

AJIYA BERHAD (377627-W)
Notes to the Financial Statements for the quarter ended 29 February 2020

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 2019.

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 2019, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2019.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
• Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
• MFRS 16 Leases	1 January 2019
• Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures	1 January 2019
• Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 119: Plan Amendment, Curtailment or settlement	1 January 2019
• IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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 2019 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 as follows:-

	Number of Treasury Shares	Total Consideration (RM)
Balance as at 29.02.2020	7,285,600	4,217,075

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 29.02.2020	Year to date 29.02.2020
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	71,655	71,655
- Overseas plant	<u>5,844</u>	<u>5,844</u>
	<u>77,499</u>	<u>77,499</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 29 February 2020.

11. Changes in Composition of the Group

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

12. Capital Commitments

There are no commitments for the purchase of property, plant and equipment not provided in the interim financial statements as at 29 February 2020.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since 30 November 2019.

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 (1 st quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	29.02.2020 RM'000	28.02.2019 RM'000		29.02.2020 RM'000	28.02.2019 RM'000	
Revenue	77,499	81,201	-4.6	77,499	81,,201	-4.6
Operating Profit	6,036	3,128	93.0	6,036	3,128	93.0
Profit Before Tax	3,751	773	385.3	3,751	773	385.3
Profit After Tax	3,454	744	364.2	3,454	744	364.2
Profit Attributable to Equity Holders of The Parent	3,108	1,045	197.4	3,108	1,045	197.4

For the quarter under review, the Group achieved a turnover of RM77.499 million, which is 4.6% lower compared to preceding year's corresponding quarter of RM81.201 million. The decrease was mainly due to the lower demand for the Group's products.

The higher profit before tax for the quarter was partly due to interest and other income received compared to preceding year corresponding quarter.

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

	Current Quarter 29.02.2020 RM'000	Immediate Preceding Quarter 30.11.2019 RM'000	Changes %
Revenue	77,499	81,733	-5.2
Operating Profit	6,036	3,233	86.7
Profit Before Tax	3,751	1,200	212.6
Profit After Tax	3,454	1,352	155.5
Profit Attributable to Equity Holders of The Parent	3,108	1,602	94.0

The Group recorded a profit before tax of RM3.751 million for the current quarter compared to immediate preceding quarter of RM1.200 million. The higher profit before tax for the current quarter was partly due to improve in the profit of a loss making subsidiary during the quarter.

16. Commentary on Prospects

The COVID-19 pandemic and the Movement Control Order ('MCO') imposed by the Government of Malaysia will indeed have significant impact on the company's performance outlook for the financial year which remain uncertain and challenging.

However, the Group is undertaking various measures in its pursuit to achieving a firmer foundation for a sustainable long term growth and to weather through the challenges ahead.

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 29.02.2020 <u>RM'000</u>	Year to date 29.02.2020 <u>RM'000</u>
Interest income	(1,105)	(1,105)
Other income including investment income	(1,015)	(1,015)
Interest expense	24	24
Depreciation and amortization	2,301	2,301
Foreign exchange gain	(124)	(124)

19. Taxation

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

	Current quarter 29.02.2020 <u>RM'000</u>	Year to date 29.02.2020 <u>RM'000</u>
Current tax	<u>297</u>	<u>297</u>
Total	<u>297</u>	<u>297</u>
Effective tax rate	8%	8%
Statutory tax rate	24%	24%
Variance	16%	16%

The lower effective tax rate was due to non-taxable interest income received and claiming of capital allowances.

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

The 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 29 February 2020

Secured short term borrowing of RM5,181,000.

22. Changes in Material Litigation

Litigation between Al-Ambia Sdn Bhd (Company No. 76525-A) (“Plaintiff”), Foremost Prospect Sdn Bhd (Company No. 727683-D) (“Defendant”) and ASG Marketing Sdn Bhd (Company No. 418751-A) (“ASGM” or “Third Party”):

There was no material updates since the last announcement released to Bursa Malaysia Securities Berhad on 1 August 2019.

23. Dividend

No dividend payment was recommended for the quarter ended 29 February 2020.

24. Earnings Per Share

The basic earnings per share of 1.05 sen for the quarter is calculated by dividing the Group’s profit attributable to ordinary equity holders of the parent of RM3,108,000 by the weighted average number of 297,298,884 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 20.04.2020