

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2024**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.03.2024 RM'000 Unaudited	Preceding Year Corresponding Quarter Ended 31.03.2023 RM'000 Audited	Current Year To Date Ended 31.03.2024 RM'000 Unaudited	Preceding Year Corresponding To Date Ended 31.03.2023 RM'000 Audited
Revenue	14,609	10,768	14,609	10,768
Cost of sales	(13,623)	(10,182)	(13,623)	(10,182)
Gross profit	986	586	986	586
Operating expenses	(822)	(996)	(822)	(996)
Other income	190	579	190	579
Profit from operations	354	169	354	169
Interest expense	(170)	(99)	(170)	(99)
Interest income	95	38	95	38
Profit before tax	279	108	279	108
Taxation	(137)	-	(137)	-
Profit after tax/Total comprehensive income for the financial period	142	108	142	108
Profit/Total comprehensive income attributable to :				
Owners of the Company	142	108	142	108
Non-controlling interest	-	-	-	-
	142	108	142	108
Earnings per ordinary share (sen) ⁽¹⁾				
* Basic earnings per share (sen)	0.04	0.03	0.04	0.03
* Diluted earnings per share (sen)	0.04	0.03	0.04	0.03

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 MARCH 2024

	As At End Of Current Quarter 31.03.2024 RM'000 Unaudited	As At Preceding Financial Year Ended 31.12.2023 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	13,181	13,611
Investment properties	5,830	5,830
Trade and other receivables	10,591	10,805
Contract costs	3,543	8,232
Right-of-use assets	596	639
Deferred tax assets	10	-
Total non-current assets	33,751	39,117
Current assets		
Inventories	51,418	46,978
Trade and other receivables	59,360	83,153
Contract assets	13,174	11,697
Contract costs	3,723	4,116
Current tax assets	-	2
Deposits, cash and bank balances	19,649	7,249
Total current assets	147,324	153,195
TOTAL ASSETS	181,075	192,312
EQUITY AND LIABILITIES		
Equity		
Share capital	74,225	74,225
Reserves	6,119	5,977
Total equity	80,344	80,202
Non-current liabilities		
Trade and other payables	12,810	4,164
Deferred tax liabilities	152	159
Lease liabilities	-	141
Total non-current liabilities	12,962	4,464
Current liabilities		
Trade and other payables	73,705	96,662
Contract liabilities	-	-
Borrowings	13,757	10,657
Lease liabilities	252	146
Tax Liabilities	55	181
Total current liabilities	87,769	107,646
Total liabilities	100,731	112,110
TOTAL EQUITY AND LIABILITIES	181,075	192,312
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 MARCH 2024**

	Current Financial Period Ended 31.03.2024 RM'000 Unaudited	Preceding Year Corresponding Period 31.03.2023 RM'000 Audited
Cash flows from operating activities		
Profit before tax	279	108
Adjustments for:		
Amortisation of right-of-use assets	43	41
Depreciation of property, plant and equipment	441	435
Modification gain on financial assets	(37)	-
Reversal of impairment loss on trade receivables	-	(500)
Reversal of provision for slow-moving inventories	(23)	(62)
Unrealised gain on foreign exchange	(1)	(14)
Interest expense	170	99
Interest income	(95)	(38)
	<u>498</u>	<u>(39)</u>
Operating profit before working capital changes	777	69
(Increase)/decrease in working capital		
Inventories	(4,417)	(463)
Trade and other receivables	24,044	(24,235)
Contract assets	(1,477)	19,978
Contract costs	5,082	(1,416)
Trade and other payables	2,419	6,003
Contract liabilities	-	(32)
Cash from/(used in) operations	26,428	(96)
Interest paid	(170)	(99)
Tax paid	(281)	(195)
Tax refund	2	-
Net cash flows from/(used in) operating activities	<u>25,979</u>	<u>(390)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(11)	(14)
Interest received	54	38
Net cash flows from investing activities	<u>43</u>	<u>24</u>
Cash flows from financing activities		
(Repayment to)/Advance from ultimate holding company, net	(16,730)	16,770
Drawdown of bank borrowings	11,052	1,375
Interest received	41	-
Repayment of bank borrowings	(5,285)	(7,352)
Payment for the principal portion of lease liabilities	(35)	(37)
Net cash flows (used in)/from financing activities	<u>(10,957)</u>	<u>10,756</u>
Net increase in cash and cash equivalents	15,065	10,390
Effect of exchange rate changes	1	14
Cash and cash equivalents at beginning of the period	4,259	4,682
Cash and cash equivalents at end of the period	<u>19,325</u>	<u>15,086</u>

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

	Current Financial Period Ended 31.03.2024 RM'000 Unaudited	Preceding Year Corresponding Period 31.03.2023 RM'000 Audited
Deposits, cash and bank balances	19,649	15,086
Less: Bank overdraft	(324)	-
	<u>19,325</u>	<u>15,086</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 31 MARCH 2024

	Attributable to Owners of the Company			Total Equity RM'000
	Non-distributable Share Capital RM'000	Revaluation Reserve RM'000	Distributable reserves Retained Earnings RM'000	
<u>Audited</u>				
At 1 January 2023	74,225	201	5,044	79,470
Total comprehensive income			732	732
At 31 December 2023	74,225	201	5,776	80,202
<u>Unaudited</u>				
At 1 January 2024	74,225	201	5,776	80,202
Total comprehensive income	-	-	142	142
At 31 March 2024	74,225	201	5,918	80,344

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 2023. 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 2023.

