

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.09.2024 RM'000 Unaudited	Preceding Year Corresponding Quarter Ended 30.09.2023 RM'000 Unaudited	Current Year To Date Ended 30.09.2024 RM'000 Unaudited	Preceding Year Corresponding To Date Ended 30.09.2023 RM'000 Unaudited
Revenue	26,891	14,689	75,938	43,440
Cost of sales	(22,419)	(13,586)	(63,808)	(40,873)
Gross profit	4,472	1,103	12,130	2,567
Operating expenses	(1,167)	(854)	(3,065)	(2,641)
Other income	(8)	87	214	745
Profit from operations	3,297	336	9,279	671
Interest expense	(494)	(39)	(914)	(142)
Interest income	121	14	355	115
Profit before tax	2,924	311	8,720	644
Taxation	(407)	(100)	(1,890)	(136)
Profit after tax/Total comprehensive income for the financial period	2,517	211	6,830	508
Profit/Total comprehensive income attributable to :				
Owners of the Company	2,517	211	6,830	508
Non-controlling interest	-	-	-	-
	2,517	211	6,830	508
Earnings per ordinary share (sen) ⁽¹⁾				
* Basic earnings per share (sen)	0.66	0.06	1.80	0.13
* Diluted earnings per share (sen)	0.66	0.06	1.80	0.13

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 30 SEPTEMBER 2024

	As At End Of Current Quarter 30.09.2024 RM'000 Unaudited	As At Preceding Financial Year Ended 31.12.2023 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	11,619	13,611
Investment properties	5,830	5,830
Trade and other receivables	11,049	10,805
Contract costs	159	8,232
Right-of-use assets	511	639
Deferred tax assets	73	-
Total non-current assets	29,241	39,117
Current assets		
Inventories	58,956	46,978
Trade and other receivables	81,085	83,153
Contract assets	31,971	11,697
Contract costs	6,171	4,116
Current tax assets	-	2
Deposits, cash and bank balances	16,812	7,249
Total current assets	194,995	153,195
TOTAL ASSETS	224,236	192,312
EQUITY AND LIABILITIES		
Equity		
Share capital	74,225	74,225
Reserves	12,807	5,977
Total equity	87,032	80,202
Non-current liabilities		
Trade and other payables	14,775	4,164
Deferred tax liabilities	152	159
Lease liabilities	-	141
Total non-current liabilities	14,927	4,464
Current liabilities		
Trade and other payables	84,115	96,662
Borrowings	36,495	10,657
Lease liabilities	180	146
Tax Liabilities	1,487	181
Total current liabilities	122,277	107,646
Total liabilities	137,204	112,110
TOTAL EQUITY AND LIABILITIES	224,236	192,312
Net assets per share attributable to equity holder of the Company (RM)	0.23	0.21

CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	Current Financial Period Ended 30.09.2024 RM'000 Unaudited	Preceding Year Corresponding Period 30.09.2023 RM'000 Unaudited
Cash flows from operating activities		
Profit before tax	8,720	644
Adjustments for:		
Amortisation of right-of-use assets	128	122
Depreciation of property, plant and equipment	1,272	1,302
Loss on disposal of property, plant and equipment	153	-
Modification gain on financial assets	(112)	-
Reversal of impairment loss on trade receivables	-	(500)
Reversal of provision for slow-moving inventories	(68)	(90)
Unrealised loss/(gain) on foreign exchange	129	(64)
Interest expense	914	142
Interest income	(355)	(115)
	<u>2,061</u>	<u>797</u>
Operating profit before working capital changes	10,781	1,441
(Increase)/decrease in working capital		
Inventories	(11,910)	(10,821)
Trade and other receivables	2,476	(31,624)
Contract assets	(20,274)	(114)
Contract costs	6,018	(161)
Trade and other payables	14,813	26,954
Contract liabilities	-	(32)
Cash from/(used in) operations	1,904	(14,357)
Interest paid	(914)	(142)
Tax paid	(665)	(478)
Tax refund	2	-
Net cash flows from/(used in) operating activities	<u>327</u>	<u>(14,977)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	181	-
Purchase of property, plant and equipment	(132)	(35)
Interest received	183	112
Net cash flows from investing activities	<u>232</u>	<u>77</u>
Cash flows from financing activities		
(Repayment to)/Advance from ultimate holding company, net	(16,770)	16,770
Drawdown of bank borrowings	45,788	6,478
Interest received	172	3
Repayment of bank borrowings	(20,459)	(9,574)
Payment for the principal portion of lease liabilities	(107)	(115)
Net cash flows from financing activities	<u>8,624</u>	<u>13,562</u>
Net increase in cash and cash equivalents	9,183	(1,338)
Effect of exchange rate changes	(129)	64
Cash and cash equivalents at beginning of the period	4,259	4,682
Cash and cash equivalents at end of the period	<u>13,313</u>	<u>3,408</u>

