

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2021**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2021 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2020 RM'000	Current Year To Date Ended 31.12.2021 RM'000	Preceding Year Corresponding Period Ended 31.12.2020 RM'000
Revenue	18,646	8,852	43,539	29,387
Cost of sales	(11,957)	(12,334)	(35,590)	(34,048)
Gross profit	<u>6,689</u>	<u>(3,482)</u>	<u>7,949</u>	<u>(4,661)</u>
Operating expenses	(2,078)	(3,127)	(4,978)	(6,377)
Other Income *	(1,318)	1,359	2,577	1,607
Profit/(Loss) from operations	<u>3,293</u>	<u>(5,250)</u>	<u>5,548</u>	<u>(9,431)</u>
Interest expense	(57)	(32)	(122)	(57)
Interest income	10	20	108	81
Profit/(Loss) before taxation	<u>3,246</u>	<u>(5,262)</u>	<u>5,534</u>	<u>(9,407)</u>
Income tax expense	-	(45)	(53)	(40)
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial period	<u><u>3,246</u></u>	<u><u>(5,307)</u></u>	<u><u>5,481</u></u>	<u><u>(9,447)</u></u>
Profit/(Loss) after taxation/Total comprehensive income attributable to :				
Owners of the Company	3,246	(5,307)	5,481	(9,447)
Non-controlling interests	-	-	-	-
	<u><u>3,246</u></u>	<u><u>(5,307)</u></u>	<u><u>5,481</u></u>	<u><u>(9,447)</u></u>
Earnings/(Loss) per share (sen)				
- Basic EPS (before bonus issue of shares in 2022)	2.57	(6.65)	5.28	(11.83)
- Basic EPS (after bonus issue of shares in 2022)	<u>0.86</u>	<u>(2.21)</u>	<u>1.54</u>	<u>(3.94)</u>

Diluted Earnings/(Loss) per share (sen)

- The diluted earnings per ordinary share of the Group are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

* There is a reclassification of other income RM1.48 million recognised in Q3 now reclassified under revenue in Q4.

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.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021
(The figures have not been audited)

	As At End Of Current Quarter 31.12.2021 RM'000	As At Preceding Financial Year Ended 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	18,538	19,438
Right-of-use assets	639	388
Investment properties	5,830	5,830
Total non-current assets	<u>25,007</u>	<u>25,656</u>
Current assets		
Inventories	15,225	9,095
Property development cost	3,694	-
Trade and other receivables	24,390	3,387
Amount owing by related company - Armani Energy Sdn. Bhd.	6	-
Current tax assets	2	2
Short term and fixed deposits, cash and bank balances	7,621	4,872
	<u>50,938</u>	<u>17,356</u>
Assets held for sale	-	596
TOTAL ASSETS	<u>75,945</u>	<u>43,608</u>
EQUITY AND LIABILITIES		
Equity - attributable to owners of the Company		
Share capital	69,765	42,809
Treasury shares, at cost	(1,041)	(1,041)
Reserves	(4,801)	(10,282)
Total equity	<u>63,923</u>	<u>31,486</u>
Non-current liabilities		
Deferred tax liability	152	152
Borrowings	-	498
Lease liability	129	-
	<u>281</u>	<u>650</u>
Current liabilities		
Trade and other payables	7,362	10,722
Amount owing to ultimate holding company - Armani Synergy Sdn. Bhd.	27	-
Borrowings	4,205	706
Lease liability	147	-
Tax Liability	-	44
	<u>11,741</u>	<u>11,472</u>
Total liabilities	<u>12,022</u>	<u>12,122</u>
TOTAL EQUITY AND LIABILITIES	<u>75,945</u>	<u>43,608</u>
Net assets per share attributable to owners of the Company (RM)	0.52	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 31 DECEMBER 2021
(The figures have not been audited)