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 2023 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 January 2024 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 2023.

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 31 March 2024.

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Company No. 200401002432 (640935-P)

A8. Dividend Paid

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

A9. Segmental Reporting

Financial period-to-date ended 31 March 2024

	Furniture RM'000	Construction RM'000	Property development RM'000	Total RM'000
Revenue:				
Total revenue	6,612	7,997	-	14,609
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	6,612	7,997	-	14,609
Result:				
Operating profit/(loss)	(921)	1,291	(16)	354
Interest expense	(92)	(78)	-	(170)
Interest income	93	-	2	95
Profit/(loss) before tax	(920)	1,213	(14)	279
Taxation	18	(155)	-	(137)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(902)	1,058	(14)	142
Non-controlling interest	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(902)	1,058	(14)	142

As At 31 March 2024

Assets

Segment assets	53,247	70,366	57,452	181,065
Unallocated assets				10
Total assets	53,247	70,366	57,452	181,075

Liabilities

Segment liabilities	4,004	46,666	35,997	86,667
Borrowings	5,467	8,290	-	13,757
Lease liability	252			252
Unallocated liabilities				55
Total liabilities	9,723	54,956	35,997	100,731

A9. Segmental Reporting (Cont'd)

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 December 2023

Assets

Segment assets	41,200	97,198	53,912	192,310
Unallocated assets				2
Total assets	41,200	97,198	53,912	192,312

Liabilities

Segment liabilities	19,771	40,662	40,393	100,826
Borrowings	6,889	3,768	-	10,657
Lease liability	287	-	-	287
Unallocated liabilities				340
Total liabilities	26,947	44,430	40,393	112,110

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 2024.

A13. Changes in Contingent Liabilities

As at 31 March 2024, 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 2024.

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 31.03.2024	Current Year To Date Ended 31.03.2024
		RM'000	RM'000
Armani Energy Sdn Bhd	Rental income	(1)	(1)
	Charge of solar photovoltaic energy	156	156
Golden Armani Sdn Bhd	Sales of goods	(46)	(46)
Mercu Majuniaga Sdn Bhd	Sales of goods	(4)	(4)

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

B1. Review of Performance

Comparison between Quarter 31.03.2024 and Quarter 31.03.2023

The revenue and profit before tax recorded by the Group for the current quarter and preceding year corresponding quarter were RM14,609,000 (2023: RM10,768,000) and RM279,000 (2023: RM108,000) respectively. This represents an increase of RM3,841,000 in revenue or 35.7% higher than that of its preceding year corresponding quarter.

The higher revenue and profit before tax in the current quarter were mainly due to the following:

- Higher revenue recognised from construction projects.
- Improved cost control in furniture segment.

B2. Variation of Results against Preceding Quarter

Comparison between Quarter 31.03.2024 and Quarter 31.12.2023

The Group recorded a profit before tax of RM279,000 for the current quarter ending on 31 March 2024 compared to RM786,000 for the previous quarter ending on 31 December 2023. The decrease in profit was primarily attributable to the low 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 with estimated Gross Development Value (GDV) of RM390 million 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 Kuantan, Pahang with total estimated GDV of RM621.50 million 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 RM300.2 million from three (3) ongoing construction contracts. 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 31.03.2024 RM'000	Current Year To Date Ended 31.03.2024 RM'000
Current tax expense:		
- Current financial period	155	155
Deferred tax expense:		
- Current year movement	(18)	(18)
	137	137
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 2024 were as follows:

	Total Secured	
	As at 31.03.2024 RM'000	As at 31.03.2023 RM'000
<u>Current</u>		
Banker's acceptance	4,173	1,952
Bank overdraft	324	-
Trade facility	9,260	-
Total	13,757	1,952

b) There were no debt securities for the current quarter and period ended 31 March 2024.

B8. Guarantee/Performance Bond

As at 31 March 2024, 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.

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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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Profit attributable to Owners of the Company (RM'000)	142	108	142	108
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Basic earnings per ordinary share (sen)	0.04	0.03	0.04	0.03
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Diluted earnings per ordinary share (sen)	0.04	0.03	0.04	0.03

B13. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 31.03.2024 (RM'000)	Current Year To Date Ended 31.03.2024 (RM'000)
Profit for the period is arrived at after (crediting)/charging:		
Interest income	(95)	(95)
Modification gain on financial assets	(37)	(37)
Realised gain on foreign exchange	(36)	(36)
Unrealised gain on foreign exchange	(1)	(1)
Reverse of provision for slow-moving inventories	(23)	(23)
Amortisation of right-of-use assets	43	43
Depreciation of property, plant and equipment	441	441
Interest expense	170	170

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
28 May 2024