

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2023 RM'000 Unaudited	Preceding Year Corresponding Quarter Ended 31.12.2022 RM'000 Audited	Current Year To Date Ended 31.12.2023 RM'000 Unaudited	Preceding Year Corresponding To Date Ended 31.12.2022 RM'000 Audited
Revenue	25,089	21,557	68,529	72,804
Cost of sales	(22,540)	(18,271)	(63,413)	(62,517)
Gross profit	2,549	3,286	5,116	10,287
Operating expenses	(1,611)	(2,232)	(4,252)	(5,575)
Other income	20	76	765	6,628
Profit from operations	958	1,130	1,629	11,340
Interest expense	(127)	(58)	(269)	(103)
Interest income	42	5	157	54
Profit before tax	873	1,077	1,517	11,291
Taxation	(597)	(832)	(733)	(1,256)
Profit after tax/Total comprehensive income for the financial period	276	245	784	10,035
Profit/Total comprehensive income attributable to :				
Owners of the Company	276	245	784	10,035
Non-controlling interest	-	-	-	-
	276	245	784	10,035
Earnings per ordinary share (sen) ⁽¹⁾				
* Basic earnings per share (sen)	0.07	0.06	0.21	2.65
* Diluted earnings per share (sen)	0.07	0.06	0.21	2.65

Notes:

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	As At End Of Current Quarter 31.12.2023 RM'000 Unaudited	As At Preceding Financial Year Ended 31.12.2022 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	13,612	15,333
Investment properties	5,830	5,830
Contract costs	5,222	4,285
Right-of-use assets	638	488
Total non-current assets	25,302	25,936
Current assets		
Inventories	46,978	18,003
Trade and other receivables	98,759	30,234
Contract assets	11,430	29,163
Contract costs	1,927	1,428
Current tax assets	2	2
Deposits, cash and bank balances	7,249	4,682
Total current assets	166,345	83,512
TOTAL ASSETS	191,647	109,448
EQUITY AND LIABILITIES		
Equity		
Share capital	74,225	74,225
Reserves	6,030	5,246
Total equity	80,255	79,471
Non-current liabilities		
Deferred tax liabilities	259	314
Borrowings	-	834
Lease liabilities	141	-
Total non-current liabilities	400	1,148
Current liabilities		
Trade and other payables	100,074	21,279
Contract liabilities	-	32
Borrowings	10,657	7,095
Lease liabilities	146	128
Tax Liabilities	115	295
Total current liabilities	110,992	28,829
Total liabilities	111,392	29,977
TOTAL EQUITY AND LIABILITIES	191,647	109,448
Net assets per share attributable to equity holder of the Company (RM)	0.21	0.21

**CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2023**

	Current Financial Period Ended 31.12.2023 RM'000 Unaudited	Preceding Year Corresponding Period 31.12.2022 RM'000 Audited
Cash flows from operating activities		
Profit before tax	1,517	11,291
Adjustments for:		
Amortisation of right-of-use assets	163	163
Allowance for impairment loss on trade receivables	3	1,319
Depreciation of property, plant and equipment	1,777	1,726
Gain on disposal of property, plant and equipment	-	(5,851)
Reversal of impairment loss on trade receivables	(500)	(36)
Provision for slow-moving inventories	110	145
Unrealised loss on foreign exchange	33	172
Interest expense	269	103
Interest income	(157)	(54)
	<u>1,698</u>	<u>(2,313)</u>
Operating profit before working capital changes	3,215	8,978
(Increase)/decrease in working capital		
Inventories	(29,085)	774
Trade and other receivables	(68,028)	(7,124)
Contract assets	17,733	(29,163)
Contract costs	(1,436)	(5,714)
Trade and other payables	62,015	14,420
Contract liabilities	(32)	(507)
Cash used in operations	(15,618)	(18,336)
Interest paid	(269)	(103)
Tax paid	(968)	(851)
Tax refund	-	52
Net cash flows used in operating activities	<u>(16,855)</u>	<u>(19,238)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	9,130
Purchase of property, plant and equipment	(46)	(1,764)
Interest received	153	54
Net cash flows from investing activities	<u>107</u>	<u>7,420</u>
Cash flows from financing activities		
Advance from/(repayment to) ultimate holding company	16,770	(27)
Drawdown of bank borrowings	9,503	11,208
Interest received	4	-
Repayment of bank borrowings	(9,766)	(7,484)
Payment for the principal portion of lease liabilities	(154)	(147)
Placement of fixed deposit	(304)	-
Net proceeds from sale of treasury shares	-	5,501
Net cash flows from financing activities	<u>16,053</u>	<u>9,051</u>
Net decrease in cash and cash equivalents	(695)	(2,767)
Effect of exchange rate changes	(33)	(172)
Cash and cash equivalents at beginning of the period	4,682	7,621
Cash and cash equivalents at end of the period	<u>3,954</u>	<u>4,682</u>

