2013
ANNUAL
REPORT

AJIYA
AJIYA BERHAD
377627-W

CONSTANTLY
EVOLVING
EXCEEDING
EXPECTATIONS

VISION 2020

To be a top leader in building materials industry in Malaysia and South East Asia.

MISSION 2014

To be the leading metal roll forming and safety glass processing company in Malaysia and South East Asia.

18th Annual General Meeting

Date : 25th April 2014
Time : 11.30 a.m.
Venue : VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor

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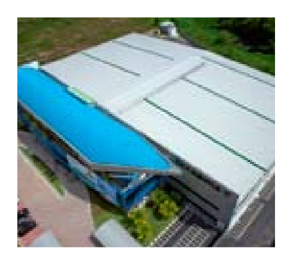

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CORPORATE information

BOARD OF DIRECTORS

Chairman
Dato' Dr Mohd Aminuddin bin Mohd Rouse
- *Independent Non-Executive Chairman*

Managing Director
Mr. Chan Wah Kiang

Non-Executive Director
Mr. Yeo Ann Seck

Independent Non-Executive Directors
Mr. Tan Seng Kee
- *Senior*

Dato' Theng Book

Ms. Low Peak Yih

AUDIT COMMITTEE

Mr. Tan Seng Kee - Chairman

Dato' Theng Book

Ms. Low Peak Yih

REMUNERATION COMMITTEE

Dato' Theng Book - Chairman

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Mr. Tan Seng Kee

NOMINATION COMMITTEE

Mr. Tan Seng Kee - Chairman

Dato' Dr Mohd Aminuddin bin Mohd Rouse

Dato' Theng Book

SECRETARIES

Ms. Chong Wui Koon

Ms. Chin Ngeok Mui

Ms. Leong Siew Foong

REGISTERED OFFICE

Suite 6.1A, Level 6,
Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor
Tel : 07 – 332 3536
Fax : 07 – 332 4536

REGISTRAR

Symphony Share Registrars Sdn Bhd
Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor
Tel : 03 – 7841 8000
Fax : 03 – 7841 8008

AUDITORS

Ernst & Young
Chartered Accountants,
Level 16-1, Jaya 99,
Tower B, 99,
Jalan Tun Sri Lanang,
75100 Melaka

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
AmIslamic Bank Berhad
United Overseas Bank (Malaysia) Bhd
Hong Leong Bank Berhad

STOCK EXCHANGE

Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities")

Stock Code: 7609

WEBSITE

www.ajiya.com

CORPORATE structure

AJIYA
AJIYA BERHAD
377627-W

MALAYSIAN COMPANIES

MANUFACTURING DIVISION

GLASS BASE
- Ajiya Safety Glass Sdn Bhd
- Ajiya Glass Industries Sdn Bhd

METAL BASE
- Asia Roofing Industries Sdn Bhd
- Ajiya Metal Industries Sdn Bhd
- ARI Utara Sdn Bhd
- ARI Timur (KB) Sdn Bhd

MARKETING & TRADING DIVISION

GLASS BASE
- ASG Marketing Sdn Bhd

METAL BASE
- Ajiya STI Sdn Bhd

INVESTMENT HOLDING DIVISION

- LTC Usaha Sdn Bhd

OVERSEAS COMPANIES

MANUFACTURING DIVISION

GLASS BASE
- Thai Ajiya Safety Glass Co., Ltd.

METAL BASE
- Thai Ajiya Co., Ltd.

Detail are set out on page 80 to 83 of this Report.

directors' PROFILE

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE
Independent Non-Executive Chairman
Aged 68, Malaysian

Dato' Dr Mohd Aminuddin was appointed to the Board on 27-9-1996. He is a member of the Nomination Committee and Remuneration Committee of the Company.

He graduated with a Bachelor of Science (Honours) in Biochemistry from the University of Malaya in 1969 and a Doctor of Philosophy in Agricultural Chemistry from the University of Adelaide in 1974. He has served in the academic sector, holding various posts in University Putra Malaysia and University Sains Malaysia since 1969.

In 1983, he started his venture into the corporate sector, actively holding various positions in Kumpulan Guthrie Berhad, Berjaya Group Berhad, Konsortium Logistik Berhad, PNSL Berhad and Indah Water Konsortium Sdn Bhd.

He also sits on the board of Star Publication (Malaysia) Berhad, Tanco Holdings Berhad, Karambunai Corp Bhd and ManagePay Systems Bhd.

CHAN WAH KIANG
Managing Director
Aged 55, Malaysian

Mr Chan is the founder member of Ajiya Group of companies. He was appointed to the Board as Managing Director on 27-9-1996. He holds a Bachelor of Science (majoring in Chemistry and Biology) from Campbell University, USA in 1983.

In 1984, he started his career in various manufacturing companies holding senior positions. With his extensive experience garnered from the manufacturing industry, he decided to venture into the roofing, and subsequently glass business.

