

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2021	Preceding Year Corresponding Quarter 30.06.2020	Current Year To Date 30.06.2021	Preceding Year Corresponding Period 30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	5,909	5,457	15,252	11,528
Cost of sales	(6,218)	(6,076)	(14,817)	(12,110)
Gross profit	<u>(309)</u>	<u>(619)</u>	<u>435</u>	<u>(582)</u>
Operating expenses	(1,431)	(880)	(2,239)	(1,764)
Other Income	995	170	2,189	195
Profit/(Loss) from operations	<u>(745)</u>	<u>(1,329)</u>	<u>385</u>	<u>(2,151)</u>
Interest expense	(17)	(7)	(44)	(25)
Interest income	18	29	25	51
Profit/(Loss) before taxation	<u>(744)</u>	<u>(1,307)</u>	<u>366</u>	<u>(2,125)</u>
Taxation	-	-	(53)	-
Profit/(Loss) for the period	<u>(744)</u>	<u>(1,307)</u>	<u>313</u>	<u>(2,125)</u>
Other comprehensive income/(expenses)	-	-	-	-
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS)	<u>(744)</u>	<u>(1,307)</u>	<u>313</u>	<u>(2,125)</u>
Profit/(Loss) for the period attributable to :				
Owners of the Company	(744)	(1,307)	313	(2,125)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(744)</u>	<u>(1,307)</u>	<u>313</u>	<u>(2,125)</u>
Profit/(Loss) per share (sen)				
- Basic	<u>(0.87)</u>	<u>(1.69)</u>	<u>0.38</u>	<u>(2.75)</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021
(The figures have not been audited)

	As At End Of Current Quarter 30.06.2021	As At Preceding Financial Year Ended 31.12.2020
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	18,503	19,438
Right-of-use assets	376	388
Investment properties	5,830	5,830
Total non-current assets	<u>24,709</u>	<u>25,656</u>
Current assets		
Inventories	11,976	9,095
Trade and other receivables	1,876	3,387
Current tax assets	2	2
Short term and fixed deposits, cash and bank balances	31,209	4,872
	<u>45,063</u>	<u>17,356</u>
Assets held for sale	-	596
TOTAL ASSETS	<u><u>69,772</u></u>	<u><u>43,608</u></u>
EQUITY AND LIABILITIES		
Equity - attributable to owners of the Company		
Issue capital	69,765	42,809
Treasury shares, at cost	(1,041)	(1,041)
Reserves	(9,969)	(10,282)
Total equity	<u>58,755</u>	<u>31,486</u>
Non-current liability		
Deferred tax liability	152	152
Borrowings	243	498
	<u>395</u>	<u>650</u>
Current liabilities		
Trade and other payables	9,740	10,722
Borrowings	785	706
Tax Liability	97	44
	<u>10,622</u>	<u>11,472</u>
Total liabilities	<u>11,017</u>	<u>12,122</u>
TOTAL EQUITY AND LIABILITIES	<u><u>69,772</u></u>	<u><u>43,608</u></u>
Net assets per share attributable to owners of the Company (RM)	0.69	0.41

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	Current Financial period ended 30.06.2021	Preceding Year Corresponding Period 30.06.2020
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Profit / (Loss) before tax	366	(2,125)
Adjustments for:		
Non-cash & non-operating items	(686)	1,060
Operating profit /(loss) before working capital changes	<u>(320)</u>	<u>(1,065)</u>
(Increase) / Decrease in working capital		
Inventories	(2,244)	(743)
Trade and other receivables	2,045	(632)
Trade and other payables	(1,326)	1,053
	<u> </u>	<u> </u>
Cash generated from / (used in) operations	(1,845)	(1,387)
Income tax paid/refund	-	-
Interest paid	(44)	(25)
Net cash generated from / (used in) operating activities	<u>(1,889)</u>	<u>(1,412)</u>
Cash flows generated from / (used in) investing activities		
Proceeds from disposal of property, plant and equipment	1,749	-
Purchase of property, plant and equipment	(138)	(97)
Interest received	25	27
Advance from immediate and ultimate holding company	1,200	-
Repayment to former Director	(1,390)	-
	<u> </u>	<u> </u>
Net cash generated from / (used in) investing activities	<u>1,446</u>	<u>-70</u>
Cash flows used in financing activities		
Term Loan	(163)	-
Share Capital	26,956	-
Hire Purchase	(14)	-
Repayment of term loan	-	(241)
Net cash used in financing activities	<u>26,779</u>	<u>(241)</u>
Net increase/(decrease) in cash and cash equivalents	26,336	(1,723)
Cash and cash equivalents at beginning of period	4,873	6,507
Cash and cash equivalents at end of the period	<u>31,209</u>	<u>4,784</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	31,209	351
Deposits in the licensed bank	-	4,433
	<u>31,209</u>	<u>4,784</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021
(The figures have not been audited)

