

**AJIYA BERHAD (377627-W)**  
**Notes to the Financial Statements for the third quarter ended 31 August 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 31.08.2021	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 31.08.2021	Year to date 31.08.2021
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	22,626	170,246
- Overseas plant	<u>1,403</u>	<u>8,103</u>
	<u>24,029</u>	<u>178,349</u>

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

There were no material events subsequent to the period ended 31 August 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 becomes 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 August 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 (3 <sup>rd</sup> quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.08.2021 RM'000	31.08.2020 RM'000		31.08.2021 RM'000	31.08.2020 RM'000	
Revenue	24,029	69,927	-65.6	178,349	174,154	2.4
Operating Profit	3,085	5,080	-39.3	26,076	8,285	214.7
Profit Before Tax	926	2,831	-67.3	19,566	1,417	1280.8
Profit net of Tax	1,741	2,328	-25.2	15,055	669	2150.4
Profit Attributable to Owners of The Parent	1,494	2,211	-32.4	13,679	1,353	911.0

For the quarter under review, the Group achieved a revenue of RM24.029 million, which was 65.6% lower compared to preceding year's corresponding quarter of RM69.927 million. The current quarter revenue was significantly affected by the nationwide full lockdown, Full Movement Control Order (FMCO) announced by Malaysia Government which took effect from 01 June 2021.

The profit before tax for the current quarter of RM926 thousand was 67.3% lower compared to preceding year corresponding quarter profit before tax of RM2.831 million. The lower profit before tax for the quarter was mainly due to decrease in revenue during the FMCO.

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

	Current Quarter 31.08.2021 RM'000	Immediate Preceding Quarter 31.05.2021 RM'000	Changes %
Revenue	24,029	80,673	-70.2
Operating Profit	3,085	12,258	-74.8
Profit Before Tax	926	10,098	-90.8
Profit Net of Tax	1,741	6,111	-71.5
Profit Attributable to Owners of The Parent	1,494	5,706	-73.8

The Group recorded a profit before tax of RM926 thousand for the current quarter compared to immediate preceding quarter profit before tax of RM10.098 million. The lower profit before tax for the current quarter was due to lower revenue during the FMCO.

**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 quarter 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 31.08.2021 <u>RM'000</u>	Year to date 31.08.2021 <u>RM'000</u>
Interest income	(644)	(1,967)
Other income including investment income	(4,598)	(7,644)
Interest expense	1	65
Depreciation and amortization	2,219	6,630
Foreign exchange gain	(2)	(31)

**19. Taxation**

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

	Current quarter 31.08.2021 <u>RM'000</u>	Year to date 31.08.2021 <u>RM'000</u>
Current tax	99	4,672
Prior year tax	(235)	(218)
Real property gain tax	319	319
Deferred tax	(998)	(262)
Total	<u>(815)</u>	<u>4,511</u>

**20. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at to date.

**21. Borrowings**

As at 31 August 2021

Secured short term borrowing of RM2,002,000.

**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 2021.

**24. Earnings Per Share**

The basic earnings per share of 0.51 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM1,494,000 by the weighted average number of 292,416,911 ordinary shares in issue.

By order of the Board  
Chong Wui Koon (secretary)  
Date: 26.10.2021