

Condensed Consolidated Statements of Comprehensive Income for the second quarter ended 31 May, 2018
(The figures have not been audited)

	CURRENT QUARTER ENDED 31 May 2018 RM'000	CURRENT QUARTER ENDED 31 May 2017 RM'000	% change	6 MONTH CUMULATIVE 31 May 2018 RM'000	6 MONTH CUMULATIVE 31 May 2017 RM'000	% change
Revenue	103,737	90,481	14.7	194,466	184,320	5.5
Operating expenses	(94,503)	(85,652)	10.3	(181,871)	(171,593)	6.0
Interest income	574	415	38.3	1,043	648	61.0
Other income	863	(38)	2371.1	1,425	7,155	-80.1
Operating profit	10,671	5,206	105.0	15,063	20,530	-26.6
Depreciation and amortization	(2,612)	(2,702)	-3.3	(5,267)	(5,409)	-2.6
Finance costs	(64)	(99)	-35.4	(134)	(204)	-34.3
Profit before tax	7,995	2,405	232.4	9,662	14,917	-35.2
Income tax expense	(1,815)	(1,156)	57.0	(2,417)	(2,393)	1.0
Profit net of tax	6,180	1,249	394.8	7,245	12,524	-42.2
Other comprehensive income:						
Foreign currency translation	(82)	(337)	-75.7	(308)	102	-402.0
Total comprehensive income	6,098	912	568.6	6,937	12,626	-45.1
Profit attributable to:						
Owners of the parent	4,861	1,618	200.4	5,970	10,655	-44.0
Non-controlling interest	1,319	(369)	457.5	1,275	1,869	-31.8
	6,180	1,249	394.8	7,245	12,524	-42.2
Total comprehensive income attributable to:						
Owners of the parent	4,785	1,309	265.5	5,673	10,745	-47.2
Non-controlling interest	1,313	(397)	430.7	1,264	1,881	-32.8
	6,098	912	568.6	6,937	12,626	-45.1
Earnings per share:						
(a) Basic (based on 299,746,184 ordinary shares) (2017 - 304,584,484 shares)(sen)	1.62	0.53		1.99	3.50	
(b) Fully diluted (based on 299,746,184 ordinary shares)(2017 - 304,584,484 shares) (sen)	1.62	0.53		1.99	3.50	

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 November 2017)

AJIYA BERHAD (company no. 377627-W)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 May 2018

	<u>(Unaudited)</u>	<u>(Audited)</u>
	AS AT	AS AT
	31 May 2018	30 November 2017
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	170,868	175,260
Investment properties	20,431	20,504
Land use rights	2,369	1,659
Other investments	10,457	5,343
	<u>204,125</u>	<u>202,766</u>
Current assets		
Inventories	77,070	75,594
Trade and other receivables	115,227	113,107
Tax recoverable	1,526	1,530
Cash and bank balances	82,789	75,372
	<u>276,612</u>	<u>265,603</u>
TOTAL ASSETS	<u><u>480,737</u></u>	<u><u>468,369</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	98,878	98,878
Treasury shares	(2,846)	-
Reserves	230,898	224,929
Foreign currency translation reserve	5,245	5,542
	<u>332,175</u>	<u>329,349</u>
Non-controlling interest	67,210	68,197
Total equity	<u><u>399,385</u></u>	<u><u>397,546</u></u>
Non-current liabilities		
Loans and borrowings	1,844	3,419
Deferred tax liabilities	9,801	10,272
	<u>11,645</u>	<u>13,691</u>
Current liabilities		
Trade and other payables	65,016	53,608
Short term loans and borrowings	3,095	3,096
Tax payable	1,596	428
	<u>69,707</u>	<u>57,132</u>
Total liabilities	<u><u>81,352</u></u>	<u><u>70,823</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>480,737</u></u>	<u><u>468,369</u></u>
Net assets per share (RM)	1.11	1.08
* (2018: 299,746,184 shares)	*	**
** (2017: 304,584,484 shares)		

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 November 2017)

AJIYA BERHAD (company no. 377627-W)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows for the second quarter ended 31 May 2018
(The figures have not been audited)

