

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2024**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.06.2024 RM'000 Unaudited	Preceding Year Corresponding Quarter Ended 30.06.2023 RM'000 Unaudited	Current Year To Date Ended 30.06.2024 RM'000 Unaudited	Preceding Year Corresponding To Date Ended 30.06.2023 RM'000 Unaudited
Revenue	34,438	17,983	49,047	28,751
Cost of sales	(27,766)	(17,105)	(41,389)	(27,287)
<b>Gross profit</b>	<b>6,672</b>	<b>878</b>	<b>7,658</b>	<b>1,464</b>
Operating expenses	(1,076)	(791)	(1,898)	(1,787)
Other income	32	79	222	658
<b>Profit from operations</b>	<b>5,628</b>	<b>166</b>	<b>5,982</b>	<b>335</b>
Interest expense	(250)	(4)	(420)	(103)
Interest income	139	63	234	101
<b>Profit before tax</b>	<b>5,517</b>	<b>225</b>	<b>5,796</b>	<b>333</b>
Taxation	(1,346)	(36)	(1,483)	(36)
<b>Profit after tax/Total comprehensive income for the financial period</b>	<b>4,171</b>	<b>189</b>	<b>4,313</b>	<b>297</b>
<b>Profit/Total comprehensive income attributable to :</b>				
Owners of the Company	4,171	189	4,313	297
Non-controlling interest	-	-	-	-
	<b>4,171</b>	<b>189</b>	<b>4,313</b>	<b>297</b>
<b>Earnings per ordinary share (sen) <sup>(1)</sup></b>				
* Basic earnings per share (sen)	1.10	0.05	1.14	0.08
* Diluted earnings per share (sen)	1.10	0.05	1.14	0.08

**Notes:**

<sup>(1)</sup> 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 30 JUNE 2024**

	As At End Of Current Quarter 30.06.2024 RM'000 Unaudited	As At Preceding Financial Year Ended 31.12.2023 RM'000 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12,748	13,611
Investment properties	5,830	5,830
Trade and other receivables	10,717	10,805
Contract costs	4,703	8,232
Right-of-use assets	554	639
Deferred tax assets	29	-
<b>Total non-current assets</b>	<b>34,581</b>	<b>39,117</b>
<b>Current assets</b>		
Inventories	54,911	46,978
Trade and other receivables	68,723	83,153
Contract assets	23,562	11,697
Contract costs	3,002	4,116
Current tax assets	-	2
Deposits, cash and bank balances	20,251	7,249
<b>Total current assets</b>	<b>170,449</b>	<b>153,195</b>
<b>TOTAL ASSETS</b>	<b>205,030</b>	<b>192,312</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	74,225	74,225
Reserves	10,290	5,977
<b>Total equity</b>	<b>84,515</b>	<b>80,202</b>
<b>Non-current liabilities</b>		
Trade and other payables	14,075	4,164
Deferred tax liabilities	152	159
Lease liabilities	-	141
<b>Total non-current liabilities</b>	<b>14,227</b>	<b>4,464</b>
<b>Current liabilities</b>		
Trade and other payables	71,408	96,662
Borrowings	33,420	10,657
Lease liabilities	216	146
Tax Liabilities	1,244	181
<b>Total current liabilities</b>	<b>106,288</b>	<b>107,646</b>
<b>Total liabilities</b>	<b>120,515</b>	<b>112,110</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>205,030</b>	<b>192,312</b>
Net assets per share attributable to equity holder of the Company (RM)	0.22	0.21

**CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2024**

	Current Financial Period Ended 30.06.2024 RM'000 Unaudited	Preceding Year Corresponding Period 30.06.2023 RM'000 Unaudited
<b>Cash flows from operating activities</b>		
Profit before tax	5,796	333
Adjustments for:		
Amortisation of right-of-use assets	85	81
Depreciation of property, plant and equipment	876	869
Modification gain on financial assets	(75)	-
Reversal of impairment loss on trade receivables	-	(500)
Reversal of provision for slow-moving inventories	(51)	(75)
Unrealised loss/(gain) on foreign exchange	19	(39)
Interest expense	420	103
Interest income	(234)	(101)
	1,040	338
Operating profit before working capital changes	6,836	671
(Increase)/decrease in working capital		
Inventories	(7,882)	(4,797)
Trade and other receivables	14,593	(28,299)
Contract assets	(11,865)	8,709
Contract costs	4,643	(301)
Trade and other payables	1,386	18,556
Contract liabilities	-	(32)
	7,711	(5,493)
Cash from/(used in) operations	7,711	(5,493)
Interest paid	(420)	(103)
Tax paid	(457)	(302)
Tax refund	2	-
	6,836	(5,898)
<b>Net cash flows from/(used in) operating activities</b>	<b>6,836</b>	<b>(5,898)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11)	(20)
Interest received	142	101
	131	81
<b>Net cash flows from investing activities</b>	<b>131</b>	<b>81</b>
<b>Cash flows from financing activities</b>		
(Repayment to)/Advance from ultimate holding company, net	(16,730)	16,770
Drawdown of bank borrowings	34,633	1,375
Interest received	92	-
Repayment of bank borrowings	(8,880)	(9,304)
Payment for the principal portion of lease liabilities	(71)	(76)
	9,044	8,765
<b>Net cash flows from financing activities</b>	<b>9,044</b>	<b>8,765</b>
Net increase in cash and cash equivalents	16,011	2,948
Effect of exchange rate changes	(19)	39
Cash and cash equivalents at beginning of the period	4,259	4,682
Cash and cash equivalents at end of the period	20,251	7,669

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

	Current Financial Period Ended 30.06.2024 RM'000 Unaudited	Preceding Year Corresponding Period 30.06.2023 RM'000 Unaudited
Deposits, cash and bank balances	20,251	7,669
Less: Bank overdraft	-	-
	20,251	7,669

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 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	
<b><u>Audited</u></b>				
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
<b><u>Unaudited</u></b>				
At 1 January 2024	74,225	201	5,776	80,202
Total comprehensive income	-	-	4,313	4,313
At 30 June 2024	74,225	201	10,089	84,515

## **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 30 June 2024.

**TAFI INDUSTRIES BERHAD**  
**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 30 June 2024**

	<b>Furniture RM'000</b>	<b>Construction RM'000</b>	<b>Property development RM'000</b>	<b>Trading RM'000</b>	<b>Total RM'000</b>
<b>Revenue:</b>					
Total revenue	11,752	21,461	5,277	10,557	49,047
Less: Inter-segment revenue	-	-	-	-	-
Revenue from external customers	11,752	21,461	5,277	10,557	49,047
<b>Result:</b>					
Operating profit/(loss)	(2,010)	3,557	3,735	700	5,982
Interest expense	(125)	(295)	-	-	(420)
Interest income	231	-	3	-	234
Profit/(loss) before tax	(1,904)	3,262	3,738	700	5,796
Taxation	37	(572)	(948)	-	(1,483)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(1,867)	2,690	2,790	700	4,313
Non-controlling interest	-	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(1,867)	2,690	2,790	700	4,313

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

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

	<b>Furniture</b>	<b>Construction</b>	<b>Property development</b>	<b>Trading</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As At 30 June 2024</b>					
<b><u>Assets</u></b>					
Segment assets	52,700	76,946	64,798	10,557	205,001
Unallocated assets					29
<b>Total assets</b>	<b>52,700</b>	<b>76,946</b>	<b>64,798</b>	<b>10,557</b>	<b>205,030</b>
<b><u>Liabilities</u></b>					
Segment liabilities	3,477	46,285	35,721	-	85,483
Borrowings	13,402	20,018	-	-	33,420
Lease liability	216	-	-	-	216
Unallocated liabilities					1,396
<b>Total liabilities</b>	<b>17,095</b>	<b>66,303</b>	<b>35,721</b>	<b>-</b>	<b>120,515</b>

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

**Financial period-to-date ended 30 June 2023**

	<b>Furniture RM'000</b>	<b>Construction RM'000</b>	<b>Property development RM'000</b>	<b>Total RM'000</b>
<b>Revenue:</b>				
Total revenue	13,590	15,161	-	28,751
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	13,590	15,161	-	28,751
<b>Result:</b>				
Operating profit/(loss)	(1,411)	1,762	(16)	335
Interest expense	(49)	(54)	-	(103)
Interest income	100	-	1	101
Profit/(loss) before tax	(1,360)	1,708	(15)	333
Taxation	-	(36)	-	(36)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(1,360)	1,672	(15)	297
Non-controlling interest	-	-	-	-
Profit(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(1,360)	1,672	(15)	297

**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 30 June 2024.

**A13. Changes in Contingent Liabilities**

As at this reporting date, the Group does not have any contingent liabilities, other than as disclosed below:

