**AJIYA BERHAD (377627-W)**

***Notes to the Financial Statements for the period ended 29th February 2016***

**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 2015.

1. **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 2015.

As at the date of this interim financial statements, the following MFRS, Amendments to MFRS were issued and the Group intend to adopt these standards, if applicable when they become effective.

**Effective for annual**

**periods beginning**

**Description on or after**

* Annual Improvements to MFRSs 2012-2014 Cycle 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 MFRS 141: Agriculture: Bearer

Plants 1 January 2016

* Amendments to MFRS 11: Accounting for Acquisition

of Interests in Joint Operations 1 January 2016

* MFRS 14: Regulatory Deferral Accounts 1 January 2016
* Amendments to MFRS 127: Equity Method in Separate

Financial Statements 1 January 2016

* Amendments to MFRS 101:Disclosures Initiatives 1 January 2016
* Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment

Entities: Applying the Consolidation Exception 1 January 2016

* MFRS 15: Revenue from Contracts with Customers 1 January 2018
* MFRS 9: Financial Instruments 1 January 2018
* Amendments to MFRS 10 and MFRS 128: Sale or Contribution

of Assets between an Investor and its Associates or

Joint Venture Deferred

**3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements of the Group for year ended 30 November 2015 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**

There was no dividend paid during the current financial quarter.

**9. Segmental Reporting**

1. **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.

1. **Geographical segment**

Current Quarter Year to date

29.02.2016 29.02.2016

Revenue RM’000 RM’000

* Local plant 86,773 86,773
* Overseas plant 6,868 6,868

93,641 93.641

**10. Material Events Subsequent to the End of Period**

There were no material events subsequent to the period ended 30.11.2015.

**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 29.02.2016:

Approved and contracted for plant and equipment RM2,214,000.

**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 RM93.641 million, which is 10% lower compared to preceding year corresponding quarter of RM104.869 million.

The decrease was mainly due to the weaker market conditions especially the construction sector, which affected the demand for the Group’s products.

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

The Group recorded a profit before tax of RM4.796 million for the current quarter compared to immediate preceding quarter of RM7.246 million and preceding year corresponding quarter of RM7.281 million, the decrease was mainly due to the decrease in revenue and profit margin of certain products.

**16. Commentary on Prospects**

The government’s ETP, Economic Corridors, Green Building Tools, Construction Industry Transformation Programme (CITP) will continue to be the main factors in generating demands for the building materials sector, which will contribute positively to the Group’s turnover.

We also expect our Ajiya Green Integrated Building System (AGIBS) to play a vital role in our growth trajectory and will continue to expand its market in Malaysia, Thailand and other Southeast Asian countries.

**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 Year to date 29.02.2016 29.02.2016 RM’000 RM’000

Interest income (230) (230)

Other income including investment income (885) (885)

Interest expense 241 241

Depreciation and amortization 2,658 2,658

Foreign exchange gain (413) (413)

**19. Taxation**

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

Current Current Year

Quarter Ended To date

29-02-2016 30-11-2015

(RM’000) (RM’000)

Current Tax 706 706

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Total 706 706

Effective tax rate 15% 15%

Statutory tax rate 24% 24%

Variance 9% 9%

**20. Status of Corporate Proposals Announced**

Save as disclosed below, there were no corporate proposals announced but not completed as at to date.

1. **Utilisation of Proceeds**

The gross proceeds received from the Private Placement was RM29.073 million. The proposed utilisation are as follows:

**Proposed Actual Intended Amount Utilisation Utilisation timeframe Unutilised**

**Purpose RM’000 RM’000 for utilization RM’000 Explanation**

Extension of existing

Factory 2,500 - within twelve(12) months 2,500 (ii)

Acquisition of Plant

& machineries and

factory facilities 4,500 949 within twelve(12) months 3,551 (iii)

Working Capital 21,443 5,937 within twelve(12) months 15,506 (i)

Estimated expenses in

Relation to the Private

Placement 630 630 within one (1) month - (i)

Total proceeds 29,073 7,516 21,557

Notes:

1. In view that the actual expenses in relation to Private Placement was higher than the estimated, the deficit was funded out of working capital.
2. The construction of the factory will commence in April 2016.
3. The utilisation was deposits paid for machineries.

**21. Borrowing and Debt Securities as at quarter ended 29-02-2016:-**

Unsecured (RM) Secured(RM) Total (RM**)**

Long term borrowing: - 15,326,000 15,326,000

Short term borrowing: 2,770,000 8,940,000 11,710,000

**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 As at

29-02-2016 30-11-2015

RM RM

Total retained profits

-Realised 314,157,909 310,187,951

-Unrealised (10,448,302) (10,448,302)

303,709,607 299,739,649 Less: Consolidation adjustments (94,655,949) (93,781,084)

Retained profits as per financial statements 209,053,658 205,958,565

**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 29.02.2016.

**25. Earning per share**

The basic earnings per share of 4.06 sen for the current quarter is calculated by dividing the Group’s profit attributable to ordinary equity holders of the parent of RM3,095,000 by the number of 76,146,121 ordinary shares in issue.

By order of the Board

Chong Wui Koon (secretary)

Date : 22-04-2016