YEO ANN SECK

Non-Executive Director
Aged 58, Malaysian

Mr Yeo was appointed to the Board on 27-9-1996. He is a businessman by profession. He has vast experience in the building industry having been involved in the supply of building materials business.

He also sits on the board of several private limited companies.

TAN SENG KEE

Senior Independent
Non-Executive Director
Aged 57, Malaysian

Mr Tan was appointed to the Board on 27-9-1996. He is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee.

Mr. Tan holds a Bachelor of Law (Honours) degree from the University of Malaya in 1980.

DATO' THENG BOOK

Independent Non-Executive Director
Aged 54, Malaysian

Dato' Theng was appointed to the Board on 2-5-2000. He is the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee of the Company.

Dato' Theng holds a Bachelor of Science majoring in Chemistry and Statistic. He also holds a Diploma in Business Studies, Bachelor of Law and Certificate of Legal Practice. He is a qualified Mediator and Arbitrator. He was in the commercial sector for about 10 years prior to commencing legal practice as an Advocate & Solicitor.

He also sits on the board of Samchem Holdings Berhad.

LOW PEAK YIH

Independent Non-Executive Director
Aged 38, Malaysian

Ms Low was appointed to the Board on 12-02-2009. She is a member of the Audit Committee of the Company.

She holds a Bachelor of Accountancy from RMIT University, Australia in 2000. She has more than 10 years experience in auditing and she is currently the Audit Manager in an accounting firm.

She also sits on the board of other private limited company.

Note:

All the Directors have no family relationship with any other Director and/or major shareholders of the Company and have not been convicted for any offences (other than traffic offences, if any) within the past 10 years. Save as disclosed in page 24 of this Annual Report on the Recurrent Related Party Transaction during the financial year 2013, all the Directors have no conflict of interest with the Company.

The achievement provided a glimpse of the Group's strong sense of resilience and fortitude in navigating through formidable barriers that confronted the Group, marking yet another notch in Group's performance.

chairman's

BUSINESS ENVIRONMENT

As the last chapter closes on 2013, we glance back at the year that was characterized by ups and downs, successes and significant milestones. Against a backdrop of a relatively lacklustre global economy, Ajiya persisted on its forward progression by keeping the strong momentum going through precise execution and an inspiring vision. As we look back on the year that passed, we celebrate our achievements, learn from areas of improvement, and look forward to the year that is to come.

Globally, the steep economic gradient has pushed Ajiya to consolidate our resources for a challenging uphill climb. A major trend that pervaded through 2013 was the slow economic growth in the US, which continues to have a lingering effect on global economy. The prolonged Eurozone debt as well as the weakening pace of manufacturing activities in China had not only impacted global import and export, but our business as a whole as well. As the Group navigates through the waves of global economic changes, we pursued on our unwavering course, rethought our strategies and kept our eyes on our objectives and aspirations.

On the local front, domestic demands continue to drive growth. The local economy is strongly fuelled by targeted fiscal measures, regional economy corridors, and the Economic Transformation Programme (ETP). These national strategies had a favourable impact on our business and spurred growth in key areas of our business. They provided a vibrant and robust economic environment which allowed Ajiya to capitalize on several opportunities and leverage of existing ones.

GROUP FINANCIAL OVERVIEW

The Group once again achieved another commendable performance with group turnover posted at RM391.859 million, gaining a 3.34% increase from last year's revenue of RM379.207 million. The consistent achievement is attributed to product range expansion, increased demand from residential market, constant and regular raw materials supply with competitive price support from suppliers.

Profit before tax rose from RM29.326 million in 2012 to RM33.105 million in 2013, represented an enviable increase of 12.89%. This significant increase is mainly due to the securing of higher quality and mega projects, as well as many prestigious projects using high performance materials that yield higher margin such as BSM Clean Colorbond and high-value energy saving glasses.

The Group's balance sheet remained healthy, with cash and cash equivalents at RM30.701 million, while shareholders equity increased to RM245.039 million from RM228.350 million previously.

The achievement provided a glimpse of the Group's strong sense of resilience and fortitude in navigating through formidable barriers that confronted the Group, marking yet another notch in Group's performance.

statement

"As the Group navigates through the waves of global economic changes, we pursued on our unwavering course, rethought our strategies and kept our eyes on our objectives and aspirations."

chairman's STATEMENT

CORPORATE DEVELOPMENT

On the corporate development front, Ajiya has restructured the Group's corporate subsidiaries by striking off 2 subsidiary companies from the Companies Commission of Malaysia and disposing a company. These are all dormant companies. The Board is of the view that this move would pool resources more effectively. It will also generate greater operational synergies across the Group's multitude of manufacturing facilities.