	Current Financial period ended 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	5,534	(9,407)
Adjustments for:		
Non-cash & non-operating items	(388)	6,484
Operating profit /(loss) before working capital changes	5,146	(2,923)
(Increase) / Decrease in working capital		
Inventories	(5,124)	(2,429)
Property development cost	(3,694)	-
Trade and other receivables	(20,481)	504
Trade and other payables	(1,338)	2,580
Cash used in operations	(25,491)	(2,268)
Income tax paid/refund	(97)	-
Short term lease payment	(151)	(184)
Interest paid	(122)	(57)
Net cash used in operating activities	(25,861)	(2,509)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,749	1,597
Purchase of property, plant and equipment	(608)	(241)
Interest received	108	81
Advance from immediate and ultimate holding company	(1,300)	1,327
Repayment to former Director	(1,390)	(1,477)
Net cash (used in)/generated from investing activities	(1,441)	1,287
Cash flows from financing activities		
Net drawdown of bankers' acceptances	2,351	-
Net drawdown of invoices financing	1,854	-
Net repayments of lease liabilities	(301)	-
Repayment of term loan	(927)	(322)
Proceeds from issuance of shares pursuant to rights issue	26,956	-
Net cash generated from/(used in) financing activities	29,933	(322)
Net increase/(decrease) in cash and cash equivalents	2,631	(1,544)
Effect of exchange rate changes	117	(91)
Cash and cash equivalents at beginning of period	4,873	6,507
Cash and cash equivalents at end of the period	<u>7,621</u>	<u>4,872</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	7,621	3,759
Deposits in the licensed bank	-	1,113
	<u>7,621</u>	<u>4,872</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 31 DECEMBER 2021
(The figures have not been audited)

	Attributable to owners of the Company					Total Equity RM'000
	Share Capital RM'000	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
Transaction with owners of the Company: Issuance of shares pursuant to right issue	26,956	-	-	-	-	26,956
Total comprehensive income	-	-	-	-	5,481	5,481
At 31 December 2021	<u>69,765</u>	<u>(1,041)</u>	<u>201</u>	<u>880</u>	<u>(5,882)</u>	<u>63,923</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 condensed consolidated 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 condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated audited financial statements as at and for the year ended ("last annual consolidated audited financial statements") 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 Group's financial position and performance of the Group since the last annual consolidated financial statements year ended 31 December 2020.

A2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this condensed consolidated interim financial report are consistent with those adopted in the last annual consolidated 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, received insurance claim of RM0.97 million during the 2nd 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.

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A7. Issuances and repayment of debt and equity securities

There were no issuances, repurchases, and repayment of debts and equity securities of the Group during the current quarter under review except for:

- a. The Company issued 46,475,700 new ordinary shares pursuant to the rights issue exercise which was completed on 15 June 2021.

As at 31 December 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

Financial Year-To-Date Ended 31 December 2021

	Property Development	Furniture	Others	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Total revenue	-	48,130	800	48,930
Less: Inter-segment revenue	-	(5,391)	-	(5,391)
Revenue from external customers	-	42,739	800	43,539
Result:				
Operating profit/(Loss)	(17)	5,565	260	5,548
Interest income	-	108	-	108
Finance costs	-	(122)	-	(122)
Profits before interest and tax	(17)	5,291	260	5,534
Income tax expense	-	(53)	-	(53)
Profit for the year	(17)	5,238	260	5,481
Non-controlling interest	-	-	-	-
Profits attributable to Owner of the Company	(17)	5,238	260	5,481

As At 31 December 2021

Assets

Segment assets	15,207	60,738	-	75,945
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Liabilities

Segment liabilities	4,964	2,577	-	7,541
Borrowings	-	4,205	-	4,205
Lease liability	-	276	-	276
	4,964	7,058	-	12,022

Note:

1. Others segment consist of construction activities.

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 December 2021, the Group did not have any contingent liability.

