

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2022**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.03.2022 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2021 RM'000	Current Year To Date Ended 31.03.2022 RM'000	Preceding Year Corresponding Period Ended 31.03.2021 RM'000
Revenue	12,089	9,343	12,089	9,343
Cost of sales	(10,836)	(8,599)	(10,836)	(8,599)
Gross profit	<u>1,253</u>	<u>744</u>	<u>1,253</u>	<u>744</u>
Operating expenses	(1,133)	(808)	(1,133)	(808)
Other Income	60	1,194	60	1,194
Profit/(Loss) from operations	<u>180</u>	<u>1,130</u>	<u>180</u>	<u>1,130</u>
Interest expense	(6)	(27)	(6)	(27)
Interest income	8	7	8	7
Profit/(Loss) before taxation	<u>182</u>	<u>1,110</u>	<u>182</u>	<u>1,110</u>
Income tax expense	-	(53)	-	(53)
Profit/(Loss) after taxation/Total comprehensive income/(expenses) for the financial period	<u>182</u>	<u>1,057</u>	<u>182</u>	<u>1,057</u>
Profit/(Loss) after taxation/Total comprehensive income attributable to :				
Owners of the Company	182	1,057	182	1,057
Non-controlling interests	-	-	-	-
	<u>182</u>	<u>1,057</u>	<u>182</u>	<u>1,057</u>
Basic earnings per share (sen)	<u>0.05</u>	<u>0.45</u>	<u>0.05</u>	<u>0.45</u>
Diluted earnings per share (sen)	<u>0.05</u>	<u>0.45</u>	<u>0.05</u>	<u>0.45</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022
(The figures have not been audited)

	As At End Of Current Quarter 31.03.2022 RM'000	As At Preceding Financial Year Ended 31.12.2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	18,403	18,538
Right-of-use assets	609	650
Investment properties	5,830	5,830
Total non-current assets	<u>24,842</u>	<u>25,018</u>
Current assets		
Inventories	18,985	18,922
Contract assets	5,623	-
Trade and other receivables	25,538	24,393
Amount owing by related company - Armani Energy Sdn. Bhd.	6	-
Current tax assets	2	2
Short term and fixed deposits, cash and bank balances	7,342	7,621
	<u>57,496</u>	<u>50,938</u>
TOTAL ASSETS	<u>82,338</u>	<u>75,956</u>
EQUITY AND LIABILITIES		
Equity - attributable to owners of the Company		
Share capital	74,225	69,765
Treasury shares, at cost	-	(1,041)
Reserves	(4,607)	(4,789)
Total equity	<u>69,618</u>	<u>63,935</u>
Non-current liabilities		
Deferred tax liability	152	152
Lease liability	91	129
	<u>243</u>	<u>281</u>
Current liabilities		
Trade and other payables	8,512	7,361
Amount owing to ultimate holding company - Armani Synergy Sdn. Bhd.	27	27
Borrowings	3,789	4,205
Lease liability	149	147
	<u>12,477</u>	<u>11,740</u>
Total liabilities	<u>12,720</u>	<u>12,021</u>
TOTAL EQUITY AND LIABILITIES	<u>82,338</u>	<u>75,956</u>
Net assets per share attributable to owners of the Company (sen)	18.60	27.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2022
(The figures have not been audited)

	Current Financial period ended 31.03.2022 RM'000	Preceding Year Corresponding Period 31.03.2021 RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	182	1,110
Adjustments for:		
Reversal of allowance for slow-moving inventories	(26)	(380)
Depreciation of property, plant and equipment	414	534
Depreciation of right-of-use assets	44	7
Expenses related to short-term lease	9	-
(Gain)/Loss disposal of property, plant and equipment	5	(1,150)
Interest expense	6	27
Interest income	(8)	(7)
Reversal of impairment loss on trade receivables	16	-
Unrealised loss on foreign exchange	80	-
Non-cash & non-operating items	<u>540</u>	<u>(969)</u>
Operating profit /(loss) before working capital changes	722	141
(Increase) / Decrease in working capital		
Inventories	(37)	(1,597)
Contract asset	(5,623)	-
Trade and other receivables	(1,167)	795
Trade and other payables	940	(653)
Cash used in operations	<u>(5,165)</u>	<u>(1,314)</u>
Short-term lease payment	(9)	-
Interest paid	<u>(6)</u>	<u>(27)</u>
Net cash used in operating activities	<u>(5,180)</u>	<u>(1,341)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	15	1,749
Purchase of property, plant and equipment	(91)	(54)
Interest received	8	7
Advance from immediate and ultimate holding company	-	1,200
Repayment to former Director	-	(1,390)
Net cash (used in)/generated from investing activities	<u>(68)</u>	<u>1,512</u>
Cash flows from financing activities		
Net repayment of bankers' acceptances	(416)	-
Net drawdown of invoices financing	-	-
Payment for the principal portion of lease liabilities	(36)	-
Repayment of bank borrowings	-	(6)
Net proceeds from sale of treasury shares	5,501	-
Net cash generated from/(used in) financing activities	<u>5,049</u>	<u>(6)</u>
Net increase/(decrease) in cash and cash equivalents	(199)	165
Effect of exchange rate changes	(80)	-
Cash and cash equivalents at beginning of period	7,621	4,873
Cash and cash equivalents at end of the period	<u><u>7,342</u></u>	<u><u>5,038</u></u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	7,342	5,038
Deposits in the licensed bank	<u>-</u>	<u>-</u>
	<u><u>7,342</u></u>	<u><u>5,038</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2022
(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 2021	42,809	(1,041)	202	880	(11,364)	31,486
Transaction with owners of the Company: Issuance of shares pursuant to right issue	26,956	-	-	-	-	26,956
Total comprehensive income	-	-	-	-	5,493	5,493
At 31 December 2021	<u>69,765</u>	<u>(1,041)</u>	<u>202</u>	<u>880</u>	<u>(5,871)</u>	<u>63,935</u>
At 1 January 2022	69,765	(1,041)	202	880	(5,871)	63,935
Net proceeds from sale of treasury share	4,460	1,041	-	-	-	5,501
Total comprehensive income	-	-	-	-	182	182
At 31 March 2022	<u>74,225</u>	<u>-</u>	<u>202</u>	<u>880</u>	<u>(5,689)</u>	<u>69,618</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 2021 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 2021. 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 2021.