CORPORATE RESPONSIBILITY

At Ajiya, we believe that corporate responsibility is an essential part of good governance. Earlier in the year, Ajiya set up a "Hero In Me" blood donation project to encourage employees to take part in a blood donation campaign. Ajiya was also awarded "MGBC Diamond Partner" by Malaysia Green Building Confederation for supporting the Confederation in promoting a sustainable environment. For a complete write up of our corporate responsibility initiatives, please see Statement of Corporate Social Responsibilities in this Annual Report.

GROUP FUTURE PROSPECT

Ajiya has plenty to look forward to in 2014 and beyond. The government's ETP, Economic Corridors, Green Building Tools will continue to sustain growth in the construction sector over the next decade. As we take on challenges and explore opportunities, we will continue to expand market size in Malaysia and in Thailand. The Group is training its eyes on a bigger potential in South East Asia. Strategies are in place to strengthen our core competencies to sustain the Group's performance in the coming years. Despite the optimism, the Group remains cautious given the highly competitive environment and continues to be vigilant to market changes.

DIVIDEND

As the Group continues to expand, we are mindful of our commitment to shareholders to ensure sustainable returns while retaining sufficient resources to maintain the longer growth of the Group.

The Board is pleased to propose a single tier first and final dividend of 3% to be paid upon shareholders' approval at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

I would like to extend my appreciation to the entire team of Ajiya for their outstanding work in bringing the Group this far, and look forward to the remainder of our endless journey. I thank our partners, shareholders and customers for their continuous support and look forward to strengthening our relationship to the next level.

Dato' Dr Mohd Aminuddin bin Mohd Rouse
Chairman

operational REVIEW

Group Operational Review

At a glance, the Group has performed well in the metal product and safety glass division. The metal and glass divisions have expanded in accordance with the planned strategies.

The past year saw various developments which boosted the Group's performance in both Malaysia and Thailand. The Group benefited from the government's plan to develop Greater Kuala Lumpur into a high-value, services driven economy by 2020 - an economy booster that brings projects such as the Klang Valley Mass Rapid Transit (KVMRT), and projects stemming from Regional Economic Corridors Malaysia.

The Group faced many obstacles and had in plan strategies to overcome them. The biggest challenges we faced were importation of inferior products, dumping activities by irresponsible importers and increasing production cost. Changes in technologies in machinery advancement from time to time have increased our cost, but with wise and timely replacement of old machinery and with reliable supply, the costs remain manageable.

Safety Glasses Operation

The safety glass division once again registered yet another year of strong growth and improved profitability. Success factors can be traced to several initiatives and strategies.

Driven by environmental needs, Green Building Index (GBI) was jointly founded and developed by Pertubuhan Akitek Malaysia (PAM) and the Association of Consulting Engineers Malaysia (ACEM) in 2009. GBI (M) is a profession-driven initiative to lead the property industry towards becoming more environment-friendly. From its inception, awareness grew about the benefits of engaging green energy saving glasses. Energy saving glass is increasingly being specified and selected by developers, architects, engineers, planners, designers, contractors, green consultants and end users.

As existing factories for safety glass operation, which are located in Puchong, Segamat, Shah Alam, Bukit Minyak, Senai and Kuching continue to cater to increasing demands, plans are in place to build up a new warehouse, adjacent to the company's existing plant in Segamat.

Ajiya also had the opportunity to embark on several mega projects such as KKR2, KLIA 2, Bank Rakyat, Lot 348 KL Sentral Project, Dialog Headquarter PJ.

Other than that, we were also awarded by DuPont for successfully passing the qualification process of SentryGlas Laminating Solutions, where our stringent requirements qualify us as a recognized laminator of DuPont SentryGlas.

As one of the founders of Malaysia Green Building Confederation, Ajiya continues to spearhead the development of the green industry. Other than current down stream products, Ajiya regularly explores opportunities for product expansion in order to continue growing our business.

This year, we look forward to riding along positive trends that will benefit the safety glass division. There will be increasing demand for green energy-saving safety glasses for next few decades, as energy becomes a global priority. With the leadership of World Green Building Council (WGBC) and roles of Malaysia Green Building Confederation (MGBC) in this industry, we expect a paradigm shift in the thinking and usage of green materials.

operational REVIEW

Metal Product Operation

The metal product operation division also had sterling success and a strong performance.

With Iskandar Malaysia, the main southern development corridor, boosting the construction industry in the south, the demand for metal roofing in factory and commercial buildings remain encouraging. The residential market has expanded, and the usage of metal roofing, instead of concrete tile roofing, in residential has improved.

Lightweight truss is also slowly being accepted by the public, contributing to sales growth of this division. Ajiya's new product - PU metal roofing has been widely accepted in manufacturing, commercial, residential and poultry house, complementing our existing ranges.

