

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2023**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.03.2023 RM'000 Unaudited	Preceding Year Corresponding Quarter Ended 31.03.2022 RM'000 Unaudited	Current Year To Date Ended 31.03.2023 RM'000 Unaudited	Preceding Year Corresponding To Date Ended 31.03.2022 RM'000 Unaudited
Revenue	10,768	12,089	10,768	12,089
Cost of sales	(10,182)	(10,836)	(10,182)	(10,836)
Gross profit	586	1,253	586	1,253
Operating expenses	(996)	(1,133)	(996)	(1,133)
Other income	579	60	579	60
Profit from operations	169	180	169	180
Interest expense	(99)	(6)	(99)	(6)
Interest income	38	8	38	8
Profit before tax	108	182	108	182
Taxation	-	-	-	-
Profit after tax/Total comprehensive income for the financial period	108	182	108	182
Profit/Total comprehensive income attributable to :				
Owners of the Company	108	182	108	182
Non-controlling interest	-	-	-	-
	108	182	108	182
Earnings per ordinary share (sen) ⁽¹⁾				
* Basic earnings per share (sen)	0.03	0.05	0.03	0.05
* Diluted earnings per share (sen)	0.03	0.05	0.03	0.05

Notes:

⁽¹⁾ Earnings per ordinary share is calculated based on the weighted average number of ordinary shares referred to in Note B12.

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	As At End Of Current Quarter 31.03.2023 RM'000 Unaudited	As At Preceding Financial Year Ended 31.12.2022 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	14,912	15,333
Investment properties	5,830	5,830
Contract costs	5,303	4,285
Right-of-use assets	447	488
Total non-current assets	26,492	25,936
Current assets		
Inventories	18,528	18,003
Trade and other receivables	54,969	30,234
Contract assets	9,185	29,163
Contract costs	1,826	1,428
Current tax assets	197	2
Cash and bank balances	15,086	4,682
Total current assets	99,791	83,512
TOTAL ASSETS	126,283	109,448
EQUITY AND LIABILITIES		
Equity		
Share capital	74,225	74,225
Reserves	5,354	5,246
Total equity	79,579	79,471
Non-current liabilities		
Deferred tax liabilities	314	314
Borrowings	-	834
Total non-current liabilities	314	1,148
Current liabilities		
Trade and other payables	44,052	21,279
Contract liabilities	-	32
Borrowings	1,952	7,095
Lease liabilities	91	128
Tax Liabilities	295	295
Total current liabilities	46,390	28,829
Total liabilities	46,704	29,977
TOTAL EQUITY AND LIABILITIES	126,283	109,448
Net assets per share attributable to equity holder of the Company (RM)	0.21	0.21

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023

	Current Financial Period Ended 31.03.2023 RM'000 Unaudited	Preceding Year Corresponding Period 31.03.2022 RM'000 Unaudited
Cash flows from operating activities		
Profit before tax	108	182
Adjustments for:		
Amortisation of right-of-use assets	41	44
Depreciation of property, plant and equipment	435	414
Loss on disposal of property, plant and equipment	-	5
Reversal of impairment loss on trade receivables	(500)	16
Reversal of provision for slow-moving inventories	(62)	(26)
Unrealised (gain)/loss on foreign exchange	(14)	80
Interest expense	99	6
Interest income	(38)	(8)
Non-cash & non-operating items	(39)	531
Operating profit before working capital changes	69	713
(Increase)/decrease in working capital		
Inventories	(463)	(37)
Trade and other receivables	(24,235)	(1,167)
Contract assets	19,978	(5,623)
Contract costs	(1,416)	-
Trade and other payables	6,003	940
Contract liabilities	(32)	-
Cash used in operations	(96)	(5,174)
Interest paid	(99)	(6)
Tax paid	(195)	-
Net cash flows from/(for) operating activities	(390)	(5,180)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	15
Purchase of property, plant and equipment	(14)	(91)
Interest received	38	8
Net cash flows from/(for) investing activities	24	(68)
Cash flows from financing activities		
Advance from ultimate holding company	16,770	-
Drawdown of bank borrowings	1,375	-
Repayment of bank borrowings	(7,352)	(416)
Payment for the principal portion of lease liabilities	(37)	(36)
Net proceeds from sale of treasury shares	-	5,501
Net cash flows (for)/from financing activities	10,756	5,049
Net increase/(decrease) in cash and cash equivalents	10,390	(199)
Effect of exchange rate changes	14	(80)
Cash and cash equivalents at beginning of the period	4,682	7,621
Cash and cash equivalents at end of the period	<u>15,086</u>	<u>7,342</u>
Cash and cash equivalents at end of the period comprise:		
Cash and bank balances	<u>15,086</u>	<u>7,342</u>

