

AJIYA BERHAD (377627-W)**Notes to the Financial Statements for the period ended 31st August 2015****1. Basis of Preparation**

The Interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (MFRS) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the financial statements of the Group for the year ended 30 November 2014.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 November 2014, except for the adoption of the following amendments to MFRSs and IC Interpretation which are effective for the financial period beginning on and after 1 January 2014:-

<u>Amendments to MFRS and IC Interpretations</u>	Effective for annual periods beginning on or after
• Amendments to MFRS 10, MFRS 12 and: MFRS 127: Investment Entities	1 January 2014
• Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
• Amendments to MFRS 139: Novation of Derivatives And Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014

Standards and Interpretations issued but not yet effective:

<u>MFRS</u>	Effective for annual periods beginning on or after
• Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
• Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
• Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
• Annual Improvements to MFRSs 2012-2014 Cycle	1 July 2014
• Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
• Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116 and 141 Agriculture: Bearer	

Plants	1 January 2016
• MFRS 14 Regulatory Deferral Accounts	1 January 2016
• Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	1 January 2016
• Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
• MFRS 15 Revenue from Contracts with Customers	1 January 2017
• MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The adoption of the above standards and interpretations are expected to have no material impact on the interim financial statements of the Group and the Company in the period of initial application.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for year ended 30 November 2014 were not qualified.

4. Seasonality or cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

5. Unusual items due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence.

6. Material Changes in Estimates

There were no material changes in estimates used in the preparation of the financial statements in the current financial period as compared with the previous financial period or previous year.

7. Issuance, cancellation, repurchases, resale and repayments of debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current financial year to date.

8. Dividend paid

A single tier final dividend of 2% in respect of financial year ended 30 November 2014 and an interim dividend of 1% in respect of financial year ending 30 November 2015 were paid during the current financial quarter.

9. Segmental Reporting

a) Operating segment

The Group is principally involved in the manufacture and supply of materials used in the construction and building based industries. Hence no operating segment information is provided.

b) Geographical segment

	Current Quarter 31.08.2015	Year to date 31.08.2015
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	95,895	299,502
- Overseas plant	<u>6,065</u>	<u>18,999</u>
	<u>101,960</u>	<u>318,501</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 31.08.2015.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial quarter..

12. Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31.08.2015:

Approved and contracted for plant and equipment RM1,040,000.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since the last annual balance sheet date.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

14. Review of Performance

For the quarter under review, the Group achieved a turnover of RM101.960 million, which is 1.6% lower compared to preceding year corresponding quarter of RM103,632 million.

The decrease was mainly due to softer market sentiment.

15. Material changes in profit before taxation for the quarter against the immediate preceding quarter

The Group recorded a profit before tax of RM9.213 million for the current quarter compared to immediate preceding quarter of RM9.717 million. The decrease was mainly due to the decrease in turnover.

As compare to preceding year corresponding quarter of RM6.679 million, the increase was mainly due to the increase in profit margin of certain products.

16. Commentary on Prospects

The government's ETP, Economic Corridors, Green Building Tools will continue to be the main factors in generating demands for the building materials sector, which will contribute positively to the Group's turnover. The Group will continue to expand its market in Malaysia and Thailand to sustain its performance.

17. Profit Forecast

Not applicable as the Company did not provide any profit forecast in public documents.

18. Profit before tax

Profit for the period is arrived after charging/(crediting):

	Current Quarter 31.08.2015 <u>RM'000</u>	Year to date 31.08.2015 <u>RM'000</u>
Interest income	(87)	(232)
Other income including investment income	(496)	(1,644)
Interest expense	535	1,534
Depreciation and amortization	2,642	7,619
Foreign exchange gain	(339)	(506)

19. Taxation

The Taxation of the Group for the financial period under review is as follows:-

	Current Quarter Ended 31-08-2015 <u>(RM'000)</u>	Current Year To date 31-08-2015 <u>(RM'000)</u>
Current Tax	1,821	5,269
Over provision in prior year	(271)	(271)
Deferred Tax		<u>(54)</u>
Total	<u>1,550</u>	<u>4,944</u>
Effective tax rate	17%	19%
Statutory tax rate	25%	25%
Variance	8%	6%

20. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at to date.

21. Borrowing and Debt Securities as at quarter ended 31-08-2015:-

	<u>Unsecured (RM)</u>	<u>Secured(RM)</u>	<u>Total (RM)</u>
Long term borrowing:	-	19,761,000	19,761,000
Short term borrowing:	11,055,000	8,883,000	19,938,000

22. Realised and Unrealised Profits

The breakdown of the retained profits of the Group into realized and unrealized profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31-08-2015 <u>RM</u>	As at 30-11-2014 <u>RM</u>
Total retained profits		
-Realised	300,511,180	277,322,344
-Unrealised	<u>(10,163,693)</u>	<u>(10,217,812)</u>
	290,347,487	267,104,532
Less: Consolidation adjustments	<u>(89,578,714)</u>	<u>(81,016,237)</u>
Retained profits as per financial statements	<u>200,768,773</u>	<u>186,088,295</u>

23. Changes In Material Litigation

The Group is not involved in any material litigation as at the date of this report.

24. Dividend

No dividend payment is recommended for the quarter ended 31.08.2015.

25. Earning per share

The basic earnings per share of 8.67 sen for the current quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM5,999,000 by the number of 69,223,821 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date : 21-10-2015