From North to South to East of Peninsular Malaysia, our existing metal roll-form factories in Sungai Petani, Kota Bharu, Mentakab, Shah Alam, Segamat and Senai continue to meet the Company's needs. Due to increasing demand from Northern region, we built a second plant adjacent to our existing plant in Kedah, which has more production facilities and machinery. To cater to increasing demand stemming from Iskandar Malaysia, plans are in place to set up a second factory in Tebrau to house our metal roll-form operation, besides plans to set up our own factory in East Malaysia.

Following the success of our first safety glass plant in Kuching, Sarawak, we have constructed our second plant to house for metal roll-form last year to tap on future opportunities arising from the Sarawak Corridor of Renewable Energy (SCORE), a major initiative undertaken by the government to transform Sarawak into a developed state by year 2020.

Other than that, we undertook mega projects such as Polytechnic Balik Pulau, Penang, UiTM Malacca, I-City, Klang, Taylor University Bandar Sunway, Subang TUDM Hanger, Puspakom Shah Alam, Rafflesia College Puchong, Mahkamah Syariah Seremban.

The demand for Industrial Building System (IBS) is expected to increase due to high labour cost. As a ready supplier of components for IBS, certified by the Construction Industry Development Board (CIDB), we remain in our steadfast dedication in providing services that are second to none.

Overseas Operation

Our existing factory at Pathumthani, Thailand was not affected by the flood disaster last year, and contributed positively to the Group's performance during the year 2013. Our second factory in Chonduri Thailand has begun operation in May 2013, with 2 units of factory cum 3-storey office to house safety glass and metal roll-form operation, and is expected to contribute to the Group's performance by 2014. Our safety glass operation in Thailand is currently undergoing product certification of the Thai Industrial Standards Institute (TISI) and Quality Management System ISO 9001:2008 to further strengthen customer confidence and ensure quality, further sealing our reputation as uncompromising in delivering perfection.

Looking Forward

Given the increasing of awareness and requirement for high end roofing system and higher value energy saving glasses, we foresee continuous growth and increased market expansion. With healthy growth and successful track record of our factories all over Malaysia and Thailand, Ajiya is poised to capture an even greater set of markets share. Backed by our strong Product Development and Process Improvement team, we will continue to develop for higher-value added products and processes in our operation while keeping our operation cost at an optimum level.

Trade exhibition remains our tool to explore for greater opportunities and we continue to explore opportunities for technical collaboration with established industry specialists. With a wide range of specialist knowledge gained, Ajiya is able to produce quality products that meet the stringent specifications of the world's demands.

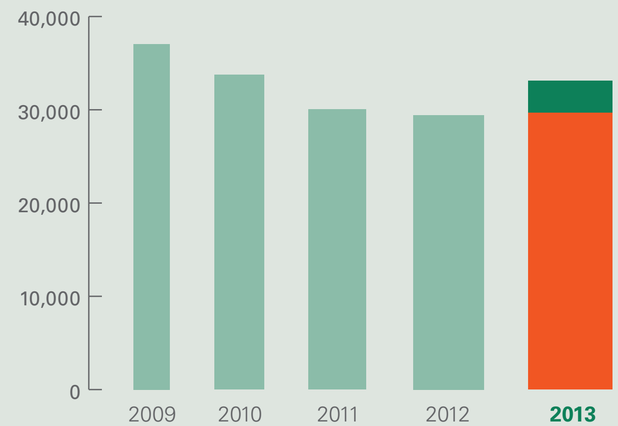
operation NETWORK

group FINANCIAL HIGHLIGHTS

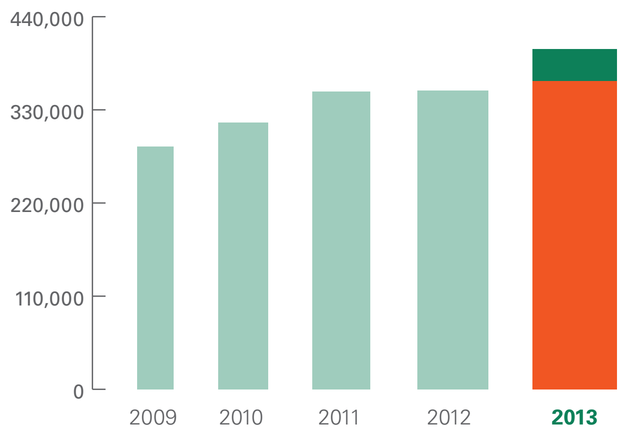
FINANCIAL HIGHLIGHTS	2009 (RM'000)	2010 (RM'000)	Restated 2011 (RM'000)	2012 (RM'000)	2013 (RM'000)
Revenue	312,399	329,690	362,761	379,207	**391,859**
Profit Before Tax	37,058	33,760	32,069	29,326	**33,105**
Profit After Tax	29,825	26,787	26,369	22,192	**25,180**
Net Profit Attributable to Equity Holders	21,602	19,077	20,556	17,121	**19,190**
Total Assets	286,457	314,715	354,250	358,690	**400,957**
Total Borrowings	14,522	17,791	22,200	17,553	**35,333**
Shareholders' Fund	180,933	196,664	214,709	228,350	**245,039**

