

AJIYA BERHAD (377627-W)

Notes to the Financial Statements for the first quarter ended 29 February 2024

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 2023.

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 2023, except for the adoption of the following Amendments and Annual Improvements mandatory for the annual financial periods beginning on or after 1 January 2023.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023
• Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules	1 January 2023
• Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023

Adoption of the above Amendments and Annual Improvements would not have any material impact on the financial statements of the Group.

a. Adoption of fair value model for Land and Buildings and Investment Properties

The fair values was determined based on valuation conducted by independent professional valuer.

The fair value of freehold and leasehold land and buildings are valued at least once every 5 years, while the investment properties will be revalued at regular intervals of at least once every year. The value was determined based on market comparable approach and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the year ended 30 November 2023 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 29 February 2024	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 29.02.2024	Year to date 29.02.2024
<u>Revenue</u>	<u>RM'000</u>	<u>RM'000</u>
- Local plant	78,892	78,892
- Overseas plant	36	36
	<u>78,928</u>	<u>78,928</u>

10. Material Events Subsequent to the End of Period

There were no material events subsequent to the period ended 29 February 2024.

11. Changes in Composition of the Group

Ajiya Bhd has increased its shareholding in Ajiya Safety Glass Sdn Bhd from 90% to 100% by the acquisition of 100,000 ordinary shares during the current financial quarter.

12. Capital Commitments

Authorized capital commitments not provided for in the interim financial statements as at 29 February 2024:-

Approved and contracted for purchase of machineries RM178,345.

13. Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities in respect of the Group as at 29 February 2024 were as follows:

Corporate guarantee in respect of banking facilities granted to a subsidiary of RM5,000,000.

Guarantees issued to bankers for security deposit granted to a third party of RM119,400.

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	
	29.02.2024 RM'000	28.02.2023 RM'000		29.02.2024 RM'000	28.02.2023 RM'000	
Revenue	78,928	72,103	9.5	78,928	72,103	9.5
Operating (Loss)/Profit	(9,439)	49,176	-119.2	(9,439)	49,176	-119.2
(Loss)/Profit Before Tax	(11,245)	47,357	-123.7	(11,245)	47,357	-123.7
(Loss)/Profit net of Tax	(12,579)	46,377	-127.1	(12,579)	46,377	-127.1
(Loss)/Profit Attributable to Owners of The Parent	(12,707)	46,109	-127.6	(12,707)	46,109	-127.6

For the quarter under review the Group achieved a revenue of RM78.928 million, which was 9.5% higher compared to preceding year's corresponding quarter of RM72.103 million. The increase in revenue during the current quarter was mainly due to improve in demand for the Group's products.

The loss before tax for the current quarter of RM11.245 million was 123.7% lower compared to preceding year corresponding quarter profit before tax of RM47.357 million. The loss before tax for the current quarter was mainly due to realised loss of RM9.645 million and fair value loss of RM5.982 million on other investment.

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

	Current Quarter 29.02.2024 RM'000	Immediate Preceding Quarter 30.11.2023 RM'000	Changes %
Revenue	78,928	89,637	-11.9
Operating Loss	(9,439)	(9,282)	-1.7
Loss Before Tax	(11,245)	(11,243)	0.0
Loss Net of Tax	(12,579)	(13,717)	8.3
Loss Attributable to Owners of The Parent	(12,707)	(13,017)	2.4

The Group recorded a loss before tax of RM11.245 million for the current quarter compared to immediate preceding quarter loss before tax of RM11.243 million. The loss before tax for immediate preceding quarter was mainly due to impairment of stock, machineries, provision for bad debts and investment losses. The loss before tax for the current quarter was mainly due to realised loss of

RM9.645 million and fair value loss of RM5.982 million on other investment. The other investment losses was partly set off by the operation profits.

16. Commentary on Prospects

Moving forward, the Group will focused on enhancing operational workflows, resource utilization, reducing waste and maintaining a lean operations. These efforts can lead to increase efficiency, cost savings, and overall sustainability. With the support of strategic partners, the Group will leverage on their expertise and resources to access new markets, technologies and opportunities, and collaborate on projects that align with the Group's objectives and enhance competitiveness.

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 29.02.2024 <u>RM'000</u>	Year to date 29.02.2024 <u>RM'000</u>
Interest income	(370)	(370)
Other income	(1,928)	(1,928)
Interest expense	28	28
Depreciation and amortization	1,813	1,813
Fair value loss on other investment	5,982	5,982
Loss on disposal of other investment	9,645	9,645
Foreign exchange loss/(gain)	-	-

19. Taxation

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

	Current quarter 29.02.2024 <u>RM'000</u>	Year to date 29.02.2024 <u>RM'000</u>
Current year tax	1,207	1,207
Previous year under provision	55	55
Deferred tax	<u>72</u>	<u>72</u>
Total	<u>1,334</u>	<u>1,334</u>

20. Status of Corporate Proposals Announced

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

21. Borrowings

As at 29 February 2024

Secured short term borrowing of RM2,000,000.

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 29 February 2024.

24. Earnings Per Share

The basic loss per share of 4.31sen for the quarter is calculated by dividing the Group's loss attributable to ordinary equity holders of the parent of RM12.707 million by the weighted average number of 294,970,084 ordinary shares in issue.

By order of the Board
Chong Wui Koon (Secretary)
Date: 29.04.2024