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

	Current Financial Period Ended 30.09.2024 RM'000 Unaudited	Preceding Year Corresponding Period 30.09.2023 RM'000 Unaudited
Deposits, cash and bank balances	16,812	3,971
Less: Bank overdraft	(3,499)	(563)
	<u>13,313</u>	<u>3,408</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 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	-	-	6,830	6,830
At 30 September 2024	74,225	201	12,606	87,032

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 September 2024.

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A8. Dividend Paid

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

A9. Segmental Reporting

Financial period-to-date ended 30 September 2024

	Furniture RM'000	Construction RM'000	Property development RM'000	Trading RM'000	Total RM'000
Revenue:					
Total revenue	17,536	41,843	6,002	10,557	75,938
Less: Inter-segment revenue	-	-	-	-	-
Revenue from external customers	17,536	41,843	6,002	10,557	75,938
Result:					
Operating profit/(loss)	(3,537)	7,862	4,254	700	9,279
Interest expense	(347)	(567)	-	-	(914)
Interest income	346	-	9	-	355
Profit/(loss) before tax	(3,538)	7,295	4,263	700	8,720
Taxation	67	(879)	(1,078)	-	(1,890)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(3,471)	6,416	3,185	700	6,830
Non-controlling interest	-	-	-	-	-
Profit/(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(3,471)	6,416	3,185	700	6,830

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A9. Segmental Reporting (Cont'd)

	Furniture	Construction	Property development	Trading	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As At 30 September 2024					
<u>Assets</u>					
Segment assets	46,605	86,401	80,600	10,557	224,163
Unallocated assets					73
Total assets	46,605	86,401	80,600	10,557	224,236
<u>Liabilities</u>					
Segment liabilities	2,595	54,046	42,249	-	98,890
Borrowings	16,043	20,452	-	-	36,495
Lease liability	180	-	-	-	180
Unallocated liabilities					1,639
Total liabilities	18,818	74,498	42,249	-	137,204

A9. Segmental Reporting (Cont'd)

Financial period-to-date ended 30 September 2023

	Furniture RM'000	Construction RM'000	Property development RM'000	Total RM'000
Revenue:				
Total revenue	19,455	23,985	-	43,440
Less: Inter-segment revenue	-	-	-	-
Revenue from external customers	19,455	23,985	-	43,440
Result:				
Operating profit/(loss)	(1,683)	2,383	(29)	671
Interest expense	(64)	(78)	-	(142)
Interest income	114	-	1	115
Profit/(loss) before tax	(1,633)	2,305	(28)	644
Taxation	44	(180)	-	(136)
Profit/(loss) after tax/Total comprehensive income/(expenses) for the financial period	(1,589)	2,125	(28)	508
Non-controlling interest	-	-	-	-
Profit(loss)/Total comprehensive income/(expenses) attributable to Owners of the Company	(1,589)	2,125	(28)	508

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.

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A12. Change in the Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 September 2024.