	Attributable to owners of the Company					Total Equity RM'000
	Share Capital RM'000	Non-Distributable Treasury Shares RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Distributable reserves Accumulated Loss RM'000	
At 1 January 2020	42,809	(1,041)	201	925	(1,961)	40,933
Total comprehensive loss	-	-	-	(45)	(9,402)	(9,447)
At 31 December 2020	<u>42,809</u>	<u>(1,041)</u>	<u>201</u>	<u>880</u>	<u>(11,363)</u>	<u>31,486</u>
At 1 January 2021	42,809	(1,041)	201	880	(11,363)	31,486
Total comprehensive income / (loss)	26,956	-	-	-	313	27,269
At 30 June 2021	<u>69,765</u>	<u>(1,041)</u>	<u>201</u>	<u>880</u>	<u>(11,050)</u>	<u>58,755</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 2020 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 2020. 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 2020.

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 2020 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2021 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 2020.

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 the Group made a gain of RM1.15 million on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) during the 1st quarter, and received insurance claim of RM0.97 million during the current 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 except for:

- The company issued 46,475,700 new ordinary shares pursuant to the right issue exercise on 14 June 2021.

As at 30 June 2021, 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 2021, the Group did not have any contingent liability.

A14. Capital Commitments

Joint Venture of Property Development Project	As at 30.06.2021 RM'000
Approved and contracted for	<u>1,500</u>

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 30 June 2021.

A16. Related party transactions

Transaction with immediate and ultimate holding company, Armani Synergy Sdn. Bhd.:

	Current Year Quarter Ended 30.06.2021 RM'000	Current Year To Date Ended 30.06.2021 RM'000
Advances from	-	1,200

The amount due to immediate and ultimate holding company is unsecured, interest free and repayable upon demand.

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

B1. Review of Performance

Comparison between Quarter 30.06.2021 and Quarter 30.06.2020

The revenue and loss before tax recorded by the Group for the quarter was RM5,909,000 and RM744,000 respectively. This represents a increase of RM452,000 in revenue or 8.28% higher than that of its corresponding quarter. The higher revenue for Quarter 30 June 2021 was due to the higher export sales.

The Group incurred a loss before tax of RM744,000 in the quarter as compared to a loss before tax of RM1,307,000 in the previous corresponding quarter. The decrease in loss was primarily due to the following:-

- Higher Export Sales
- Insurance Claim of Flood.

Comparison between Year to Date 30.06.2021 with Year to Date 30.06.2020

The Group recorded an increase in revenue to RM15,252,000 against RM11,528,000 in the previous year due to increase in sales to US market. The registered profit before tax of RM366,000 against the loss of RM2,125,000 in the preceding year corresponding period was due to the following :-

- Higher Export Sales
- Insurance Claim of Flood
- Gain on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) assets.

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 30.06.2021 and Quarter 31.03.2021

The Group registered a loss before tax of RM744,000 for the current quarter ended 30 June 2021 as compared to a profit before tax of RM1,110,000 in the previous quarter ended 31 March 2021. The decrease in profit was primarily due to the following:-

- Decrease in sales due to PKP lock down in June
- Gain of RM1.15 million on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) during the previous quarter.

B3. Commentary on Prospects

Our entry into North American market has shown positive result and we shall continue to expand on market share. We are also expanding our market share in the European and Middle East markets to widen our customer base.

Besides, the Group has ventured into property development and local project for supplying furniture and related services.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

	Current Year Quarter Ended 30.06.2021 RM'000	Current Year To Date Ended 30.06.2021 RM'000
Provision for real property gains tax ("RPGT")	-	53

B6. Status of Corporate Proposal

On 8 March 2021, 11 March 2021, 18 March 2021, 9 April 2021, 15 April 2021, 26 April 2021, 27 April 2021, 11 May 2021, the Group has announced to propose renounceable right issue of 46,475,700 new ordinary share in TAFI ("Right Shares") at an issue price of RM0.58 per rights share, on the basis three (3) rights shares for every five (5) existing ordinary shares in TAFI (excluding treasury shares) held by the entitled shareholders as at 5.00 p.m. on 11 May 2021.

