

## AJIYA BERHAD (377627-W)

### Notes to the Financial Statements for the third quarter ended 31 August 2023

#### 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 2022.

##### 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 2022, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2022.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
• Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
• Amendments to MFRS 3 Business Combination - Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts Cost of Fulfilling a Contract	1 January 2022

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 2022 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 01 December 2022	18,830,000	14,437,343
Resale	(9,215,600)	(6,727,921)
Balance as at 31 August 2023	9,614,400	7,709,422

**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 31.08.2023	Year to date 31.08.2023
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	74,777	213,086
- Overseas plant	726	2,629
	<u>75,503</u>	<u>215,715</u>

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

There were no material events subsequent to the period ended 31 August 2023.

**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 2023:-

Approved and contracted for purchase of Industrial land and machineries RM8,647,820.

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

There were no contingent liabilities/assets in respect of the Group since 31 August 2023.

**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	
	31.08.2023 RM'000	31.08.2022 RM'000		31.08.2023 RM'000	31.08.2022 RM'000	
Revenue	75,503	72,804	3.7	215,175	219,880	-2.1
Operating Profit	11,556	7,213	60.2	76,509	32,920	132.4
Profit Before Tax	9,613	5,098	88.6	70,743	26,676	165.2
Profit net of Tax	9,516	4,324	120.1	69,098	21,392	223.0
Profit Attributable to Owners of The Parent	9,230	4,050	127.9	68,251	19,584	248.5

For the quarter under review the Group achieved a revenue of RM75.503 million, which was 3.7% higher compared to preceding year's corresponding quarter of RM72.804 million. The slight increase in revenue during the current quarter was mainly due to improve in demand for the Group's products.

The profit before tax for the current quarter of RM9.613 million was 88.6% higher compared to preceding year corresponding quarter profit before tax of RM5.098 million. The higher profit before tax was mainly due to contribution from fair value gain of other investments.

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

	Current Quarter 31.08.2023 RM'000	Immediate Preceding Quarter 31.05.2023 RM'000	Changes %
Revenue	75,503	67,569	11.7
Operating Profit	11,556	15,777	-26.8
Profit Before Tax	9,613	13,773	-30.2
Profit Net of Tax	9,516	13,205	-27.9
Profit Attributable to Owners of The Parent	9,230	12,912	-28.5

The Group recorded a profit before tax of RM9.613 million for the current quarter compared to immediate preceding quarter profit before tax of RM13.773 million. The lower profit before tax for the current quarter was due to squeeze in the margin of certain products as well as reduce contributions from other income.

**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. Its alliance and synergy with Chin Hin Group will further improve the demand for the Group's products.

**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 31.08.2023 <u>RM'000</u>	Year to date 31.08.2023 <u>RM'000</u>
Interest income	(718)	(2,516)
Other income including investment income	(6,325)	(60,977)
Interest expense	5	67
Depreciation and amortization	1,947	5,890
Foreign exchange loss/(gain)	9	(50)

**19. Taxation**

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

	Current quarter 31.08.2023 <u>RM'000</u>	Year to date 31.08.2023 <u>RM'000</u>
Current year tax	1,077	2,625
Previous year over provision	(986)	(986)
Real property gain tax	<u>6</u>	<u>6</u>
Total	<u>97</u>	<u>1,645</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 2023

Secured short term borrowing of RM911,000.

**22. Changes in Material Litigation**

The Group is not involved in any material litigation as at the date of this report.

**23. Dividend**

No dividend payment was recommended for the quarter ended 31 August 2023.

**24. Earnings Per Share**

The basic earnings per share of 3.17 sen for the quarter is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM9,230,000 by the weighted average number of 291,237,652 ordinary shares in issue.

By order of the Board  
Chong Wui Koon (secretary)  
Date: 19.10.2023