The Condensed Consolidated Cash Flows Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2023

	Attributable to Owners of the Company				Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Distributable reserves Retained Earnings RM'000	
<u>Audited</u>					
At 1 January 2022	69,765	(1,041)	201	(4,990)	63,935
Transaction with Owners of the Company: Net proceeds from sale of treasury shares	4,460	1,041	-	-	5,501
Total comprehensive income	-	-	-	10,035	10,035
At 31 December 2022	74,225	-	201	5,045	79,471
<u>Unaudited</u>					
At 1 January 2023	74,225	-	201	5,045	79,471
Total comprehensive income	-	-	-	108	108
At 31 March 2023	74,225	-	201	5,153	79,579

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

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 2022 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2023 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 2022.

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.

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

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 31 March 2023.

A8. Dividend Paid

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

A9. Segmental Reporting

Financial period-to-date ended 31 March 2023

	Furniture RM'000	Construction RM'000	Property development RM'000	Total RM'000
Revenue:				
Total revenue	6,875	3,893	-	10,768
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	6,875	3,893	-	10,768
Result:				
Operating profit/(loss)	(498)	672	(5)	169
Interest expense	(99)	-	-	(99)
Interest income	37	-	1	38
Profit/(loss) before tax	(560)	672	(4)	108
Taxation	-	-	-	-
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(560)	672	(4)	108
Non-controlling interest	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(560)	672	(4)	108

As At 31 March 2023

Assets

Segment assets	51,946	44,533	29,607	126,086
Unallocated assets	-	-	-	197
Total assets	51,946	44,533	29,607	126,283

Liabilities

Segment liabilities	23,947	9,047	11,058	44,052
Borrowings	1,952	-	-	1,952
Lease liability	91	-	-	91
Unallocated liabilities	-	-	-	609
Total liabilities	25,990	9,047	11,058	46,704

A9. Segmental Reporting (Cont'd)

Financial period-to-date ended 31 March 2022

	Furniture RM'000	Construction RM'000	Property development 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)	(1,063)	1,250	(7)	180
Interest expense	(6)	-	-	(6)
Interest income	8	-	-	8
Profit/(loss) before tax	(1,061)	1,250	(7)	182
Taxation	-	-	-	-
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(1,061)	1,250	(7)	182
Non-controlling interest	-	-	-	-
Profit(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(1,061)	1,250	(7)	182

As At 31 December 2022

Assets

Segment assets	43,819	44,936	20,691	109,446
Unallocated assets	-	-	-	2
Total assets	43,819	44,936	20,691	109,448

Liabilities

Segment liabilities	4,560	14,471	2,280	21,311
Borrowings	7,929	-	-	7,929
Lease liability	128	-	-	128
Unallocated liabilities	-	-	-	609
Total liabilities	12,617	14,471	2,280	29,977

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

There were no changes in the composition of the Group during the current quarter ended 31 March 2023.

A13. Changes in Contingent Liabilities

As at 31 March 2023, the Group did not have any contingent liability.

A14. Capital Commitments

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the quarter under review.

A15. Derivative Financial Asset/Liability

There were no forward foreign exchange contracts outstanding as at 31 March 2023.

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 31.03.2023 RM'000	Current Year To Date Ended 31.03.2023 RM'000
Armani Synergy Sdn Bhd	Advances from	(16,770)	(16,770)
Armani Energy Sdn Bhd	Rental income	(1)	(1)
	Charge of solar photovoltaic energy	49	49
Golden Armani Sdn Bhd	Sales of goods	(213)	(213)
Mercu Majuniaga Sdn Bhd	Sales of goods	(439)	(439)
Sg. Besi Construction Sdn Bhd	Sales of goods	(62)	(62)

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

B1. Review of Performance

Comparison between Quarter 31.03.2023 and Quarter 31.03.2022

The revenue and profit before tax recorded by the Group for the current quarter and preceding year's corresponding quarter was RM10,768,000 (2022: RM12,089,000) and RM108,000 (2022: RM182,000) respectively. This represents a decrease of RM1,321,000 in revenue or 10.9% lower than that of its preceding corresponding quarter.