Revenue (RM'000)

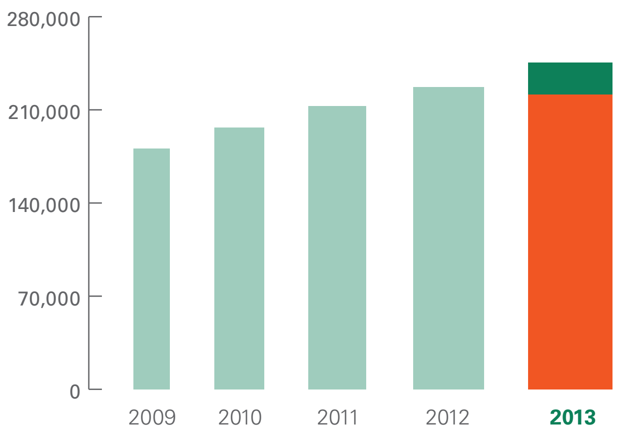
Profit Before Tax (RM'000)



Total Assets (RM'000)



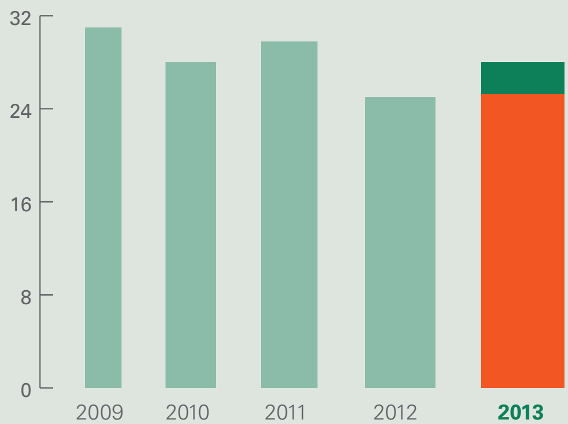
Shareholders' Fund (RM'000)



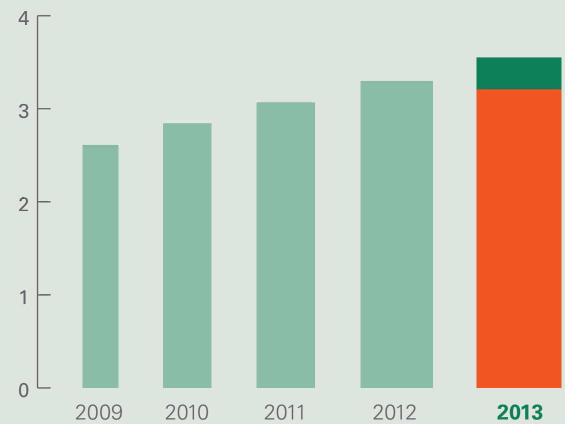
group FINANCIAL HIGHLIGHTS

FINANCIAL INDICATORS	2009	2010	Restated 2011	2012	2013
Return on Equity (%)	16	14	12	10	**10**
Return on Total Assets (%)	13	11	9	8	**9**
Gearing Ratio (%)	7	8	14	11	**16**
Earnings Per Share (sen)	31	28	30	25	**28**
Net Assets per Share (RM)	2.61	2.84	3.10	3.30	**3.54**
Gross Dividend Per Share (sen)	6	6	6	3	**3**
Price Earning Ratio	5	7	6	7	**8**
Gross Dividend Yield (%)	3.75	2.97	3.64	1.79	**1.36**
Share Price as at the Financial Year End (RM)	1.6	2.02	1.65	1.68	**2.20**

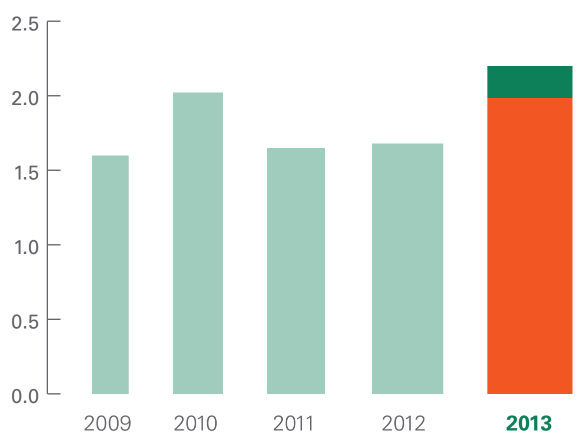
Earning Per Share (sen)



Net Assets Per Share (RM)



Share Price as at the Financial Year End (RM)



statement OF CORPORATE SOCIAL RESPONSIBILITIES

For Tomorrow

Corporate social responsibility forms the core of all our business dealings. It guides us by providing a roadmap for social responsibilities and reminds us of our higher calling to make the world a better and greener place.

