

AJIYA BERHAD (377627-W)
Notes to the Financial Statements for the quarter ended 31 August 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 31.08.2020	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 31.08.2020	Year to date 31.08.2020
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	66,118	159,898
- Overseas plant	<u>3,809</u>	<u>14,256</u>
	<u>69,927</u>	<u>174,154</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 31 August 2020.

11. Changes in Composition of the Group

Ajiya Bhd had increased its investment in Ajiya Safety Glass Sdn Bhd and Ajiya STI Sdn Bhd by the acquisition of 30,000 and 40,000 ordinary shares respectively, increasing its shareholding from 70% to 75% in Ajiya Safety Glass Sdn Bhd and from 60% to 100% in Ajiya STI Sdn Bhd 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 31 August 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 (3 rd quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.08.2020 RM'000	31.08.2019 RM'000		31.08.2020 RM'000	31.08.2019 RM'000	
Revenue	69,927	77,570	-9.9	174,154	243,887	-28.6
Operating Profit	5,080	3,221	57.7	8,285	11,663	-29.0
Profit Before Tax	2,831	1,034	173.8	1,417	4,933	-71.3
Profit net of Tax	2,328	413	463.7	669	3,051	-78.1
Profit Attributable to Owners of The Parent	2,211	955	131.5	1,353	3,977	-66.0

For the quarter under review, the Group achieved a turnover of RM69.927 million, which was 9.9% lower compared to preceding year's corresponding quarter of RM77.570 million. The demand for the group's products has since improved compared to the second quarter which falls under the Conditional Movement Control Order ('CMCO').

The profit before tax for the current quarter of RM2.831 million was higher compared to preceding year's corresponding quarter profit before tax of RM1.034 million. The higher profit was due to high margin of certain products and other non-operating income.

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

	Current Quarter 31.08.2020 RM'000	Immediate Preceding Quarter 31.05.2020 RM'000	Changes %
Revenue	69,927	26,728	161.6
Operating Profit/(Loss)	5,080	(2,831)	279.4
Profit/(Loss) Before Tax	2,831	(5,165)	154.8
Profit/(Loss) Net of Tax	2,328	(5,113)	145.5
Profit/(Loss) Attributable to Owners of The Parent	2,211	(3,966)	155.7

The Group recorded a profit before tax of RM2.831 million for the current quarter compared to immediate preceding quarter loss before tax of RM5.165 million. The improvement of profit before tax for the current quarter was due to increase

in revenue after the lifting of the Conditional Movement Control Order ('CMCO') on 9 June 2020.

16. Commentary on Prospects

The extension of Recovery Movement Control Order ('RMCO') till 31 December 2020 by the Government of Malaysia has pose a great challenge to the Group's performance. Nevertheless, the Group is undertaking various measures in its pursuit to improve its revenue for a sustainable long term growth.

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 31.08.2020 <u>RM'000</u>	Year to date 31.08.2020 <u>RM'000</u>
Interest income	(953)	(2,167)
Other income including investment income	(1,446)	(3,472)
Interest expense	31	93
Depreciation and amortization	2,267	6,863
Foreign exchange gain	(387)	(552)

19. Taxation

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

	Current quarter 31.08.2020 <u>RM'000</u>	Year to date 31.08.2020 <u>RM'000</u>
Current tax	604	845
Prior year	<u>(101)</u>	<u>(97)</u>
Total	<u>503</u>	<u>748</u>

The higher effective tax rate was due to losses in subsidiaries and certain expenses being disallowed for taxation 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) 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 31 August 2020

Secured short term borrowing of RM7,687,000.

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 31 August 2020.

24. Earnings Per Share

The basic profit per share of 0.74 sen for the quarter is calculated by dividing the Group’s profit attributable to ordinary equity holders of the parent of RM2,211,000 by the weighted average number of 297,298,884 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 26.10.2020