	CURRENT QUARTER ENDED 31 May 2018 RM'000	COMPARATIVE QUARTER ENDED 31 May 2017 RM'000
Operating Activities		
Profit before tax	9,662	14,917
<u>Adjustment for:-</u>		
Non-cash items	5,968	5,415
Non-operating items (which are investing/financing)	(909)	(444)
Operating profit before changes in working capital	<u>14,721</u>	<u>19,888</u>
<u>Changes in working capital</u>		
Net change in current assets	(4,296)	15,351
Net change in current liabilities	11,408	(7,900)
Tax paid	(1,716)	(2,779)
Interest paid	(134)	(204)
Net cash flows from operating activities	<u>19,983</u>	<u>24,356</u>
Investing Activities		
Acquisition of other investments	(5,114)	-
Purchase of property, plant & equipment	(1,823)	(1,624)
Interest received	1,043	648
Net cash flows used in investing activities	<u>(5,894)</u>	<u>(976)</u>
Financing Activities		
Purchase of treasury shares	(2,846)	-
Repayment of loans and borrowings	(1,576)	(1,590)
Dividend paid	(2,250)	(2,490)
Net cash flows used in financing activities	<u>(6,672)</u>	<u>(4,080)</u>
Net change in cash and cash equivalents	7,417	19,300
Cash and cash equivalents at beginning of year	75,372	56,405
Cash and cash equivalents as at 2nd quarter	<u>82,789</u>	<u>75,705</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 November 2017)

AJIYA BERHAD (company no. 377627-W)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the second quarter ended 31 May 2018
(The figures have not been audited)

	Attributable to owners of the parent						Total RM	Non-Controlling Interest RM	Total Equity RM
	Non-distributable			Distributable					
	Share Capital RM	Share Premium RM	Treasury Shares RM	Foreign currency Translation Reserve RM	Other Reserve RM	Retained Earnings RM			
Balance as at 01 December 2017	98,878	-	-	5,542	729	224,199	329,348	68,196	397,544
Total comprehensive income	-	-	-	(297)	-	5,970	5,673	1,264	6,937
Transactions with owners									
Purchase of treasury shares	-	-	(2,846)	-	-	-	(2,846)	-	(2,846)
Dividend paid	-	-	-	-	-	-	-	(2,250)	(2,250)
Balance as at 31 May 2018	98,878	-	(2,846)	5,245	729	230,169	332,175	67,210	399,385
Balance as at 01 December 2016	76,146	22,732	-	5,975	729	216,646	322,228	68,802	391,030
Total comprehensive income	-	-	-	90	-	10,655	10,745	1,881	12,626
Transactions with owners									
Dividend paid	-	-	-	-	-	-	-	(2,490)	(2,490)
Balance as at 31 May 2017	76,146	22,732	-	6,065	729	227,301	332,973	68,193	401,166

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 November 2017)

AJIYA BERHAD (377627-W)**Notes to the Financial Statements for the quarter ended 31 May 2018****Part A – Explanatory Notes Pursuant to MFRS 134****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 2017.

2. Significant 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 2017, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2017.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
• MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
• MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
• Annual Improvements to MFRS 2014-2016 Cycle -Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12	1 January 2017

Adoption of the above Amendments and Annual Improvements did not have any effect on the financial performance or position of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the year ended 30 November 2017 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 Debt and Equity Securities

There have been no other issuance, cancellation, resale and repayments of debt and equity securities except for the shares repurchased and held as treasury shares during the quarter under review as follows:-

	Number of Treasury Shares	Total Consideration (RM)
Balance as at 28.02.2018	4,454,100	2,650,603
Repurchased during the quarter	384,200	196,084
Balance as at 31.05.2018	4,838,300	2,846,687

8. Dividend Paid

There was no dividend paid during the financial quarter.

9. Segmental Information

a) Operating Segment

The Group is principally involved in the manufacturing and supply of building materials for the construction industry. Hence, no operating segment information is provided.

b) Geographical Segment

	Current quarter 31.05.2018	Year to date 31.05.2018
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	96,657	180,497
- Overseas plant	7,080	13,969
	<u>103,737</u>	<u>194,466</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 31 May 2018.

11. Changes in Composition of the Group

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

12. Capital Commitments

Approved and contracted capital commitments for the purchase of plant and equipment as at 31 May 2018 was RM730,000.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since 30 November 2017.

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

14. Review of Performance

Financial review for the current quarter and financial year to date:-

	Individual Period (2 nd quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.05.2018 RM'000	31.05.2017 RM'000		31.05.2018 RM'000	31.05.2017 RM'000	
Revenue	103,737	90,481	14.7	194,466	184,320	5.5
Operating Profit	10,671	5,206	105.0	15,063	20,530	-26.6
Profit Before Tax	7,995	2,405	232.4	9,662	14,917	-35.2
Profit After Tax	6,180	1,249	394.8	7,245	12,524	-42.2
Profit Attributable to Equity Holders of The Parent	4,861	1,618	200.4	5,970	10,655	-44.0

For the quarter under review, the Group achieved a turnover of RM103.737 million, which is 14.7% higher compared to preceding year's corresponding quarter of RM90.481 million.

The increase was mainly due to the higher demand for the Group's metal products

The increase in the profit before tax for the quarter was due to increase in revenue and margin of certain products

The higher profit before tax for the corresponding year to date was partially due to the gain on the disposal of property.