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Current Financial Period Ended 31.12.2023 RM'000 Unaudited	Preceding Year Corresponding Period 31.12.2022 RM'000 Audited
Cash and bank balances	6,945	4,682
Fixed deposit placed with a licensed bank	304	-
	<u>7,249</u>	<u>4,682</u>
Less: Deposits pledged	(304)	-
Bank overdraft	(2,991)	-
	<u>3,954</u>	<u>4,682</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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	-	-	-	784	784
At 31 December 2023	74,225	-	201	5,829	80,255

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 December 2023.

A8. Dividend Paid

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

A9. Segmental Reporting

Financial period-to-date ended 31 December 2023

	Furniture RM'000	Construction RM'000	Property development RM'000	Total RM'000
Revenue:				
Total revenue	24,151	44,378	-	68,529
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	24,151	44,378	-	68,529
Result:				
Operating profit/(loss)	(3,850)	5,529	(50)	1,629
Interest expense	(148)	(121)	-	(269)
Interest income	155	-	2	157
Profit/(loss) before tax	(3,843)	5,408	(48)	1,517
Taxation	54	(787)	-	(733)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(3,789)	4,621	(48)	784
Non-controlling interest	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(3,789)	4,621	(48)	784

As At 31 December 2023

Assets

Segment assets	41,041	96,764	53,840	191,645
Unallocated assets	-	-	-	2
Total assets	41,041	96,764	53,840	191,647

Liabilities

Segment liabilities	19,771	39,983	40,320	100,074
Borrowings	6,889	3,768	-	10,657
Lease liability	287	-	-	287
Unallocated liabilities	-	-	-	374
Total liabilities	26,947	43,751	40,320	111,392

A9. Segmental Reporting (Cont'd)

Financial period-to-date ended 31 December 2022

	Furniture RM'000	Construction RM'000	Property development RM'000	Total RM'000
Revenue:				
Total revenue	34,478	38,326	-	72,804
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	34,478	38,326	-	72,804
Result:				
Operating profit/(loss)	3,299	8,072	(31)	11,340
Interest expense	(103)	-	-	(103)
Interest income	54	-	-	54
Profit/(loss) before tax	3,250	8,072	(31)	11,291
Taxation	(424)	(832)	-	(1,256)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	2,826	7,240	(31)	10,035
Non-controlling interest	-	-	-	-
Profit(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	2,826	7,240	(31)	10,035

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 December 2023.

A13. Changes in Contingent Liabilities

As at 31 December 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 December 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 31.12.2023	Current Year To Date Ended 31.12.2023
		RM'000	RM'000
Armani Synergy Sdn Bhd	Advances from	-	(16,770)
Armani Energy Sdn Bhd	Rental income	(1)	(5)
	Charge of solar photovoltaic energy	149	376
Golden Armani Sdn Bhd	Sales of goods	3	(3,936)
Mercu Majuniaga Sdn Bhd	Sales of goods	(26)	(885)
Sg. Besi Construction Sdn Bhd	Sales of goods	(20)	(111)

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

B1. Review of Performance

Comparison between Quarter 31.12.2023 and Quarter 31.12.2022

The revenue and profit before tax recorded by the Group for the current quarter and preceding year corresponding quarter were RM25,089,000 (2022: RM21,557,000) and RM873,000 (2022: RM1,077,000) respectively. This represents an increase of RM3,532,000 in revenue or 16.4% higher than that of its preceding year corresponding quarter.

