

AJIYA BERHAD (377627-W)

Notes to the Financial Statements for the third quarter ended 31 August 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 except for shares repurchased/resale and held as treasury shares as follows:

	Number of Treasury Shares	Total Consideration (RM)
Balance as at 31 May 2022	20,855,600	16,723,313
Resale during the quarter	(2,025,600)	(2,285,971)
Balance as at 31 August 2022	18,830,000	14,437,342

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 31.08.2022	Year to date 31.08.2022
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	70,900	214,249
- Overseas plant	1,904	5,631
	<u>72,804</u>	<u>219,880</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 31 August 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 31 August 2022:-

Approved and contracted for purchase of Industrial land and machineries RM28,383,253.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities/assets in respect of the Group since 31 August 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 (3 rd quarter)		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.08.2022 RM'000	31.08.2021 RM'000		31.08.2022 RM'000	31.08.2021 RM'000	
Revenue	72,804	24,029	203.0	219,880	178,349	23.3
Operating Profit	7,213	3,085	133.8	32,920	26,076	26.2
Profit Before Tax	5,098	926	450.5	26,676	19,566	36.3
Profit net of Tax	4,324	1,741	148.4	21,392	15,055	42.1
Profit Attributable to Owners of The Parent	4,050	1,494	171.1	19,584	13,679	43.2

For the quarter under review the Group achieved a revenue of RM72.804 million, which was 203.0% higher compared to preceding year's corresponding quarter of RM24.029 million. The lower revenue during preceding year's corresponding quarter was mainly due to the nationwide full lockdown (FMCO) announced by the Malaysia Government in June 2021.

The profit before tax for the current quarter of RM5.098 million was 450.5% higher compared to preceding year corresponding quarter profit before tax of RM0.926 million. The higher profit before tax was mainly due to improve 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 31.08.2022 RM'000	Immediate Preceding Quarter 31.05.2022 RM'000	Changes %
Revenue	72,804	77,440	-6.0
Operating Profit	7,213	15,049	-52.1
Profit Before Tax	5,098	13,072	-61.0
Profit Net of Tax	4,324	10,716	-59.6
Profit Attributable to Owners of The Parent	4,050	9,997	-59.5

The Group recorded a profit before tax of RM5.098 million for the current quarter compared to immediate preceding quarter profit before tax of RM13.072 million. The lower profit before tax for the current quarter was mainly due to competitive pricing and weak market demand. The higher profit before tax for the immediate preceding quarter was partly contributed from gain on 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 31.08.2022 <u>RM'000</u>	Year to date 31.08.2022 <u>RM'000</u>
Interest income	(802)	(2,921)
Other income including investment income	(2,654)	(13,381)
Interest expense	44	122
Depreciation and amortization	2,080	6,302
Foreign exchange gain	9	(55)

19. Taxation

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

	Current quarter 31.08.2022 <u>RM'000</u>	Year to date 31.08.2022 <u>RM'000</u>
Current tax	933	4,736
Prior year tax	(247)	(197)
Real property gain tax	128	534
Deferred tax	<u>(40)</u>	<u>211</u>
Total	<u>774</u>	<u>5,284</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 2022

Secured short term borrowing of RM8,821,000.

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 2022.

24. Earnings Per Share

The basic earnings per share of 1.41 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM4,050,000 by the weighted average number of 288,159,709 ordinary shares in issue.

By order of the Board
Chong Wui Koon (secretary)
Date: 28.10.2022