

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 JUNE 2022**  
**(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2022 RM'000	Preceding Year Corresponding Quarter Ended 30.06.2021 RM'000	Current Year To Date Ended 30.06.2022 RM'000	Preceding Year Corresponding Period Ended 30.06.2021 RM'000
Revenue	21,247	5,909	33,336	15,252
Cost of sales	(18,177)	(6,218)	(29,013)	(14,817)
<b>Gross profit/(loss)</b>	<u>3,070</u>	<u>(309)</u>	<u>4,323</u>	<u>435</u>
Operating expenses	(1,040)	(1,431)	(2,173)	(2,239)
Other income	298	995	358	2,189
<b>Profit/(loss) from operations</b>	<u>2,328</u>	<u>(745)</u>	<u>2,508</u>	<u>385</u>
Interest expense	(14)	(17)	(20)	(44)
Interest income	6	18	14	25
<b>Profit/(loss) before tax</b>	<u>2,320</u>	<u>(744)</u>	<u>2,502</u>	<u>366</u>
Taxation	51	-	51	(53)
<b>Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period</b>	<u><u>2,371</u></u>	<u><u>(744)</u></u>	<u><u>2,553</u></u>	<u><u>313</u></u>
<b>Profit/(loss)/Total comprehensive income/(expenses) attributable to :</b>				
Owners of the Company	2,371	(744)	2,553	313
Non-controlling interest	-	-	-	-
	<u><u>2,371</u></u>	<u><u>(744)</u></u>	<u><u>2,553</u></u>	<u><u>313</u></u>
<b>Earnings/(loss) per ordinary share (sen) <sup>(1)</sup></b>				
* Basic earnings/(loss) per share (sen)	<u>0.62</u>	<u>(0.30)</u>	<u>0.68</u>	<u>0.13</u>
* Diluted earnings/(loss) per share (sen)	<u>0.62</u>	<u>(0.30)</u>	<u>0.68</u>	<u>0.13</u>

**Notes:**

<sup>(1)</sup> Earnings per ordinary share is calculated based on the weighted average number of ordinary shares referred to in Note B11.

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 30 JUNE 2022**  
**(The figures have not been audited)**

	As At End Of Current Quarter 30.06.2022 RM'000	As At Preceding Financial Year Ended 31.12.2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,559	18,538
Right-of-use assets	569	650
Investment properties	5,830	5,830
<b>Total non-current assets</b>	<u>24,958</u>	<u>25,018</u>
<b>Current assets</b>		
Inventories	18,327	18,922
Contract assets	16,692	-
Trade and other receivables	23,268	24,393
Current tax assets	2	2
Cash and bank balances	5,971	7,621
<b>Total current assets</b>	<u>64,260</u>	<u>50,938</u>
<b>TOTAL ASSETS</b>	<u><b>89,218</b></u>	<u><b>75,956</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity - attributable to owners of the Company</b>		
Share capital	74,225	69,765
Treasury shares, at cost	-	(1,041)
Reserves	(2,236)	(4,789)
<b>Total equity</b>	<u>71,989</u>	<u>63,935</u>
<b>Non-current liabilities</b>		
Deferred tax liability	152	152
Lease liability	52	129
<b>Total non-current liabilities</b>	<u>204</u>	<u>281</u>
<b>Current liabilities</b>		
Trade and other payables	13,606	7,361
Amount owing to ultimate holding company		
- Armani Synergy Sdn. Bhd.	27	27
Amount owing to related company		
- Armani Energy Sdn. Bhd.	50	-
Borrowings	3,191	4,205
Lease liability	151	147
<b>Total current liabilities</b>	<u>17,025</u>	<u>11,740</u>
<b>Total liabilities</b>	<u>17,229</u>	<u>12,021</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>89,218</b></u>	<u><b>75,956</b></u>
Net assets per share attributable to owners of the Company (RM) <sup>(1)</sup>	0.19	0.28

**Notes:**

<sup>(1)</sup> Net assets per ordinary share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period referred to in Note B11.

