

AJIYA BERHAD (377627-W)
Notes to the Financial Statements for the first quarter ended 28 February 2022

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 2021.

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 2021, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2021.

| <u>Description</u> | <u>Effective for annual period beginning on or after</u> |
|---|--|
| • Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2 | 1 January 2021 |
| • Amendments to MFRS 16: Leases – Covid- 19 Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |

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 2021 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, repurchases, resale and repayments of debt and equity securities during the financial quarter.

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 28.02.2022 | Year to date 28.02.2022 |
|------------------|-------------------------------|----------------------------|
| <u>Revenue</u> | <u>RM'000</u> | <u>RM'000</u> |
| - Local plant | 67,496 | 67,496 |
| - Overseas plant | <u>2,140</u> | <u>2,140</u> |
| | <u>69,636</u> | <u>69,636</u> |

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 28 February 2022.

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

Authorized capital commitments not provided for in the interim financial statements as at 28 February 2022:-

Approved and contracted for purchase of Industrial land RM24,981,000

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since 28 February 2022.

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 | |
| | 28.02.2022 RM'000 | 28.02.2021 RM'000 | | 28.02.2022 RM'000 | 28.02.2021 RM'000 | |
| Revenue | 69,636 | 73,647 | -5.4 | 69,636 | 73,647 | -5.4 |
| Operating Profit | 10,658 | 10,733 | -0.7 | 10,658 | 10,733 | -0.7 |
| Profit Before Tax | 8,506 | 8,542 | -0.4 | 8,506 | 8,542 | -0.4 |
| Profit net of Tax | 6,352 | 7,203 | -11.8 | 6,352 | 7,203 | -11.8 |
| Profit Attributable to Owners of The Parent | 5,537 | 6,479 | -14.5 | 5,537 | 6,479 | -14.5 |

For the quarter under review the Group achieved a revenue of RM69.636 million, which was 5.4% lower compared to preceding year's corresponding quarter of RM73.647 million. The lower revenue for the current quarter was due to increase price and stiff competition.

The profit before tax for the current quarter of RM8.506 million was 0.4% lower compared to preceding year corresponding quarter profit before tax of RM8.542 million. The lower profit before tax was mainly due to decrease in revenue during the current quarter.

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

| | Current Quarter 28.02.2022 RM'000 | Immediate Preceding Quarter 30.11.2021 RM'000 | Changes % |
|---|---|--|-----------|
| Revenue | 69,636 | 90,160 | -22.8 |
| Operating Profit | 10,658 | 7,746 | 37.6 |
| Profit Before Tax | 8,506 | 5,659 | 50.3 |
| Profit Net of Tax | 6,352 | 3,917 | 62.2 |
| Profit Attributable to Owners of The Parent | 5,537 | 3,520 | 57.3 |

The Group recorded a profit before tax of RM8.506 million for the current quarter compared to immediate preceding quarter profit before tax of RM5.659 million. The higher profit before tax for the current quarter was partly due to reversal of impairment loss on trade receivables.

16. Commentary on Prospects

Moving forward, 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 28.02.2022 <u>RM'000</u> | Year to date 28.02.2022 <u>RM'000</u> |
|--|--|---|
| Interest income | (1,170) | (1,170) |
| Other income including investment income | (3,578) | (3,578) |
| Interest expense | 42 | 42 |
| Depreciation and amortization | 2,111 | 2,111 |
| Foreign exchange gain | (73) | (73) |

19. Taxation

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

| | Current quarter 28.02.2022 <u>RM'000</u> | Year to date 28.02.2022 <u>RM'000</u> |
|--------------|--|---|
| Current tax | 1,874 | 1,874 |
| Deferred tax | <u>280</u> | <u>280</u> |
| Total | <u>2,154</u> | <u>2,154</u> |

20. Status of Corporate Proposals Announced

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

21. Borrowings

As at 28 February 2022

Secured short term borrowing of RM10,835,000.

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 28 February 2022.

24. Earnings Per Share

The basic earnings per share of 1.90 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM5,537,000 by the weighted average number of 291,728,884 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 20.04.2022