Exceeding Benchmarks

Ajiya conducts procurement prudently through regular reviews of our suppliers' performance, and is strictly guided by our Procurement Policy. With the implementation of AS/NZS 2208:1996 Safety Glass Materials in Buildings and the ISO 9001:2008 Quality Management System, our customers can be assured of our improved product quality and reliability. With an annual customer satisfaction survey, we are able to keep track of our performance and improve where we lack.

Work Is Where Home Is

At Ajiya, our people are our biggest asset. It is not merely a tagline but a reflection of what we do. Ajiya is positively responding and complying with the government's minimum wages policy, a reflection of our belief in adequate and fair compensation.

Outstanding school-going children of employees are awarded the 'Academy Achlevement Award' and long serving employees are given the meritorious 'Long Service Awards'. Other than that, adequate Medical Surgical and Personal Accident insurance coverage and other employee benefits are some of things we do to ensure our employees are in the best working environment.

Ajiya conducts regular training and development in order to encourage our employees to reach their fullest potential. Training programmes are not limited to professional development, but also other relevant areas. We conducted a first-aid and cardiopulmonary resuscitation (CPR) to teach our employees the basic methods of first aid at the event of an emergency. A fire fighting and 5S training as well as a brainstorming session were also held.

While our Safety and Health Policy protects the safety and health of all who work at Ajiya, the Safety and Health Committee continues to play their role in reviewing safety and health issues at work place at periodical basis. Safety equipments are adequately provided and regular audiometric tests are conducted by external consultants. Safety Awareness campaigns are some of the critical activities we conduct to ensure occupational safety, reduce potential work hazards and to protect our employees physically and mentally. Keeping our work place safe is a top priority in every segment of our business.

Our yearly Coaching for Breakthrough Result Brainstorming and annual dinner gathering is one of the many events we hold to bring together employees to foster a family-like environment as well as to encourage closer ties.

A Heart For Philanthropy

The plight of the underprivileged remains close to our hearts.

During the year, we continued to contribute funding and other goods in-kind towards enhancing the social well-being of the community. Our initiative are focused on schools and educational scholarship program, hemodialysis center, sports associations, community development and other societies for the disabled, and more.

We also actively encourage our employees to get involved in non-governmental organisation's charitable activities as well as participating in blood donation drives.

At Ajiya, we invest in future employees by recruiting Industrial Trainees to prepare them for professional work in the future, thus contributing to a pool of talent workers for the country.

statement OF CORPORATE SOCIAL RESPONSIBILITIES

The World We Live In

As a company that cares for the world we live in, our metal products offers an alternative to natural timber-based products, thus reducing unsustainable logging. Our Energy Efficient High Performance Glass contributes to the conservation of energy by reducing excessive use of cooling devices by reducing noise, heat and destruction caused by UV rays.

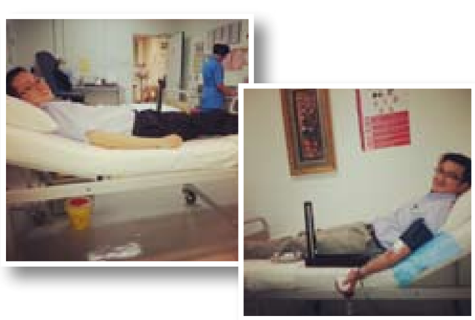
Ajiya is one of the founders of Malaysia Green Building Confederation, a federation formed to lead our building industry in embracing responsible measures that would help realize energy savings, water conservation, a healthier indoor environment, better public connectivity, recycling resources and provision of greenery in development. We make products that are environmentally friendly and sustainable, and work relentlessly to educate the public on the importance of keeping the earth green for tomorrow. As a recipient of the "MGBC Diamond Partner" by Malaysia Green Building Confederation for supporting the Confederation in promoting a sustainable built environment, we are proud to do our part to the world we live in.

In our own offices, we place recycling bin in offices, use recycled papers and encourage greater use of emailing and scanning technology to reduce paper use.

In all, we take pride in taking the leadership to inspire others to do their part in taking real and concrete steps in building a greener Earth.

Blood Donation Campaign

Employees are encouraged to participate in blood donation organized in collaboration with the government hospital to ease the blood bank deficit while saving precious lives.



CPR Training

First Aid training was conducted to equip the employees the basic methods of first aid in the event of emergency.

Training and Brainstorming : *Coaching For Breakthrough Results*

Dinner Gathering

A yearly culture of Ajiya to celebrate with all employees in a joyful and unforgettable moment.