On 4 June 2021, the Company has announced that as at the closing of acceptance, excess application and payment for the Rights Issue of Shares at 5.00 p.m. on 31 May 2021 ("**Closing Date**"), TAFI had received valid acceptances and excess applications for a total of 59,248,220 Rights Shares, representing a subscription rate of 127.48% of the total number of 46,475,700 Rights Shares available for subscription, resulting in an over-subscription rate of 27.48%.

On 14 June 2021, Latest issued Share Capital after the above proposal in the following

Units	123,935,200
Issued Share Capital (\$\$)	Malaysian Ringgit (MYR) 68,724,138.000
Listing Date	15 Jun 2021

Notes:

(i) The number of units excludes 2,540,500 treasury shares amounting to RM1.04 million.

On 15 June 2021, the Rights Issue is completed with the listing and quotation of 46,475,700 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

Other than disclosure above, there are no corporate proposals announced but not completed as at 30 June 2021.

B7. Utilisation of Proceeds Raised from Corporate Proposal

Based on the issue price of RM0.58 for each Rights Share, the Rights Issue of Shares will raise gross proceeds of RM26.96 million, which is expected to be utilised in the following manner:-

Purpose	Proposed Utilisation	Actual Utilisation	Unutilised Proceeds	Intended Timeframe for Utilisation	Deviation amount	Explanation(if the deviations >5%)	
	RM'000	RM'000	RM'000		RM'000	%	
Working Capital for our Group's furniture segment	15,256	-	15,256	within 9 months	-	-	N/A
Property development activities	10,000	-	10,000	within 15 months	-	-	N/A
Repayment of borrowings	1,200	-	1,200	within 6 months	-	-	N/A
Estimated expenses in relation to the Rights Issue of Shares	500	-	500	immediate	-	-	N/A
Total	26,956	-	26,956				

B8. Group Borrowing and Debt Securities

Details of the Group's borrowings as of 30 June 2021 are as follows :-

	RM'000
Term Loan	765
Hire Purchase	263
	<u>1,028</u>

B9. 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.

B10. Material Litigation

The Group does not have any material litigation as at the date of this report.

B11. Dividend Payable

No dividend has been declared for the current quarter under review.

B12. Basis of Calculation of Earnings/(Loss) Per Share

The basic earnings per share for the quarter and financial period ended 30 June 2021 is computed as follow:

	Current Year Quarter Ended 30.06.2021	Current Year To Date Ended 30.06.2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(744)	313
Weighted average number of ordinary shares ('000) in issue	85,205	81,332
Basic Earning Per Share based on weighted average number of ordinary shares in issue (sen)	(0.87)	0.38

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.

B13. Additional Disclosure on loss for the period

	Current Year Quarter Ended 30.06.2021 (RM'000)	Current Year To Date Ended 30.06.2021 (RM'000)
Profit for the period is arrived at after charging/(crediting) :		
Interest income :		
- FD interest and bank interest	(18)	(25)
Depreciation of property, plant and equipment	535	1,070
Amortisation of right-of- use assets	6	13
Realised loss on foreign exchange	24	10
Unrealised (gain) on foreign exchange	(40)	(48)
Interest expense (term loan, hire purchase)	17	44
Allowance for slow-moving inventories:		
- Reversal	(257)	(637)
Gain on disposal of property, Plant and Equipment (PPE) and Right of Use (ROU) assets.	-	(1,150)

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 2021.

B14. Memorandum of Understanding (“MOU”)

TAFI Industries Berhad had on 25 August 2021, signed a Memorandum of Understanding (“MOU”) with Signature Cabinet Sdn. Bhd. (“SCSB”), a wholly-owned subsidiary of Signature International Berhad to jointly undertake a collaboration, business venture or joint venture to pool their respective expertise with the view of joining forces to penetrate into the project market to market and distribute kitchen cabinet and wardrobe system.

T.A. Furniture Industries Sdn. Bhd. (“TA”) a wholly-owned subsidiary of the Company, had on 25 August 2021, signed a Memorandum of Undertaking (“MOU”) with OMG Free Reno Sdn. Bhd. (“OMG”) to jointly undertake a collaboration, business venture or joint venture to pool their respective expertise with the view of joining forces to penetrate into the project market capitalizing on OMG’s groundbreaking subscriber-based renovation platform to sell TA’s fitting and furniture.

Please refer to the announcement dated 25 August 2021 for further details on the MOUs.

By order of the Board
TAFI Industries Berhad

Dato’ Sri Azlan Bin Azmi
Group Managing Director
22 September 2021