	<b>30.06.2024</b> <b>RM'000</b>
<b>Secured:</b>	
Bank guarantees extended to third parties in respect various projects of the Group	2,395
Bank guarantees extended to Companies for various projects	20
<b>Total</b>	<b>2,415</b>

**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 30 June 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.

<b>Transactions with companies in which certain Directors have substantial financial interests:</b>	<b>Nature of business</b>	<b>Current Year Quarter Ended 30.06.2024</b>	<b>Current Year To Date Ended 30.06.2024</b>
		<b>RM'000</b>	<b>RM'000</b>
Armani Synergy Sdn Bhd	Advances from	-	(4,800)
Armani Energy Sdn Bhd	Rental income	(1)	(2)
	Charge of solar photovoltaic energy	149	305
	Sales of goods	(10,557)	(10,557)
Golden Armani Sdn Bhd	Sales of goods	(85)	(131)
Mercu Majuniaga Sdn Bhd	Sales of goods	-	(4)
Regal Gateway Sdn Bhd	Sales of goods	(4)	(21)

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

**B1. Review of Performance**

**Comparison between Quarter 30.06.2024 and Quarter 30.06.2023**

The revenue and profit before tax recorded by the Group for the current quarter and preceding year corresponding quarter were RM34,438,000 (2023: RM17,983,000) and RM5,517,000 (2023: RM225,000) respectively. This represents an increase of RM16,455,000 in revenue or 91.50% 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 recognition in tandem with increase in pace of construction of certain ongoing construction projects.
- Commencement of revenue recognition from ongoing property development projects.

**Comparison between Year to Date 30.06.2024 and Year to Date 30.06.2023**

The Group recorded an increase in revenue to RM 49,047,000 against RM28,751,000 in the previous year mainly due to increase in construction, property development and trading activities. The registered profit before tax of RM5,796,000 against RM333,000 in the preceding year corresponding period was mainly due to the following:-

- Increase in pace of construction of certain ongoing construction projects this year.
- Commencement of revenue recognition from ongoing property development projects.

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

**Comparison between Quarter 30.06.2024 and Quarter 31.03.2024**

The Group recorded a profit before tax of RM5,517,000 for the current quarter ending on 30 June 2024 compared to RM279,000 for the previous quarter ending on 31 March 2024. The increase in profit was primarily attributable to the following:-

- Higher revenue recognised from construction projects.
- Commencement of revenue recognition from ongoing property development 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 is progressing well and we have started to recognise revenue during the current quarter in respect of the said property development project. We expect increased 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 was awarded two (2) Letters of Award from Armani KPF2 Development Sdn Bhd for the construction of main building and associated works and piling and project furniture construction for Setia Alam project with a total contract sum of RM207.46 million during the quarter. This has increased the outstanding order book of the Group's construction business to approximately RM494.24 million from four (4) ongoing construction projects. 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**

	<b>Current Year Quarter Ended 30.06.2024 RM'000</b>	<b>Current Year To Date Ended 30.06.2024 RM'000</b>
Current tax expense:		
- Current financial period	1,365	1,520
Deferred tax expense:		
- Current year movement	(19)	(37)
<b>Total</b>	<b>1,346</b>	<b>1,483</b>

**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 2024 were as follows:

	Total Secured	
	As at 30.06.2024 RM'000	As at 30.06.2023 RM'000
<b><u>Current</u></b>		
Banker's acceptance	3,594	-
Trade facility	29,826	-
Total	33,420	-

b) There were no debt securities for the current quarter and period ended 30 June 2024.

**B8. Performance Bond**

As at 30 June 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.

**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**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>30.06.2024</b>	<b>30.06.2023</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
Profit attributable to Owners of the Company (RM'000)	4,171	189	4,313	297
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Basic earnings per ordinary share (sen)	1.10	0.05	1.14	0.08
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Diluted earnings per ordinary share (sen)	1.10	0.05	1.14	0.08

**B13. Additional Disclosure on Profit for the Period**

	<b>Current Year Quarter Ended 30.06.2024 (RM'000)</b>	<b>Current Year To Date Ended 30.06.2024 (RM'000)</b>
Profit for the period is arrived at after (crediting)/charging:		
Interest income	(139)	(234)
Modification gain on financial assets	(38)	(75)
Realised gain on foreign exchange	(3)	(39)
Unrealised loss on foreign exchange	20	19
Reverse of provision for slow-moving inventories	(28)	(51)
Amortisation of right-of-use assets	42	85
Depreciation of property, plant and equipment	435	876
Interest expense	250	420

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  
31 July 2024