The Condensed Consolidated Statements 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 FLOWS STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2022**  
**(The figures have not been audited)**

	Current Financial Period Ended 30.06.2022 RM'000	Preceding Year Corresponding Period 30.06.2021 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,502	366
Adjustments for:		
Allowance for slow-moving inventories	(136)	(637)
Depreciation of property, plant and equipment	857	1,069
Amortisation of right-of-use assets	87	13
Expenses related to short-term lease	13	-
Gain disposal of property, plant and equipment	(90)	(1,150)
Interest expense	20	44
Interest income	(14)	(25)
Reversal of impairment loss on trade receivables	16	-
Unrealised loss on foreign exchange	22	-
Non-cash & non-operating items	<u>775</u>	<u>(686)</u>
Operating profit/(loss) before working capital changes (Increase)/decrease in working capital	<u>3,277</u>	<u>(320)</u>
Inventories	731	(2,244)
Contract assets	(16,692)	-
Trade and other receivables	1,124	2,045
Trade and other payables	5,738	(1,326)
Cash used in operations	<u>(5,822)</u>	<u>(1,845)</u>
Tax refund	51	-
Short-term lease payment	(13)	-
Interest paid	<u>(20)</u>	<u>(44)</u>
<b>Net cash used in operating activities</b>	<u>(5,804)</u>	<u>(1,889)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	91	1,749
Purchase of property, plant and equipment	(343)	(138)
Interest received	14	25
Repayment to immediate and ultimate holding company	-	1,200
Repayment to former Director	-	(1,390)
<b>Net cash (used in)/generated from investing activities</b>	<u>(238)</u>	<u>1,446</u>
<b>Cash flows from financing activities</b>		
Net repayment of bankers' acceptances	(1,014)	-
Payment for the principal portion of lease liabilities	(73)	(14)
Increase in cash pledge to financial institution	(300)	-
Repayment of bank borrowings	-	(163)
Net proceeds from issuance of rights issue	-	26,956
Net proceeds from sale of treasury shares	5,501	-
<b>Net cash generated from financing activities</b>	<u>4,114</u>	<u>26,779</u>
Net (decrease)/increase in cash and cash equivalents	(1,928)	26,336
Effect of exchange rate changes	(22)	-
Cash and cash equivalents at beginning of the period	7,621	4,873
Cash and cash equivalents at end of the period	<u>5,671</u>	<u>31,209</u>
<b>Cash and cash equivalents at end of the period comprise:</b>		
Cash and bank balances	5,971	31,209
Less: cash pledge to financial institution	(300)	-
	<u>5,671</u>	<u>31,209</u>

The Condensed Consolidated Cash Flows Statements 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.

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 JUNE 2022**  
(The figures have not been audited)

	<b>Attributable to owners of the Company</b>					<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Revaluation Reserve RM'000</b>	<b>Retained Profit RM'000</b>	<b>Distributable reserves Accumulated Loss RM'000</b>	
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	-	-	-	-	5,493	5,493
At 31 December 2021	<u>69,765</u>	<u>(1,041)</u>	<u>201</u>	<u>880</u>	<u>(5,870)</u>	<u>63,935</u>
At 1 January 2022	69,765	(1,041)	201	880	(5,870)	63,935
Net proceeds from sale of treasury shares	4,460	1,041	-	-	-	5,501
Total comprehensive income	-	-	-	-	2,553	2,553
At 30 June 2022	<u>74,225</u>	<u>-</u>	<u>201</u>	<u>880</u>	<u>(3,317)</u>	<u>71,989</u>

The Condensed Consolidated Statements 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 Due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

#### **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, cancellations, repurchases, and repayment of debts and equity securities of the Group during the current quarter ended 30 June 2022.

**A8. Dividend Paid**

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

**A9. Segmental Reporting**

**Financial Period-To-Date Ended 30 June 2022**

	<b>Property Development RM'000</b>	<b>Furniture RM'000</b>	<b>Construction RM'000</b>	<b>Total RM'000</b>
<b>Revenue:</b>				
Total revenue	-	16,644	16,692	33,336
Less: Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	-	16,644	16,692	33,336
<b>Result:</b>				
Operating profit/(loss)	(18)	(674)	3,200	2,508
Interest income	-	14	-	14
Interest expense	-	(20)	-	(20)
Profit/(loss) before tax	(18)	(680)	3,200	2,502
Taxation	-	51	-	51
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(18)	(629)	3,200	2,553
Non-controlling interest	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to owners of the Company	(18)	(629)	3,200	2,553