The lower revenue and profit before tax in the current quarter were mainly due to the lower recognition of construction revenue from certain on-going projects.

B2. Variation of Results against Preceding Quarter

Comparison between Quarter 31.03.2023 and Quarter 31.12.2022

The Group registered a profit before tax of RM108,000 for the current quarter ended 31 March 2023 as compared to previous quarter ended 31 December 2022 of RM1,092,000. The decrease in profit was primarily due to the lower revenue recognised from construction projects.

B3. Commentary on Prospects

The global business environment continues to face challenges from high costs of living, rising interest costs, escalating geopolitical tensions and the recent U.S. regional banking crisis. The Group will continue to remain resilient and vigilant in its decision making in addressing these challenges including emphasis on effective cost management and enhancing production efficiency.

Furniture demand in oversea market especially in North America and Europe is slowing down due to challenges from high cost of living resulting in reduced demand from consumer market and overstocking by major buyers. In respond to this, we are working towards launching new furniture models 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.

Construction works on our maiden property development at Habu, Pahang had commenced during the quarter ended 31 December 2022. Our other property development projects in Pahang are also progressing within our timeline with pre-consult submitted for development orders. We are currently looking for more joint ventures or land acquisitions to grow our property development business.

The Group's construction business has an outstanding order book of approximately RM345.9 million after taking into account two (2) new ongoing construction contracts secured during year 2023 with a total value of RM20.66 million. The Group will continue working towards securing more construction projects from both private and government sectors.

B4. Variance of Actual and Forecast Profit

Not applicable.

B5. Taxation

	Current Year Quarter Ended 31.03.2023 RM'000	Current Year To Date Ended 31.03.2023 RM'000
Current tax expense:		
- Current financial period	-	-
- Under provision in previous financial year	-	-
Deferred tax expense:		
- Origination of temporary differences	-	-
Total	-	-

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 31 March 2023 were as follows:

	Total Secured	
	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
<u>Current</u>		
Banker's acceptance	1,952	3,789
Total	1,952	3,789

b) There were no debt securities for the current quarter and period ended 31 March 2023.

B8. Corporate Guarantee/Performance Bond

As at 31 March 2023, total performance bonds for various property development projects and construction contracts awarded amounted to RM33.60 million, of which RM24.15 million had been paid for various contracts awarded.

B9. Gains/Loss 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.

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

B11. Dividend Payable

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

B12. Basis of Calculation of Earnings Per Share

	Quarter Ended		Year To Date Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to Owners of the Company (RM'000)	108	182	108	182
Weighted average number of ordinary shares in issue ('000)	379,427	374,346	379,427	374,346
Basic earnings per ordinary share (sen)	0.03	0.05	0.03	0.05
Weighted average number of ordinary shares in issue ('000)	379,427	374,346	379,427	374,346
Shares under warrant deemed to have been issued for no consideration ('000)	-	2,747	-	2,747
Weighted average number of ordinary shares for computing diluted earnings per share ('000)	379,427	377,093	379,427	377,093
Diluted earnings per ordinary share (sen)	0.03	0.05	0.03	0.05

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

B13. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 31.03.2023 (RM'000)	Current Year To Date Ended 31.03.2023 (RM'000)
Profit for the period is arrived at after (crediting)/charging:		
Interest income	(38)	(38)
Reversal of provision for slow-moving inventories	(62)	(62)
Reversal of impairment loss on trade receivables	(500)	(500)
Unrealised gain on foreign exchange	(14)	(14)
Amortisation of right-of-use assets	41	41
Depreciation of property, plant and equipment	435	435
Interest expense	99	99
Realised loss on foreign exchange	41	41

Save for the above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

By order of the Board
TAFI Industries Berhad

Dato' Sri Azlan Bin Azmi
Group Managing Director
29 May 2023