A14. Capital Commitments

	As at 31.12.2021 RM'000
Joint Venture of Property Development Projects	<u>3,143</u>

The Group had entered into Joint Development Agreements with E Prompt Sdn. Bhd., Pembinaan Alamku Sdn. Bhd., Pembinaan I-One Sdn. Bhd., Jaringan Fajar Sdn. Bhd. and Kotamas Development (M) Sdn. Bhd. respectively to jointly develop lands located in Kuantan, Pahang.

A15. Derivative Financial Asset/Liability

There were no forward foreign exchange contracts outstanding as at 31 December 2021.

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.

Transactions with companies in which certain Directors have substantial financial interests:	Nature of business	Current Year Quarter Ended 31.12.2021 RM'000	Current Year To Date Ended 31.12.2021 RM'000
Armani Synergy Sdn Bhd	Advance from Repayment to	- (2,500)	1,200 (2,500)
Armani Energy Sdn Bhd	Income from disposal of property, plant and equipment	6	6
Mercu Majuniaga Sdn Bhd	Payment for transportation charge Income from sale of furniture	(4) 11	(4) 11
KH Ong & Ng	Payment for professional fee	(2)	(2)

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 31.12.2021 and Quarter 31.12.2020

The revenue and profit before tax recorded by the Group for the quarter was RM18,646,000 and RM3,246,000 respectively. This represents an increase of RM9,794,000 in revenue or 110.64% higher than that of its corresponding quarter. The higher revenue for Quarter 31 December 2021 was due to the increase in local projects sales of furniture and income from construction contracts.

The Group incurred a profit before tax of RM3,246,000 in the quarter as compared to a loss before tax of RM5,262,000 in the previous corresponding quarter. The increase in profit was primarily due to the following:

- Local projects sales of furniture with higher margin;
- Lower operating expenses
- Decrease in provision of slow-moving Inventories

Comparison between Year to Date 31.12.2021 with Year to Date 31.12.2020

The Group recorded an increase in revenue to RM43,539,000 against RM29,387,000 in the previous year due to increase in local project sales of furniture and income from construction contracts. The registered profit before tax of RM5,534,000 against the loss of RM9,407,000 in the preceding year corresponding period was due to the following:

- Local projects sales of furniture with higher margin;
- Insurance claim for flood;
- Gain on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) assets;
- Gain from compensation for cancellation of order;
- Income from construction contracts;
- Lower operating expenses

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 31.12.2021 and Quarter 30.09.2021

The Group registered a profit before tax of RM3,246,000 for the current quarter ended 31 December 2021 as compared to a profit before tax of RM1,922,000 in the previous quarter ended 30 September 2021. The increase in profit was primarily due to the following:

- Local project sales of furniture with higher margin;
- Completion of construction contracts in current quarter.

B3. Commentary on Prospects

Our entry into North American furniture 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. Our recent venture into local project market for supplying furniture and related services during the quarter ended 31 December 2021 has shown positive results and we are working towards securing more orders for local project market for supply of furniture.

Since diversification into property development business, our Group had been focusing on our maiden property development at Habu, Pahang, wherein the management anticipates that the development for this project will commence in year 2022. Subsequent thereto, the Group had further expanded its property development segment by entering into several joint venture agreements with different parties for the development of various property projects located mainly within the vicinity of Kuantan, Pahang. The Group will continue working towards expanding the Group's property development business by securing more joint ventures for property development projects.

The Group has kick-started its construction related business by securing its maiden contract in November 2021 for the site clearance and earthwork for a housing scheme which was completed in current quarter. We also managed to secure another contract on 8 December 2021, for construction related works including mechanical and electrical works to complete a mixed commercial development project at Permas City, Johor Bahru. The Group will work towards tendering and securing more construction contracts from both the private sector and also government sector to further grow our revenue stream from construction contracts.

