

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31.12.2020	Quarter	31.12.2020	Period
	RM'000	31.12.2019	31.12.2019	RM'000
Revenue	8,852	5,323	29,387	27,196
Cost of sales	(12,334)	(5,767)	(34,048)	(27,268)
Gross profit / loss	<u>(3,482)</u>	<u>(444)</u>	<u>(4,661)</u>	<u>(72)</u>
Operating expenses	(2,989)	(989)	(6,194)	(3,946)
Other Income	1,221	90	1,469	126
Loss from operations	<u>(5,250)</u>	<u>(1,343)</u>	<u>(9,386)</u>	<u>(3,892)</u>
Interest expense	(32)	(24)	(57)	(110)
Interest income	20	92	81	240
Change in fair value of investment properties		-	(45)	-
Loss before taxation	<u>(5,262)</u>	<u>(1,275)</u>	<u>(9,407)</u>	<u>(3,762)</u>
Taxation	(119)	(49)	(114)	(49)
Loss for the period	<u>(5,381)</u>	<u>(1,324)</u>	<u>(9,521)</u>	<u>(3,811)</u>
Other comprehensive income/(expenses)		201		201
Other comprehensive income for the period, net of tax	<u>-</u>	<u>201</u>	<u>-</u>	<u>201</u>
TOTAL COMPREHENSIVE LOSS	<u>(5,381)</u>	<u>(1,123)</u>	<u>(9,521)</u>	<u>(3,610)</u>
Loss for the period attributable to :				
Owners of the Company	(5,381)	(1,123)	(9,521)	(3,610)
Non-controlling interests	-	-	-	-
	<u>(5,381)</u>	<u>(1,123)</u>	<u>(9,521)</u>	<u>(3,610)</u>
Loss per share (sen)				
- Basic	<u>(6.95)</u>	<u>(1.71)</u>	<u>(12.29)</u>	<u>(4.92)</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.

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

	As At End Of Current Quarter 31.12.2020	As At Preceding Financial Year Ended 31.12.2019
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,699	23,743
Right-of-use assets	388	613
Investment properties	5,830	5,875
Total non-current assets	<u>25,917</u>	<u>30,231</u>
Current assets		
Inventories	9,095	9,946
Trade and other receivables	3,649	3,945
Current tax assets	2	1
Short term and fixed deposits, cash and bank balances	4,872	6,507
	<u>17,618</u>	<u>20,399</u>
Non- current assets classified as held for sale	335	-
TOTAL ASSETS	<u><u>43,870</u></u>	<u><u>50,630</u></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	(10,557)	(1,036)
Total equity	<u>31,412</u>	<u>40,933</u>
Non-current liability		
Deferred tax liability	151	156
Term Loan - non current portion	498	253
Hire purchase - non current portion	243	-
	<u>892</u>	<u>409</u>
Current liabilities		
Trade and other payables	8,268	5,422
Amount owing to Directors	1,390	2,870
Amount owing to ultimate holding company - Armani Synergy Sdn. Bhd.	1,327	-
Term Loan - current portion	429	996
Hire Purchase - current portion	34	-
Tax Liability	118	-
	<u>11,566</u>	<u>9,288</u>
Total liabilities	<u>12,458</u>	<u>9,697</u>
TOTAL EQUITY AND LIABILITIES	<u><u>43,870</u></u>	<u><u>50,630</u></u>
Net assets per share attributable to owners of the Company (RM)	0.41	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.

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

	Current Financial period ended 31.12.2020	Preceding Year Corresponding Period 31.12.2019
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Loss before tax	(9,408)	(3,762)
Adjustments for:		
Non-cash & non-operating items	4,890	2,152
Operating profit /(loss) before working capital changes	<u>(4,518)</u>	<u>(1,610)</u>
(Increase) / Decrease in working capital		
Inventories	(1,163)	(769)
Trade and other receivables	295	1,113
Trade and other payables	2,846	(907)
Amount owing to Directors	(1,480)	1,862
Amount owing to ultimate holding company	1,327	-
	<u>(2,693)</u>	<u>(311)</u>
Cash generated from / (used in) operations	(2,693)	(311)
Income tax paid/refund	-	50
Interest paid	(57)	(110)
Net cash generated from / (used in) operating activities	<u>(2,750)</u>	<u>(371)</u>
Cash flows generated from / (used in) investing activities		
Proceeds from disposal of property, plant and equipment	1,597	-
Purchase of property, plant and equipment	(241)	(359)
Interest received	81	239
Net cash generated from / (used in) investing activities	<u>1,437</u>	<u>-120</u>
Cash flows used in financing activities		
Revaluation Reserve	-	-
Repayment of term loan	(322)	(952)
Net cash used in financing activities	<u>(322)</u>	<u>(952)</u>
Net increase/(decrease) in cash and cash equivalents	(1,635)	(1,443)
Cash and cash equivalents at beginning of period	6,507	7,950
Cash and cash equivalents at end of the period	<u>4,872</u>	<u>6,507</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	3,759	444
Deposits in the licensed bank	<u>1,113</u>	<u>6,063</u>
	<u>4,872</u>	<u>6,507</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 31 DECEMBER 2020
(The figures have not been audited)

	Attributable to owners of the Company					Total Equity
	Non-Distributable			Distributable		RM'000
	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	<u>42,809</u>	<u>-</u>	<u>201</u>	<u>(1,041)</u>	<u>(1,036)</u>	<u>40,933</u>
At 1 January 2020	42,809	-	201	(1,041)	(1,036)	40,933
Total comprehensive income / (loss)	-	-	-	-	(9,521)	(9,521)
At 31 December 2020	<u>42,809</u>	<u>-</u>	<u>201</u>	<u>(1,041)</u>	<u>(10,557)</u>	<u>31,412</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 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 3rd 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.