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 2021 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2022 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 2021.

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, and repayment of debts and equity securities of the Group during the current quarter under review except for:

- a. The Company issued 252,951,400 new ordinary shares pursuant to the bonus issue exercise which was completed on 11 February 2022.
- b. The Company issued 61,967,597 new bonus issue of warrants pursuant to the warrants exercise which was completed on 21 February 2022.
- c. The Company has sold its entire 7,621,500 treasury shares via transactions in the open market which were completed on 1 March 2022 and 2 March 2022.

A8. Dividend Paid

No dividend has been paid for the financial year to date.

A9. Segmental Reporting

Financial Period-To-Date Ended 31 March 2022

	Property Development RM'000	Furniture RM'000	Construction RM'000	Total RM'000
Revenue:				
Total revenue	-	6,466	5,623	12,089
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	-	6,466	5,623	12,089
Result:				
Operating profit/(loss)	(7)	(1,063)	1,250	180
Interest income	-	8	-	8
Finance costs	-	(6)	-	(6)
Profit before tax	(7)	(1,061)	1,250	182
Income tax expense	-	-	-	-
Profit after tax for the financial period	(7)	(1,061)	1,250	182
Non-controlling interest	-	-	-	-
Profit attributable to Owner of the Company	(7)	(1,061)	1,250	182

As At 31 March 2022

Assets

Segment assets	17,239	59,433	5,666	82,338
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Liabilities

Segment liabilities	4	4,372	4,315	8,691
Borrowings	-	3,789	-	3,789
Lease liability	-	240	-	240
	4	8,401	4,315	12,720

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Financial Period-To-Date Ended 31 March 2021

	Property Development RM'000	Furniture RM'000	Total RM'000
Revenue:			
Total revenue	-	9,343	9,343
Less: Inter-segment revenue	-	-	-
Revenue from external customers	-	9,343	9,343
Result:			
Operating profit/loss)	-	1,130	1,130
Interest income	-	7	7
Finance costs	-	(27)	(27)
Profit before tax	-	1,110	1,110
Income tax expense	-	(53)	(53)
Profit after tax for the financial period	-	1,057	1,057
Non-controlling interest	-	-	-
Profit attributable to Owner of the Company	-	1,057	1,057

As At 31 December 2021

Assets

Segment assets	14,707	61,249	75,956
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Liabilities

Segment liabilities	32	7,508	7,540
Borrowings	-	4,205	4,205
Lease liability	-	276	276
	32	11,989	12,021

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

On 6 April 2022, a subsidiary company of the Company, TAFI Home & Office Sdn. Bhd. accepted a contract of award for the construction and completion of 1 unit single storey factory and warehouse, together with 2 storey office building for a contract sum of RM9,500,000.

The Contract period as set out in the Letter of Award is twelve (12) months from 7 April 2022 to 6 April 2023.

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 March 2022, the Group did not have any contingent liability.

A14. Capital Commitments

Capital commitment in respect of Property, Plant and Equipment as at end of the current quarter and financial year-to-date are as follow: -

	As at 31.03.2022
	RM'000
Authorised and contracted for	<u>432</u>

A15. Derivative Financial Asset/Liability

There were no forward foreign exchange contracts outstanding as at 31 March 2022.

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 31.03.2022 RM'000	Current Year To Date Ended 31.03.2022 RM'000
Armani Energy Sdn Bhd	Transport Charges	(3)	(3)
	Sales of goods	(1)	(1)
	Sales of property, plant and equipment	(1)	(1)
	Repayment from	6	6
KH Ong & Ng	Legal fees	1	1

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 31.03.2022 and Quarter 31.03.2021

The revenue and profit before tax recorded by the Group for the quarter was RM12,089,000 and RM182,000 respectively. This represents an increase of RM2,746,000 in revenue or 29.39% higher than that of its corresponding quarter. The higher revenue for the quarter ended 31 March 2022 was mainly due to the income from construction contracts.