**As At 30 June 2022**

**Assets**

Segment assets	16,946	54,824	17,448	89,218
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**Liabilities**

Segment liabilities	38	5,022	8,775	13,835
Borrowings	-	1,691	1,500	3,191
Lease liability	-	203	-	203
	38	6,916	10,275	17,229

**A9. Segmental Reporting (Cont'd)**

**Financial Period-To-Date Ended 30 June 2021**

	<b>Property Development RM'000</b>	<b>Furniture RM'000</b>	<b>Total RM'000</b>
<b>Revenue:</b>			
Total revenue	-	15,252	15,252
Less: Inter-segment revenue	-	-	-
Revenue from external customers	-	15,252	15,252
<b>Result:</b>			
Operating profit	-	385	385
Interest income	-	25	25
Interest expense	-	(44)	(44)
Profit before tax	-	366	366
Taxation	-	(53)	(53)
Profit after tax/Total comprehensive income for the financial period	-	313	313
Non-controlling interest	-	-	-
Profit/Total comprehensive income attributable to owners of the Company	-	313	313

**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 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**

On 10 June 2022, T.A. Furniture Industries Sdn. Bhd. (“TAFISB”) which is a wholly-owned subsidiary of TAFI Industries Berhad had transferred TAFISB’s entire shareholdings comprising of 3 ordinary shares in T.A. E-Furnishings Sdn. Bhd. to TAFISB’s holding company, TAFI Industries Berhad. Subsequent thereto, T.A. E-Furnishings Sdn. Bhd. cease to be a subsidiary of TAFISB following the said transfer of shares and instead became a wholly owned subsidiary of TAFI Industries Berhad. The holding company, TAFI Industries Berhad had on 10 June 2022 also further increased its investment in T.A. E-Furnishings Sdn. Bhd. by subscribing for an additional of 249,997 ordinary shares. As of to-date, the paid-up share capital of T.A. E-Furnishings Sdn. Bhd. amounts to RM250,000 comprising of 250,000 issued ordinary shares.

**A13. Changes in Contingent Liabilities**

As at 30 June 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: -

	<b>As at 30.06.2022</b> <b>RM’000</b>
Authorised and contracted for	672

**A15. Derivative Financial Asset/Liability**

There were no forward foreign exchange contracts outstanding as at 30 June 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.

		<b>Current Year Quarter Ended</b>	<b>Current Year To Date Ended</b>
<b>Transactions with companies in which certain Directors have substantial financial interests:</b>	<b>Nature of business</b>	<b>30.06.2022 RM’000</b>	<b>30.06.2022 RM’000</b>
Armani Energy Sdn Bhd	Transport Charges	-	(3)
	Sales of goods	-	(1)
	Sales of property, plant and equipments	(20)	(21)
	Repayment from Charge for solar photovoltaic energy	-	6
		76	76
KH Ong & Ng	Legal fees	-	1



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

**B1. Review of Performance**

**Comparison between Quarter 30.06.2022 and Quarter 30.06.2021**

The revenue and profit before tax recorded by the Group for the quarter was RM21,247,000 and RM2,320,000 respectively. This represents an increase of RM15,338,000 in revenue or 259.6% higher than that of its corresponding quarter. The higher revenue for quarter ended 30 June 2022 was mainly due to the income from construction contracts and increase in furniture's sales.

The Group registered a profit before tax of RM2,320,000 in the quarter as compared to a loss before tax of RM744,000 in the previous corresponding quarter. The increase in profit was primarily due to the following:

- Progression in the stage of completion of the on-going construction projects.
- Increase in local and export furniture's sales.

**Comparison between Year to Date 30.06.2022 with Year to Date 30.06.2021**

The Group recorded an increase in revenue to RM33,336,000 against RM15,252,000 in the previous year mainly due to the revenue from construction projects. The registered profit before tax of RM2,502,000 against RM366,000 in the preceding year corresponding period was mainly due to the following:-

- Revenue and profit recognized from construction projects.
- Higher furniture sales to local and export market.

