

AJIYA BERHAD (377627-W)

Notes to the Financial Statements for the second quarter ended 31 May 2021

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 2020.

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 2020, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2020.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
• Amendments to references to the Conceptual Framework In MFRS Standards	1 January 2020
• Amendments to MFRS 3: Business Combinations - Definition of a Business	1 January 2020
• Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
• Amendments to MFRS 16: Leases – Covid- 19 Related Rent Concessions	1 June 2020

Adoption of the above Amendments and Annual Improvements would not have any material impact on the financial statements 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 2020 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 28.02.2021	12,685,600	7,371,773
Repurchased during the quarter	170,000	102,100
Balance as at 31.05.2021	12,855,600	7,473,873

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 31.05.2021	Year to date 31.05.2021
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	78,380	147,620
- Overseas plant	<u>2,293</u>	<u>6,700</u>
	<u>80,673</u>	<u>154,320</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 31 May 2021.

11. Changes in Composition of the Group

On 18 March 2021, Asia Roofing Industries Sdn Bhd (ARI) entered into a Share Sale Agreement for the disposal of 40,000 ordinary shares representing 20% equity interest in Thai Ajiya Co Ltd (TAC), a 60% owned subsidiary of ARI for a total consideration of Baht 4.4 million. Upon completion of the disposal on 29 March 2021, TAC ceased to be a subsidiary and become an associate of ARI.

12. Capital Commitments

There are no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 May 2021.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since 30 November 2020.

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	
	31.05.2021 RM'000	31.05.2020 RM'000		31.05.2021 RM'000	31.05.2020 RM'000	
Revenue	80,673	26,728	201.8	154,320	104,227	48.1
Operating Profit/(Loss)	12,258	(2,831)	533.0	22,991	3,205	617.3
Profit/(Loss) Before Tax	10,098	(5,165)	295.5	18,640	(1,414)	1418.2
Profit/(Loss) net of Tax	6,111	(5,113)	219.5	13,314	(1,659)	902.5
Profit/(Loss) Attributable to Owners of The Parent	5,706	(3,966)	243.9	12,185	(858)	1520.2

For the quarter under review, the Group achieved a revenue of RM80.673 million, which was 201.8% higher compared to preceding year's corresponding quarter of RM26.728 million. This was due to the corresponding period revenue was significantly affected by the Movement Control Order (MCO) which took effect from 18 March 2020 and later extended to Conditional Movement Control Order (CMCO) from 4 May 2020 to 9 June 2020.

The profit before tax for the current quarter of RM10.098 million was 295.5% higher compared to preceding year corresponding quarter loss before tax of RM5.165 million. The higher profit margin for the quarter was mainly due to lower operating costs and corresponding period margin being affected by the MCO and CMCO.

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

	Current Quarter 31.05.2021 RM'000	Immediate Preceding Quarter 28.02.2021 RM'000	Changes %
Revenue	80,673	73,647	9.5
Operating Profit	12,258	10,733	14.2
Profit Before Tax	10,098	8,542	18.2
Profit Net of Tax	6,111	7,203	-15.2
Profit Attributable to Owners of The Parent	5,706	6,479	-11.9

The Group recorded a profit before tax of RM10.098 million for the current quarter compared to immediate preceding quarter profit before tax of RM8.542

million. The improved profit before tax for the current quarter was due to lower operating costs and increase in revenue for the quarter.

16. Commentary on Prospects

The newly imposed movement restriction policies in Malaysia to contain the pandemic will affect the Group's performance. The outlook for the remaining quarters of the year is challenging and uncertain.

Nevertheless, the Group will continue with its efforts in making its operations more efficient and undertake various measures to reduce operating costs and 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 31.05.2021 <u>RM'000</u>	Year to date 31.05.2021 <u>RM'000</u>
Interest income	(711)	(1,323)
Other income including investment income	(1,330)	(3,046)
Interest expense	32	64
Depreciation and amortization	2,205	4,411
Foreign exchange gain	(8)	(29)

19. Taxation

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

	Current quarter 31.05.2021 <u>RM'000</u>	Year to date 31.05.2021 <u>RM'000</u>
Current tax	3,234	4,573
Prior year tax	17	17
Deferred tax	<u>736</u>	<u>736</u>
Total	<u>3,987</u>	<u>5,326</u>

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 (NOU) signed on 4 January 2018 has expired and accordingly the NOU will cease to have any effect as both parties have reached their objectives.

21. Borrowings

As at 31 May 2021

Secured short term borrowing of RM4,454,000.

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 May 2021.

24. Earnings Per Share

The basic earnings per share of 1.95 sen for the quarter is calculated by dividing the Group’s profit attributable to ordinary equity holders of the parent of RM5,706,000 by the weighted average number of 292,416,911 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 26.08.2021