Trip of Relaxation

A relaxation moment to Legoland, while fostering the relationship among the staff.

corporate GOVERNANCE STATEMENT

The Board of Directors acknowledges good corporate governance with the concepts of integrity, transparency and accountability is imperative to the continued growth of the Group and to safeguard the long term interest of shareholders.

This statement set out the Group's corporate governance practices with reference to the principles and recommendations enumerated in the Malaysian Code of Corporate Governance 2012 ("the Code"). The Group will continue to endeavour to comply with the principles and recommendations of the Code, where the Board deems appropriate, in its effort to safeguard the best interests of the shareholders.

ESTABLISH CLEAR ROLES AND RESPONSIBLITIES

Clear Functions, Roles and Responsibilities of the Board

The Board recognizes the importance of having an effective and dynamic Board to lead and manage the Group in an effective and responsible manner. The Company maintains its current mix of Board members with diverse skill and competencies.

There is a clear division of responsibility at the Board. The Board is chaired by the Independent Non-Executive Chairman who is responsible for the effective and efficient functioning of the Board. The Managing Director's duties include the implementation of strategies direction and managing day to day operation of the Group. The Non-Executive Directors provide independent and objective judgement to board deliberations.

The Board takes full responsibility in leading and control the Group. The Board acknowledge its stewardship role in safeguarding the best interest of the shareholders. The Board overseeing the conduct of the Group's business, ensuring appropriate risk management and internal control system are in place as well as reviewing the adequacy and integrity of such system.

The Board has delegated specific responsibilities to the Board Committees to assist the Board in the running of the Group namely Audit Committee, Nomination Committee and Remuneration Committee. The Committees review specific matters under the defined terms of reference approved by the Board. The ultimate responsibility for decision making lies with the Board.

Code of Ethics and Conduct

The Board has established a corporate culture which engenders ethical conduct that permeates throughout the Group. This ethical values and behaviour are formalised in its Code of Ethics And Conduct. The Directors and employees are required to observe and uphold the high standard of ethics and professionalism in carrying out their roles and responsibilities.

Board Charter

The Board is guided by its Board Charter which provides reference in relation to the roles and responsibilities of the Board. The Board Charter will be periodically reviewed by the Board and is available on the Company's website at www.ajiya.com.

corporate GOVERNANCE STATEMENT

Business Sustainability

The Group is mindful of the importance of business sustainability in developing the business operation and corporate strategies which have direct or indirect impact to the workplace, community and environment. The Group's effort on environmental and social during the financial year are set out in the Statement of Corporate Social Responsibilities of this Annual Report.

Access to Information and Independent Advice

All Directors have full and unrestricted access to all information pertaining to the Group for them to discharge their duties. The Board is provided with agenda and board papers prior to Board meetings. The Board may seek independent professional advices at the expense of the Company on specific issue, where necessary and in appropriate circumstance to enable the Board to discharge its duties effectively.

The Board is regularly updated by the qualified and competent Company Secretaries on procedural and regulatory requirements. The Company Secretaries play an important role to support the Board on matters relating to governance issues, attending all Board and Board Committees meeting and general meetings and ensure that they are properly conducted.

STRENGTHEN BOARD COMPOSITION

The Board comprises members from various competencies and together they bring a balance of skills and a wide range of experience appropriate to the business of the Group. Such competencies include finance, accounting, legal and other relevant industry knowledge, entrepreneurial and management experience.

The Board presently comprised of 6 members with majority being Independent Non-Executive Directors:-

- Independent Non-Executive Chairman
- Managing Director
- Non-Executive Director
- 3 Independent Non-Executive Directors

This composition fulfills the requirements as set out in the Bursa Securities Listing Requirement to have at least two (2) directors or one-third of the Board (whichever is higher) are independent directors. The profile of each Director is set out under the Directors' Profile of this Annual Report.

i) Audit Committee

The Audit Committee of the Board comprises entirely of Independent Non-Executive Directors. The members and the role and functions of the Audit Committee are set out in the Audit Committee Statement of this Annual Report.

ii) Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors. The membership of the Committee are as follow:-

Mr. Tan Seng Kee	- Chairman (Senior Independent Non-Executive Director)
Dato' Dr Mohd Aminuddin bin Mohd Rouse	- Member (Independent Non-Executive Chairman)
Dato' Theng Book	- Member (Independent Non-Executive Director)

The role and responsibilities of the Committee are guided by its Terms of Reference. The main responsibilities of the Committee included the following:-

- Recommend to the Board, candidate for directorship of the Board and membership of the various Committees.
- Review the Board's succession plan and training programmes.
- Assess the effectiveness of the Board, the Board Committees and each individual director.
- Assess and recommend to the Board the continuation of terms of office of Independent Directors.

The Nomination Committee met twice (2) during the financial year ended 30 November 2013 and all members have attended the meeting.