15. Comment on Material Changes in Profit before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	Current Quarter 31.05.2018 RM'000	Immediate Preceding Quarter 28.02.2018 RM'000	Changes %
Revenue	103,737	90,729	14.3
Operating Profit	10,671	4,392	143.0
Profit Before Tax	7,995	1,667	379.6
Profit After Tax	6,180	1,065	480.3
Profit Attributable to Equity Holders of The Parent	4,861	1,109	338.3

The Group recorded a profit before tax of RM7.995 million for the current quarter compared to immediate preceding quarter of RM1.667 million. The higher profit

before tax for the current quarter was mainly due to increase in revenue and margin of certain products and partially due to the provision for doubtful debts in previous quarter.

16. Commentary on Prospects

The Group is strongly poised to take advantage on our long-term strategy to be a total solutions provider through our AGIBS. Our traditional business of providing building materials such as our metal and glass products will put us in good stead as part of a total solutions provider. In the same vein, our traditional business will merge well with our current business venture.

We are also cognizant of the change of Government arising from the recent general election. We await with positive anticipation of the new policies and are confident that they will be favourable to the business environment.

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 31.05.2018 <u>RM'000</u>	Year to date 31.05.2018 <u>RM'000</u>
Interest income	(574)	(1,043)
Other income including investment income	(863)	(1,425)
Interest expense	64	134
Depreciation and amortization	2,612	5,267
Provision for and write off of receivables	124	701
Foreign exchange gain	(125)	(425)

19. Taxation

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

	Current quarter 31.05.2018 <u>RM'000</u>	Year to date 31.05.2018 <u>RM'000</u>
Current tax	1,950	2,887
Prior year tax	1	1
Deferred tax	<u>(136)</u>	<u>(471)</u>
Total	<u>1,815</u>	<u>2,417</u>
Effective tax rate	23%	25%
Statutory tax rate	24%	24%
Variance	-1%	1%

The year to date effective tax rate was higher than the statutory tax rate due to the non-deductibility of certain expenses for tax purposes.

20. Status of Corporate Proposals Announced

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

a) Notes of Understanding between Ajiya Berhad (Ajiya) and Politeknik Port Dickson

The extended Notes of Understanding was signed on 4 January 2018. This industry-academic collaboration is still on-going.

b) Memorandum of Understanding between Ajiya Berhad (Ajiya) and YKGI Holdings Berhad (YKGI)

The extended Memorandum of Understanding was signed on 19 October 2017 with the intention of establishing a long term strategic business partnership between the parties in East Malaysia.

Ajiya had on 30 April 2018 entered into a Subscription cum Shareholders Agreement with ASTEEL Resources Sdn Bhd, a wholly-owned subsidiary of YKGI. Subsequently, ASTEEL Ajiya Sdn Bhd ("AASB") was incorporated on 12 May 2018. Following the incorporation, AASB became an associate company of Ajiya, holding 40% of the total number of issued shares.

Announcement on the said status has been released on 12 May 2018 and 15 May 2018.

c) Memorandum of Understanding (MOU) between Asia Roofing Industries Sdn Bhd and PT.Baja Bahana Utama

The extended Memorandum of Understanding signed on 31 May 2017 has expired and accordingly the MOU ceased to have any effect as both parties had yet to have any business transaction.

Announcement on the said status has been released on 5 June 2018.

d) Memorandum of Understanding between ARI Utara Sdn Bhd and IMAG Development & Construction Sdn Bhd

The extended Memorandum of Understanding signed on 9 August 2017 to work together, securing and implementing projects to be awarded by Prima Corporation Malaysia (PRIMA) is on-going.

e) Memorandum of Understanding between Ajiya Berhad ("Ajiya") and Syarikat Perumahan Negara Berhad ("SPNB")

The Memorandum of Understanding with SPNB was signed on 14 July 2017. The MOU has expired and accordingly the MOU will cease to have any effect as both parties had yet to have any business transaction with each other save for the construction of sample houses.

Announcement on the said status has been released on 13 July 2018.

f) Strategic Collaboration between Ajiya Berhad ("Ajiya") and Politeknik Melaka

A Strategic Collaboration between Ajiya and Politeknik Melaka was signed on 6 November 2017. This industry-academic collaboration is still on-going.

21. Borrowings

As at 31 May 2018

	<u>Unsecured (RM)</u>	<u>Secured (RM)</u>	<u>Total (RM)</u>
Long term borrowing:	-	1,844,000	1,844,000
Short term borrowing:	-	3,095,000	3,095,000

22. Changes in Material Litigation

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

23. Listing Requirement

The external auditors had performed a limited review on the interim condensed financial statements of the Group as at 31 May 2018 pursuant to a directive issued by Bursa Malaysia Securities Berhad on 13 December 2017.

24. Dividend

No dividend payment was recommended for the quarter ended 31 May 2018.

25. Earnings Per Share

The basic earnings per share of 1.62 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM4,861,000 by the number of 299,746,184 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 26.07.2018