The Group registered a profit before tax of RM182,000 for the quarter as compared to a profit before tax of RM1,110,000 in the previous corresponding quarter. The decreased in profit was primarily due to the following:

- No gain was recognised on disposal of Property, Plant and Equipment (PPE) and Right of Use (ROU) in current quarter ended 31 March 2022 whilst a gain amounting to RM1,150,000 was recognised in respect thereof in the quarter ended 31 March 2021.

B2. Variation of Results Against Preceding Quarter

Comparison between Quarter 31.03.2022 and Quarter 31.12.2021

The Group registered a profit before tax of RM182,000 for the current quarter ended 31 March 2022 as compared to a profit before tax of RM3,258,000 for the previous quarter ended 31 December 2021. The decreased in profit before tax was primarily due to:

- Lower furniture sales as there was no local project sale of furniture in current quarter.

B3. Commentary on Prospects

The global business environment remains uncertain and challenging due to the ongoing war between Russia and Ukraine. Regardless of the disruption to supply chains and rising commodity price, the Group will remain resilient and vigilant in addressing these challenges through effective cost management and enhancing production efficiency.

We are working towards launching new furniture models to expand our market share in the North American market and also to continue in our efforts to expand our market share in the European and Middle East markets to widen our customer base. We are also working towards securing more orders for local projects market for supply of furniture and related products.

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 construction works for this project will commence in the quarter ending 31 December 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 site clearance and earthwork for a housing scheme which was completed in quarter ended 31 December 2021. 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 Johor Bahru which we started to recognized revenue in current quarter. Another contract was accepted on 6 April 2022 for the construction and completion of one unit of single storey factory and warehouse together with 2-storey office

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building in the District of Kuala Langat, Selangor. The Group will continue to 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
	31.03.2022	31.03.2022
	RM'000	RM'000
Income Tax	-	-

B6. Status of Corporate Proposal

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

On 7 December 2021, the Company announced the following:

a) Proposed Bonus Issue of Shares

Proposed bonus issue of 252,951,400 new ordinary shares on the basis of two (2) bonus shares for every one (1) existing share held on 10 February 2022 (entitlement date); and

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.

Approval from Bursa Malaysia Securities Berhad (“Bursa Malaysia”) was obtained on 27 December 2021 and shareholders’ approval via an Extraordinary General Meeting held on 21 January 2022. On 11 February 2022, the Board announced the listing and quotation for 252,951,400 bonus shares, marking the completion of bonus issue.

On 21 February 2022, the Board announced the listing and quotation for 61,967,597 warrants on the Main Market of Bursa Malaysia.

Other than disclosed above, there are no corporate proposals which had been announced but not completed as at 31 March 2022.

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B7. Group Borrowing and Debt Securities

a) The Group borrowing as at 31 March 2022 were as follows:

	Total Secured	
	As at	As at
	31.03.2022	31.03.2021
	RM'000	RM'000
<u>Short Term</u>		
Banker's acceptance	3,789	-
Term loans	-	843
Hire purchase	-	34
	<u>3,789</u>	<u>877</u>
<u>Long Term</u>		
Term loans	-	84
Hire purchase	-	237
	<u>-</u>	<u>321</u>
Total	<u>3,789</u>	<u>1,198</u>

b) There were no debt securities for the current quarter and period ended 31 March 2022.

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.

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B11. Basis of Calculation of Earnings/(Loss) Per Share

	Quarter Ended		Year To Date Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Profit/(Loss) attributable to owners of the Company (RM'000)	182	1,057	182	1,057
Weighted average number of ordinary shares in issue ('000)	374,346	232,379	374,346	232,379
Basic earnings per ordinary share (sen)	0.05	0.45	0.05	0.45
Weighted average number of ordinary shares in issue ('000)	374,346	232,379	374,346	232,379
Effect of dilution of warrants ('000)	6,340	-	6,340	-
Weighted average number of ordinary shares in issue (Diluted) ('000)	380,686	232,379	380,686	232,379
Diluted earnings per ordinary share (sen)	0.05	0.45	0.05	0.45

For comparative purpose, the earnings per share for the preceding year corresponding quarter and preceding year to date ended 31 January 2021 has been adjusted to reflect the bonus issue of 2 ordinary shares for every 1 existing ordinary share which was completed on 11 February 2022.

B12. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 31.03.2022 (RM'000)	Current Year To Date Ended 31.03.2022 (RM'000)
Profit for the period is arrived at after charging/(crediting):		
Interest income:		
- bank interest	(8)	(8)
Depreciation of property, plant and equipment	414	414
Amortisation of right-of- use assets	44	44
Realised loss on foreign exchange	5	5
Unrealised loss on foreign exchange	80	80
Interest Expenses	6	6
Allowance for slow-moving inventories:		
- Reversal	(26)	(26)
Allowance for impairment loss on:		
- Reversal trade receivables	(16)	(16)
Gain on disposal of Property, Plant and Equipment (PPE)	(5)	(5)

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 March 2022.

By order of the Board
TAFI Industries Berhad

Dato' Sri Azlan Bin Azmi
Group Managing Director
27 May 2022