>
Operating expenses	(1,441)	(939)	(3,205)	(2,957)
Other Income	53	7	248	36
Loss from operations	<u>(1,985)</u>	<u>(1,410)</u>	<u>(4,136)</u>	<u>(2,549)</u>
Interest expense	-	(25)	(25)	(86)
Interest income	10	42	61	148
Change in fair value of investment properties	(45)	-	(45)	-
Loss before taxation	<u>(2,020)</u>	<u>(1,393)</u>	<u>(4,145)</u>	<u>(2,487)</u>
Taxation	5	-	5	-
Loss for the period	<u>(2,015)</u>	<u>(1,393)</u>	<u>(4,140)</u>	<u>(2,487)</u>
Other comprehensive income/(expenses)				
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS</b>	<u><b>(2,015)</b></u>	<u><b>(1,393)</b></u>	<u><b>(4,140)</b></u>	<u><b>(2,487)</b></u>
Loss for the period attributable to :				
Owners of the Company	(2,015)	(1,393)	(4,140)	(2,487)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>(2,015)</b></u>	<u><b>(1,393)</b></u>	<u><b>(4,140)</b></u>	<u><b>(2,487)</b></u>
Loss per share (sen)				
- Basic	<u>(2.60)</u>	<u>(1.80)</u>	<u>(5.34)</u>	<u>(3.21)</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 SEPTEMBER 2020**  
**(The figures have not been audited)**

	As At End Of Current Quarter 30.09.2020	As At Preceding Financial Year Ended 31.12.2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	22,246	23,743
Right-of-use assets	590	613
Investment properties	5,830	5,875
<b>Total non-current assets</b>	<u>28,666</u>	<u>30,231</u>
<b>Current assets</b>		
Inventories	10,029	9,946
Trade and other receivables	4,506	3,945
Current tax assets	2	1
Short term and fixed deposits, cash and bank balances	4,709	6,507
	<u>19,246</u>	<u>20,399</u>
<b>TOTAL ASSETS</b>	<u><u>47,912</u></u>	<u><u>50,630</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)
Other reserves	201	201
Retained earnings	(5,176)	(1,036)
<b>Total equity</b>	<u>36,793</u>	<u>40,933</u>
<b>Non-current liability</b>		
Deferred tax liability	151	156
Term Loan - non current portion	588	253
	<u>739</u>	<u>409</u>
<b>Current liabilities</b>		
Trade and other payables	7,090	5,422
Amount owing to Directors	2,870	2,870
Term Loan - current portion	420	996
	<u>10,380</u>	<u>9,288</u>
<b>Total liabilities</b>	<u>11,119</u>	<u>9,697</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>47,912</u></u>	<u><u>50,630</u></u>
Net assets per share attributable to owners of the Company (RM)	0.47	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 STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2020**  
**(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	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 income / (loss)	-	-	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 income / (loss)	-	-	-	-	(4,140)	(4,140)
At 30 September 2020	42,809	-	201	(1,041)	(5,176)	36,793

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, except one factory and warehouse was affected by flood during the quarter and certain of the inventories of Raw Material, Work-in-progress and Finished Goods was damaged and the loss is estimated at RM 1.27 million. The loss is partially covered by insurance and the quantum of insurance claim is yet to be finalized with the adjuster and the insurance company.

#### **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 September 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, except for two investment properties which are held for investment and capital appreciation were revalued to RM5,380,000 from net carrying amount of RM5,425,000.

**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 September 2020, the Group did not have any contingent liability.

**A14. Capital Commitments**

Purchase of property, plant and equipment	As at 30.09.2020 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 September 2020.

**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 30.09.20 RM'000	Preceding year Corresponding Period 30.09.19 RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
<u>Professional fee</u>		
Kee Sern ,Siu & Huey	21	-

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

**B1. Review of Performance**

**Comparison between Quarter 30.09.2020 and Quarter 30.09.2019**

The revenue and loss before tax recorded by the Group for the quarter was RM9,007,000 and RM2,020,000 respectively. This represents a increase of RM2,292,000 in revenue or 34.13% higher than that of its corresponding quarter. The higher revenue for Quarter 30.09.2020 was due to higher sales carried forward during COVID-19 shut down.

The Group incurred a loss before tax of RM2,020,000 in the quarter as compared to a loss before tax of RM1,393,000 in the previous corresponding quarter. The increase in loss was primarily due to the following :-

- Higher Operating Expenses
- Higher Direct Cost
- Write off of inventories damaged by flood.

**Comparison between Year to Date 30.09.2020 with Year to Date 30.09.2019**

The Group recorded an decrease in revenue to RM20,535,000 against RM21,873,000 in the previous year due to decrease in sales to during COVID-19 shut down. The registered loss before tax of RM4,145,000 against the loss of RM2,487,000 in the preceding year corresponding period was due to the following :-

- Lower Sales
- Higher Direct Cost
- Higher Operating Expenses
- Write off of inventories damaged by flood.

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

**Comparison between Quarter 30.09.2020 and Quarter 31.06.2020**

The Group registered a loss before tax of RM2,020,000 for the current quarter ended 30 September 2020 as compared to a loss before tax of RM1,307,000 in the previous quarter ended 30 June 2020. The increase in loss was mainly attributed to write off of inventories damaged by flood.

**B3. Commentary on Prospects**

The results for the financial year ending 31/12/2020 are expected to be improved by last quarter due to higher demand in US market.

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

Not applicable



**B5. Taxation**

	Current Year Quarter 30.09.20 RM'000	Current Year To Date 30.09.20 RM'000
Income tax	-	-
Deferred tax liability reversed	<u>(5)</u>	<u>(5)</u>

The Deferred tax liability reversed was derived from the revaluation of investment properties based on real property gains tax rate at 10%.

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 September 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 September 2020 is computed as follow:

	Individual Current Year Quarter 30.09.20	Cumulative Current Year To Date 30.09.20
Loss attributable to owners of the Company (RM'000)	(2,015)	(4,140)
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>(2.60)</u>	<u>(5.34)</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 30.09.20 (RM'000)	Financial Period Ended 30.09.20 (RM'000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income :		
- FD interest and bank interest	-	(12)
- Distribution of Investments management fund	(10)	(49)
Depreciation of property, plant and equipment	530	1,577
Amortisation of right-of- use assets	8	23
Write off of inventories damage by flood	1,267	1,267
Realised loss / (gain) on foreign exchange	14	(37)
Unrealised loss on foreign exchange	65	65
Interest expense ( term loan,overdraft )	-	25
Change in fair value of investment properties	45	45

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 September 2020.

By order of the Board  
TAFI Industries Berhad

Dato' Sri Azlan Bin Azmi  
Group Managing Director  
23 Nov 2020