B4. Variance of Actual and Forecast Profit

Not applicable

B5. Taxation

	Current Year Quarter Ended	Current Year To Date Ended
	31.12.2021	31.12.2021
	RM'000	RM'000
Provision for real property gains tax ("RPGT")	-	53

B6. Status of Corporate Proposal

1. Renounceable Rights Issue

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 Company 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

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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 is as below:

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 was completed with the listing and quotation of 46,475,700 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

2. Proposed Bonus Issue of Shares and Bonus Issue of Warrants

On 7 December 2021, on behalf of our Board, AmInvestment Bank announced that our Company proposed to undertake the following Proposals:-

a) Proposed Bonus Issue of Shares

Proposed bonus issue of 252,951,400 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing TAFI Share held on the Entitlement Date.

b) Proposed Bonus Issue of Warrants

Proposed bonus issue of up to 63,237,850 Warrants on the basis of one (1) Warrants for every two (2) existing TAFI Shares held on the Entitlement Date.

On 27 December 2021, 21 January 2022, 24 January 2022, 25 January 2022 and 10 February 2022, the Company announced that Bursa Securities had vide its letter dated 27 December 2021, resolved to approve the listing and quotation of up to:-

- i. 252,951,400 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares.
- ii. 63,237,850 new TAFI Shares to be arising from the exercise of Warrants.

On 11 February 2022, the Group has announced that the Bonus Issue of Shares has been completed following the listing and quotation of 252,951,400 Shares on the Main Market of Bursa Securities.

On 21 February 2022, the Group has announced that the Bonus Issue of Warrants has been completed following the listing and quotation of 61,967,597 Warrants on the Main Market of Bursa Securities.

Other than disclosed above, there are no corporate proposals which had been announced but not completed as at 31 December 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 raised gross proceeds of RM26.96 million, which was 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	15,280	-24	within 9 months	-	-	N/A
Property development activities	10,000	10,000	-	within 15 months	-	-	N/A
Repayment of borrowings	1,200	1,176	24	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

a) The Group borrowing as at 31 December 2021 were as follows:

	Total Secured	
	As at 31.12.2021	As at 31.12.2020
	RM'000	RM'000
<u>Short Term</u>		
Banker's acceptance	2,351	-
Invoice financing	1,854	-
Term loans	-	672
Hire purchase	-	34
	<u>4,205</u>	<u>706</u>
<u>Long Term</u>		
Term loans	-	256
Hire purchase	-	242
	<u>-</u>	<u>498</u>
Total	<u>4,205</u>	<u>1,204</u>

b) There were no debt securities for the financial year ended 31 December 2021.

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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

(a) Basic earnings/(loss) per share

	Quarter Ended		Year To Date Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit/(Loss) attributable to owners of the Company (RM'000)	3,246	(5,307)	5,481	(9,447)
Weighted average number of ordinary shares in issue ('000) *	126,336	79,861	103,890	79,861
Bonus issue subsequent to year end	252,951	160,000	252,951	160,000
Total	379,287	239,861	356,841	239,861
Basic earnings/(loss) per share (sen)				
- Before bonus issue	2.57	(6.65)	5.28	(11.83)
- After bonus issue	0.86	(2.21)	1.54	(3.94)

The diluted earnings per ordinary share of the Group are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

* Weighted average number of ordinary shares has taken into the duration of right issue shares during the year in calculating basic earnings per share.

B13. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 31.12.2021 (RM'000)	Current Year To Date Ended 31.12.2021 (RM'000)
Profit for the period is arrived at after charging/(crediting):		
Interest income:		
- FD interest and bank interest	(10)	(108)
Depreciation of property, plant and equipment	49	1,653
Amortisation of right-of- use assets	29	48
Realised loss on foreign exchange	2	64
Unrealised (gain) on foreign exchange	(20)	(117)
Interest expense (term loan, hire purchase)	(6)	59
Allowance for slow-moving inventories:		
- Reversal	(281)	(1,007)
Allowance for impairment loss on:		
- Trade receivables	22	22
Gain on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) assets	(2)	(1,152)

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 2021.

By order of the Board
TAFI Industries Berhad

Dato' Sri Azlan Bin Azmi
Group Managing Director
24 February 2022