The higher revenue in the current quarter were mainly due to the following:

- Higher revenue recognised from construction projects.

Whereas the lower profit before tax in the current quarter were mainly due to the following:

- Lower sales in furniture segment.
- Higher material and manufacturing cost for furniture.

Comparison between Year to Date 31.12.2023 and Year to Date 31.12.2022

The Group recorded a decrease in revenue to RM68,529,000 against RM72,804,000 in the previous year mainly due to decrease in furniture segment sales. The registered profit before tax of RM1,517,000 against RM11,291,000 in the preceding year corresponding period was mainly due to the following:-

- Decrease in furniture segment sales.
- One-off transaction of disposing industrial premises comprising a single-storey detached factory recognised in preceding year.
- Lower profit margin on certain on-going construction projects in current year.

B2. Variation of Results against Preceding Quarter

Comparison between Quarter 31.12.2023 and Quarter 30.09.2023

The Group registered a profit before tax of RM873,000 for the current quarter ended 31 December 2023 as compared to previous quarter ended 30 September 2023 of RM311,000. The increase in profit was primarily attributable to the higher revenue recognised from construction projects.

B3. Commentary on Prospects

The global economy continues to face challenges from high inflation, rising interest, geopolitical tensions and higher cost of living. 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 has slowed down due to challenges from high cost of living resulting in reduced demand from consumer market. The Group will continue working towards launching new furniture models to expand our market share in the European and Middle East markets, to widen our customer base and also work towards securing more orders for local projects market for supply of furniture and related products in response to the slow demand from North America and Europe.

Construction works on the Group's maiden property development at Habu, Pahang had commenced during the quarter ended 31 December 2022 and is progressing well. We expect sales and result from the property development business to flow in positively in financial year ending 31 December 2024. The Group's other property development projects in Pahang are also progressing within our timeline with some projects already obtaining the development orders. We will continue to look 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 RM308.5 million after taking into account three (3) new ongoing construction contracts secured during year 2023 with a total value of RM23.70 million. The Group will continue working towards securing more construction projects from both private and government sectors to grow the Group's construction business.

B4. Variance of Actual and Forecast Profit

Not applicable.

B5. Taxation

	Current Year Quarter Ended 31.12.2023 RM'000	Current Year To Date Ended 31.12.2023 RM'000
Current tax expense:		
- Current financial period	602	782
- Under provision in previous financial year	-	6
	602	788
Deferred tax expense:		
- Current year movement	3	(34)
- Over provision in previous financial year	(8)	(21)
	(5)	(55)
Total	597	733

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 December 2023 were as follows:

	Total Secured	
	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
<u>Current</u>		
Banker's acceptance	2,876	1,321
Bank overdraft	2,991	-
Trade facility	4,790	5,774
Total	10,657	7,095
<u>Non-current</u>		
Term loans	-	834
	-	834
Total	10,657	7,929

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

B8. Guarantee/Performance Bond

As at 31 December 2023, total performance bonds for various property development projects and construction contracts awarded amounted to RM34.08 million, of which RM28.53 million had been paid for various contracts awarded.

Bank guarantee issued to third party for property development project amounted to RM20,000.

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.

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to Owners of the Company (RM'000)	276	245	784	10,035
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	378,157
Basic earnings per ordinary share (sen)	0.07	0.06	0.21	2.65
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	378,157
Diluted earnings per ordinary share (sen)	0.07	0.06	0.21	2.65

B13. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 31.12.2023 (RM'000)	Current Year To Date Ended 31.12.2023 (RM'000)
Profit for the period is arrived at after (crediting)/charging:		
Interest income	(42)	(157)
Realised gain on foreign exchange	(78)	(74)
Provision for slow-moving inventories	200	110
Impairment loss on trade receivables		
:- Additional	3	3
:- Reversal	-	(500)
Unrealised loss on foreign exchange	97	33
Amortisation of right-of-use assets	41	163
Depreciation of property, plant and equipment	475	1,777
Interest expense	127	269
Modification loss on financial assets	149	149

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
22 February 2024