

AJIYA BERHAD (377627-W)

Notes to the Financial Statements for the period ended 31 May 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.

Description	Effective for annual period beginning on or after
• 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 31 May 2024	9,614,400	7,709,422

8. Dividend Paid
There was no dividend paid during the financial period.

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
Subsequent to the cessation of operations at Thai Ajiya Safety Glass Co. Ltd factory, there will be no reporting for geographical segments in the current financial results.

10. Material Events Subsequent to the End of Period
There were no material events subsequent to the period ended 31 May 2024.

11. Changes in Composition of the Group
There were no changes in the composition of the Group during the current financial period.

12. Capital Commitments
Authorized capital commitments not provided for in the interim financial statements as at 31 May 2024:-

Approved and contracted for purchase of machineries RM157,391.

13. Changes in Contingent Liabilities or Contingent Assets
The contingent liabilities in respect of the Group as at 31 May 2024 were as follows:

Corporate guarantee in respect of banking facilities granted to a subsidiary of RM4,437,000.

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 period and financial year to date:-

	Individual Period		Changes %	Cumulative Period		Changes %
	Current Year Period	Preceding Year Corresponding Period		Current Year Period	Preceding Year Corresponding Period	
	31.05.2024 RM'000	31.05.2023 RM'000		31.05.2024 RM'000	31.05.2023 RM'000	
Revenue	87,891	67,569	30.1	166,819	139,672	19.4
Operating Profit	21,215	15,777	34.5	11,776	64,953	-81.9
Profit Before Tax	19,367	13,773	40.6	8,122	61,130	-86.7
Profit net of Tax	16,991	13,205	28.7	4,412	59,582	-92.6
Profit Attributable to Owners of The Parent	16,761	12,912	29.8	4,054	59,021	-93.1

For the period under review the Group achieved a revenue of RM87.891 million, which was 30.1% higher compared to preceding year's corresponding period of RM67.569 million. The increase in revenue during the current period was mainly due to improvement in market demand for the Group's products.

The profit before tax for the current period of RM19.367 million was 40.6% higher compared to preceding year corresponding period profit before tax of RM13.773 million. The profit before tax for the current period was mainly contributed from fair value gain on other investments and operational activities.

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

	Current Period 31.05.2024 RM'000	Immediate Preceding Period 29.02.2024 RM'000	Changes %
Revenue	87,891	78,928	11.4
Operating Profit/(Loss)	21,215	(9,439)	324.8
Profit/(Loss) Before Tax	19,367	(11,245)	272.2
Profit/(Loss) Net of Tax	16,991	(12,579)	235.1
Profit/(Loss) Attributable to Owners of The Parent	16,761	(12,707)	231.9

The Group recorded a profit before tax of RM19.367 million for the current period, a significant improvement from immediate preceding period loss before tax of RM11.245 million. The loss before tax for immediate preceding period was mainly due to the realised loss of RM9.645 million and fair value loss of RM5.982

million on other investment. While the current period's profit was from recovery in fair value gain on other investment and operational activities.

16. Commentary on Prospects

Moving forward, the Group will focus 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 period 31.05.2024 <u>RM'000</u>	Year to date 31.05.2024 <u>RM'000</u>
Interest income	(321)	(691)
Other income	(1,257)	(3,185)
Interest expense	34	62
Depreciation and amortization	1,867	3,680
Fair value gain on other investment	(11,137)	(5,155)
Loss on disposal of other investment	-	9,645
Foreign exchange (gain)/loss	(38)	63

19. Taxation

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

	Current period 31.05.2024 <u>RM'000</u>	Year to date 31.05.2024 <u>RM'000</u>
Current year tax	2,376	3,583
Previous year under provision	-	55
Deferred tax	-	72
Total	<u>2,376</u>	<u>3,710</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 2024

Secured short term borrowing of RM4,437,000.

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 period ended 31 May 2024.

24. Change of Financial Year End

On 14 May 2024, the Company had announced its change of financial year end from 30 November to 31 December. Therefore, the Group's current financial reporting period shall be thirteen (13) months commencing from 1 December 2023 to 31 December 2024.

25. Earnings Per Share

The basic earnings per share of 5.68sen for the period is calculated by dividing the Group's profit attributable to ordinary equity holders of the parent of RM16.761 million by the weighted average number of 294,970,084 ordinary shares in issue.

By order of the Board
Chong Wui Koon (Secretary)
Date: 05.08.2024