

## **AJIYA BERHAD (377627-W)**

### **Notes to the Financial Statements for the second quarter ended 31 May 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.

<b>Description</b>	<b>Effective for annual period beginning on or after</b>
• 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 except for shares repurchased and held as treasury shares as follows:

	Number of Treasury Shares	Total Consideration (RM)
Balance as at 30 November 2021	12,855,600	7,473,873
Repurchased during the quarter	8,000,000	9,249,440
Balance as at 31 May 2022	20,855,600	16,723,313

**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 31.05.2022	Year to date 31.05.2022
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	75,853	143,349
- Overseas plant	1,587	3,727
	<u>77,440</u>	<u>147,076</u>

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

There were no material events subsequent to the period ended 31 May 2022.

**11. Changes in Composition of the Group**

Ajiya Bhd had increased its shareholding in Ajiya Safety Glass Sdn Bhd from 75% to 90% by the acquisition of 90,000 ordinary shares during the current financial quarter.

**12. Capital Commitments**

Authorized capital commitments not provided for in the interim financial statements as at 31 May 2022:-

Approved and contracted for purchase of Industrial land RM25,858,305.

**13. Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities/assets in respect of the Group since 31 May 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 (2 <sup>nd</sup> quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.05.2022 RM'000	31.05.2021 RM'000		31.05.2022 RM'000	31.05.2021 RM'000	
Revenue	77,440	80,673	-4.0	147,076	154,320	-4.7
Operating Profit	15,049	12,258	22.8	25,707	22,991	11.8
Profit Before Tax	13,072	10,098	29.5	21,578	18,640	15.8
Profit net of Tax	10,716	6,111	75.4	17,068	13,314	28.2
Profit Attributable to Owners of The Parent	9,997	5,706	75.2	15,534	12,185	27.5

For the quarter under review the Group achieved a revenue of RM77.440 million, which was 4.0% lower compared to preceding year's corresponding quarter of RM80.673 million. The decrease was due to lower demand for the Group's products locally and overseas.

The profit before tax for the current quarter of RM13.072 million was 29.5% higher compared to preceding year corresponding quarter profit before tax of RM10.098 million. The higher profit before tax was mainly due to gain from disposal of property 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 31.05.2022 RM'000	Immediate Preceding Quarter 28.02.2022 RM'000	Changes %
Revenue	77,440	69,636	11.2
Operating Profit	15,049	10,658	41.2
Profit Before Tax	13,072	8,506	53.7
Profit Net of Tax	10,716	6,352	68.7
Profit Attributable to Owners of The Parent	9,997	5,537	80.5

The Group recorded a profit before tax of RM13.072 million for the current quarter compared to immediate preceding quarter profit before tax of RM8.506 million. The higher profit before tax for the current quarter was mainly due to gain from disposal of property.

**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 31.05.2022 <u>RM'000</u>	Year to date 31.05.2022 <u>RM'000</u>
Interest income	(949)	(2,119)
Other income including investment income	(7,149)	(10,727)
Interest expense	36	78
Depreciation and amortization	2,111	4,222
Foreign exchange gain	9	(64)

**19. Taxation**

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

	Current quarter 31.05.2022 <u>RM'000</u>	Year to date 31.05.2022 <u>RM'000</u>
Current tax	1,929	3,803
Prior year tax	50	50
Real property gain tax	406	406
Deferred tax	(29)	251
Total	<u>2,356</u>	<u>4,510</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 May 2022

Secured short term borrowing of RM11,354,000.

**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 2022.

**24. Earnings Per Share**

The basic earnings per share of 3.48 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM9,997,000 by the weighted average number of 287,454,911 ordinary shares in issue.

By order of the Board  
Chong Wui Koon (secretary)  
Date: 26.07.2022