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

**Comparison between Quarter 30.06.2022 and Quarter 31.03.2022**

The Group registered a profit before tax of RM2,320,000 for the current quarter ended 30 June 2022 as compared to a profit before tax of RM182,000 in the previous quarter ended 31 March 2022. The increase in profit was primarily due to the following:

- Higher furniture sales to local and export market.
- Higher revenue from construction recognized in the current quarter.

**B3. Commentary on Prospects**

The global business environment remains uncertain and challenging due to the ongoing war between Russia and Ukraine, as well as the current conflict between China and Taiwan. 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 expect Malaysia's transition from Pandemic to Endemic phase of COVID-19 on 1 April 2022 will bolster the economy and positively impact our business activities. The reopening of most international borders will facilitate negotiations and marketing activities to increase export sales of furniture.

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.

**B3. Commentary on Prospects (Cont'd)**

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.

For the construction related business, the progress for construction related works including mechanical and electrical works to complete a mixed commercial development project at Johor Bahru is still on-going. Another contract for construction and completion of one unit of single storey factory and warehouse together with 2-storey office building in the District of Kuala Langat, Selangor which we started to recognized revenue in current quarter. 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**

	<b>Current Year Quarter Ended</b>	<b>Current Year To Date Ended</b>
	<b>30.06.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Real Property Gains Tax (RPGT)	(51)	(51)

The above represents the refund of RPGT over provided.

**B6. Status of Corporate Proposal**

There is no corporate proposal announced for the current quarter under review.

**B7. Group Borrowings and Debt Securities**

a) The Group borrowings as at 30 June 2022 were as follows:

	<b>Total Secured</b>	
	<b>As at 30.06.2022 RM'000</b>	<b>As at 30.06.2021 RM'000</b>
<b><u>Short Term</u></b>		
Bankers' acceptance	3,191	-
Term loans	-	765
Hire purchase	-	35
	3,191	800
<b><u>Long Term</u></b>		
Hire purchase	-	228
	-	228
<b>Total</b>	3,191	1,028

b) There were no debt securities for the current quarter and period ended 30 June 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.

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

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

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
Profit/(loss) attributable to owners of the Company (RM'000)	2,371	(744)	2,553	313
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	379,427	246,296	376,887	242,842
Basic earnings/(loss) per ordinary share (sen)	<u>0.62</u>	<u>(0.30)</u>	<u>0.68</u>	<u>0.13</u>
Weighted average number of ordinary shares in issue (Diluted) ('000) <sup>(2)</sup>	379,427	246,296	376,887	242,842
Diluted earnings/(loss) per ordinary share (sen)	<u>0.62</u>	<u>(0.30)</u>	<u>0.68</u>	<u>0.13</u>

**Notes:**

- (1) Basic earnings/(loss) per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period. For comparative purpose, the earnings per share for the financial period ended 30 June 2021 had been adjusted to reflect the bonus issue of 2 for every 1 existing ordinary shares which was completed on 11 February 2022.
- (2) The diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the potential conversion of the Company's existing warrants is anti-dilutive. The potential conversion is anti-dilutive as the warrant's exercise price is higher than the average market price of the Company's ordinary shares.

**B12. Additional Disclosure on Profit for the Period**

	<b>Current Year Quarter Ended 30.06.2022 (RM'000)</b>	<b>Current Year To Date Ended 30.06.2022 (RM'000)</b>
Profit for the period is arrived at after charging/(crediting):		
Interest income:		
- bank interest	(6)	(14)
Depreciation of property, plant and equipment	443	857
Amortisation of right-of-use assets	43	87
Realised (gain)/loss on foreign exchange	(151)	(146)
Unrealised (gain)/loss on foreign exchange	(58)	22
Interest expenses	14	20
Allowance for slow-moving inventories:		
- Reversal	(110)	(136)
Allowance for impairment loss on:		
- Reversal trade receivables	-	(16)
Gain on disposal of Property, Plant and Equipment (PPE)	(85)	(90)

Other than the above items which have been included in the statements of profit or loss and other comprehensive income, there was no provision for and written off of receivables, provision for and written 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 2022.

By order of the Board  
TAFI Industries Berhad

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