During the quarter:

- 1) Allowance of slow-moving inventories of RM2.01 million was provided;
- 2) Allowance of impairment loss on Property, Plant and Equipment (PPE) of RM1.58 million was provided.

The above provisions on the opinion that the Property, Plant and Equipment (PPE) will not be used in near future and the inventories for certain models will be discontinued.

The Group made a gain of RM1.20 million by disposing a leasehold land and building classified under Right of Use during the quarter.

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 December 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 in 3rd quarter.

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

A14. Capital Commitments

Joint Venture of Property Development Project	As at 31.12.2020 RM'000
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Approved and contracted for	<u>1,700</u>
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The Group had entered into a joint development agreement with E Prompt Sdn. Bhd. to jointly develop a land in Cameron Highlands.

A15. Derivative Financial Asset/Liability

There were no outstanding forward foreign exchange contracts outstanding as at 31 December 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 31.12.20 RM'000	Preceding year Corresponding Period 31.12.19 RM'000
Transactions with companies in which certain Directors have substantial financial interests:		
<u>Professional fee</u>		
Kee Sern ,Siu & Huey	21	-
<u>Staff Welfare (Face Mask)</u>		
Armani Venture Sdn Bhd	8	-

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

B1. Review of Performance

Comparison between Quarter 31.12.2020 and Quarter 31.12.2019

The revenue and loss before tax recorded by the Group for the quarter was RM8,852,000 and RM5,262,000 respectively. This represents a increase of RM3,529,000 in revenue or 66.30% higher than that of its corresponding quarter. The higher revenue for Quarter 31.12.2020 was due to the higher export sales to North America.

The Group incurred a loss before tax of RM5,262,000 in the quarter as compared to a loss before tax of RM1,275,000 in the previous corresponding quarter. The increase in loss was primarily due to the following :-

- Allowance for Slow-moving Inventories of RM2,014,000 was provided;
- Allowance for Impairment Loss on Property, Plant and Equipment (PPE) of RM1,584,000 was provided;
- Higher Operating Expenses
- Higher Direct Cost

Comparison between Year to Date 31.12.2020 with Year to Date 31.12.2019

The Group recorded an increase in revenue to RM29,387,000 against RM27,196,000 in the previous year due to increase in export sales to North America. The registered loss before tax of RM9,407,000 against the loss of RM3,762,000 in the preceding year corresponding period was due to the following :-

- Allowance for Slow-moving Inventories of RM2,014,000 was provided;
- Allowance for Impairment Loss on Property, Plant and Equipment of RM1,584,000 was provided
- Inventories of RM1,267,000 damaged by flood was written off;
- Higher Direct Cost
- Higher Operating Expenses

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 31.12.2020 and Quarter 30.09.2020

The Group registered a loss before tax of RM5,262,000 for the current quarter ended 31 December 2020 as compared to a loss before tax of RM2,020,000 in the previous quarter ended 30 September 2020. The increase in loss was primarily due to the following :-

- Allowance for Slow-moving Inventories of RM2,014,000 was provided;
- Allowance for Impairment Loss on Property, Plant and Equipment (PPE) of RM1,584,000 was provided

B3. Commentary on Prospects

The results for the financial year ending 31/12/2021 are expected to be improved as we are penetrating into Europe and Middle East to widen our customer base.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

	Current Year Quarter 31.12.20 RM'000	Current Year To Date 31.12.20 RM'000
Income tax	119	119
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 31 December 2020 are as follows :-

	RM'000
Term Loan	927
Hire Purchase	277

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 December 2020 is computed as follow:

	Individual Current Year Quarter 31.12.20	Cumulative Current Year To Date 31.12.20
Loss attributable to owners of the Company (RM'000)	<u>(5,381)</u>	<u>(9,521)</u>

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

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>(6.95)</u>	<u>(12.29)</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 31.12.20 (RM’000)	Financial Period Ended 31.12.20 (RM’000)
Loss for the period is arrived at after charging/(crediting) :		
Interest income :		
- FD interest and bank interest	(18)	(30)
- Distribution of Investments management fund	(2)	(51)
Depreciation of property, plant and equipment	909	2,486
Amortisation of right-of- use assets	(4)	19
Write off of inventories damage by flood	1,267	1,267
Realised loss / (gain) on foreign exchange	84	47
Unrealised loss on foreign exchange	25	90
Interest expense (term loan,overdraft)	32	57
Change in fair value of investment properties	45	45
Allowance for slow-moving inventories:		
- Addition	2,175	2,175
- Reversal	(161)	(161)
Allowance for impairment loss on:		
- Property, Plant and Equipment (PPE)	1,584	1,584
- Trade receivables	20	20
Bad debt written off	33	33
Gain on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) assets.	(1,235)	(1,235)

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 December 2020.

By order of the Board
TAFI Industries Berhad

Dato’ Sri Azlan Bin Azmi
Group Managing Director
23 Feb 2021