A13. Changes in Contingent Liabilities

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

	30.09.2024
	RM'000
Secured:	
Bank guarantees extended to third parties in respect various projects of the Group	2,395
Bank guarantees extended to Companies for various projects	20
Total	<u>2,415</u>

A14. Capital Commitments

	30.09.2024
	RM'000
Contractual commitment for the acquisition of development land	<u>800</u>

A15. Derivative Financial Asset/Liability

There were no forward foreign exchange contracts outstanding as at 30 September 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 30.09.2024 RM'000	Current Year To Date Ended 30.09.2024 RM'000
Armani Synergy Sdn Bhd	Advances from	-	(4,800)
Armani Energy Sdn Bhd	Rental income	-	(2)
	Charge of solar photovoltaic energy	146	451
	Sales of goods	-	(10,557)
Golden Armani Sdn Bhd	Sales of goods	(1)	(132)
Magna Park Sdn Bhd	Service render	(35)	(35)
Mercu Majuniaga Sdn Bhd	Sales of goods	-	(4)
Regal Gateway Sdn Bhd	Sales of goods	-	(21)
Scanwolf Development Sdn Bhd	Sales of goods	(9)	(9)
SG. Besi Construction Sdn. Bhd.	Sales of goods	(119)	(119)
Scanwolf Plastic Industries Sdn. Bhd.	Purchase of goods	85	85

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

B1. Review of Performance

Comparison between Quarter 30.09.2024 and Quarter 30.09.2023

The revenue and profit before tax recorded by the Group for the current quarter and preceding year corresponding quarter were RM26,891,000 (2023: RM14,689,000) and RM2,924,000 (2023: RM311,000) respectively. This represents an increase of RM12,202,000 in revenue or 83.07% 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 and the commencement of new construction projects.

Comparison between Year to Date 30.09.2024 and Year to Date 30.09.2023

The Group recorded an increase in revenue to RM 75,938,000 against RM43,440,000 in the previous year mainly due to increase in construction, property development and trading activities. The registered profit before tax of RM8,720,000 against RM644,000 in the preceding year corresponding period was mainly due to the following:-

- Increase in pace of construction of certain ongoing construction projects and the commencement of new construction project in this year.
- Commencement of revenue recognition from ongoing property development projects.

B2. Variation of Results against Preceding Quarter

Comparison between Quarter 30.09.2024 and Quarter 30.06.2024

The Group recorded a profit before tax of RM2,924,000 for the current quarter ending on 30 September 2024 compared to RM5,517,000 for the previous quarter ending on 30 June 2024. The decrease in profit was primarily attributable to the following:-

- Decrease in trading activities in the current quarter.
- Decrease in revenue recognition from ongoing property development projects.

B3. Commentary on Prospects

The global economy continues to face challenges from 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 is still slow 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 since quarter two (Q2) 2024 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 piling and preliminaries works for the 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 had commenced during the current quarter. The Group's construction business has an outstanding order book of approximately RM473.96 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

	Current Year Quarter Ended 30.09.2024 RM'000	Current Year To Date Ended 30.09.2024 RM'000
Current tax expense:		
- Current financial period	435	1,955
- Under provision in previous financial year	14	14
	449	1,969
Deferred tax expense:		
- Current year movement	(42)	(79)
	(42)	(79)
Total	407	1,890

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 September 2024 were as follows:

	Total Secured	
	As at 30.09.2024 RM'000	As at 30.09.2023 RM'000
<u>Current</u>		
Banker's acceptance	3,189	1,102
Bank overdraft	3,499	563
Trade facility	29,807	3,731
Total	36,495	5,396

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

B8. Performance Bond

As at 30 September 2024, total performance bonds for various property development projects and construction contracts awarded amounted to RM47.23 million, of which RM32.43 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

	Quarter Ended		Year To Date Ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to Owners of the Company (RM'000)	2,517	211	6,830	508
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Basic earnings per ordinary share (sen)	0.66	0.06	1.80	0.13
Weighted average number of ordinary shares in issue ('000)	379,427	379,427	379,427	379,427
Diluted earnings per ordinary share (sen)	0.66	0.06	1.80	0.13

B13. Additional Disclosure on Profit for the Period

	Current Year Quarter Ended 30.09.2024 (RM'000)	Current Year To Date Ended 30.09.2024 (RM'000)
Profit for the period is arrived at after (crediting)/charging:		
Interest income	(121)	(355)
Modification gain on financial assets	(37)	(112)
Reversal of provision for slow-moving inventories	(17)	(68)
Amortisation of right-of-use assets	43	128
Depreciation of property, plant and equipment	396	1,272
Interest expense	494	914
Loss on disposal of property, plant and equipment	153	153
Realised loss on foreign exchange	100	61
Unrealised loss on foreign exchange	110	129

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
13 November 2024