Appointment and Re-election to the Board

When considering new appointment, the Committee will inter alia, consider the size, mix of skills, competencies and experience of each candidate. The Board do not formalise any specific gender diversity policy in the selection of new Board candidates. However, the Board does recognizes the importance of gender balance on the Board and currently the Board comprises of a female Independent Non-Executive Director.

The Committee also reviews the re-election of retiring Directors by rotation on annual basis. In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting following their appointment. The Articles also provided that at least one third of the Directors shall retire and be subject to re-election at every Annual General Meeting and that all Directors including the Managing Director shall retire from office once at least in each three years but shall be eligible for re-election.

Performance Assessment

The Committee has developed criteria to assess the effectiveness of the Board, the Board Committees and individual Director. They are assessed on the required mix of skills, knowledge, integrity and meeting attendance.

The Committee also undertakes annual assessment of the independence of its independent directors based on the guidelines of the Bursa Securities Listing Requirements.

Summary of Activities

The principal activities carried out by the Nomination Committee for the financial year under review included the following:-

- Reviewed the size and composition of the Board, assessed the performance of the Board, Board Committees and individual director.
- Recommended to the Board the re-election of Directors for shareholders approval at the Annual General Meeting in accordance with the Company's Article of Association.
- Reviewed and assessed the independence of Independent Directors.

iii) Remuneration Committee

The Remuneration Committee comprises entirely of Independent Non-Executive Directors. The role and responsibilities of the Committee are guided by its Terms of Reference. The Committee comprises the following members :-

Dato' Theng Book	- Chairman (Independent Non-Executive Director)
Dato' Dr Mohd Aminuddin bin Mohd Rouse	- Member (Independent Non-Executive Chairman)
Mr. Tan Seng Kee	- Member (Senior Independent Non-Executive Director)

The Committee reviews and makes recommendations to the Board on remuneration packages and benefits extended to the Executive Directors and fees payable to Non-Executive Directors. Non-Executive Directors' Fees will be endorsed by the Board subject to approval from shareholders at the Annual General Meeting.

The structure of the Group's remuneration policy is aligned with the business strategies and long term objectives of the Group, as are appropriate to attract and retain competent Directors. The remuneration packages are linked to the success of the Group's business and individual performance. The Directors concern are abstained from deliberation and voting on decision in respect of their individual remuneration package.

The Remuneration Committee met once during the financial year ended 30 November 2013 and all members have attended the meeting.

The aggregate remuneration of Directors for the financial year ended 30 November 2013 is as follows:-

	Fees (RM)	Salaries and Other Emoluments (RM)	Total (RM)
Executive Directors	54,000	1,317,556	1,371,556
Non-Executive Directors	95,000	201,600	296,600

The number of Directors whose total remuneration falls within the following bands for the financial year ended 30 November 2013 is as follows:-

	No. of Directors	
Range of Remuneration (RM)	**Executive**	**Non-Executive**
50,000 and below	-	4
200,000 to 250,000	-	1
1,300,001 to 1,450,000	1	-

Inclusive amount drawn in subsidiary companies

corporate GOVERNANCE STATEMENT

REINFORCE OF INDEPENDENCE

The presence of Independent Directors ensures a thorough and objective deliberation of issues affecting the Group.

Annual Assessment of Independent Director

During the financial year under review, the Nomination Committee has assessed the contribution of the Independent Directors. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to provide objective judgement to board deliberations and decision making.

Tenure of Independent Director and Re-appointment

The Board noted the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as independent director.

Following the assessment by the Nomination Committee and the Board is of the view that the long service Independent Directors namely, Mr Tan Seng Kee and Dato' Theng Book, remain objective and independent in expressing their views and participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. Approval has been obtained from shareholders at the last Annual General Meeting to retain their office as Independent Directors. Shareholders' approval will again be sought at the forthcoming Annual General Meeting to retain them as Independent Directors of the Company.

Separation of Positions of Chairman and Managing Director

The role of the Chairman and Managing Director are distinct to ensure there is a balance of power and authority.

The Chairman holds an Independent Non-Executive Director, is primarily responsible to ensure the smooth and effective functioning of the Board, while the Managing Director manage the day to day operation and implementation of strategic direction of the Group.

FOSTER COMMITMENT

Time Commitment and Directorship in Other Companies

The Board ordinarily schedules five (5) board meetings in a year, with additional meetings convened as and when necessary. The Board meeting is convened to discuss matters relating to the overall performance of the Group including the Group's quarterly financial results, business performance review, investment decisions, operational and financial issues. The meeting agenda and board papers are distributed in advance to the Directors for deliberations during board meeting. The decisions and issues discussed in arriving at the decisions are minuted.

All Directors are required to notify the Chairman before accepting any new directorship in other public companies. This is to ensure time commitment from Directors to fulfill their responsibilities effectively.

During the financial year ended 30 November 2013, a total of 5 board meetings were held, the attendance of each of the Directors is as follows:-

Directors	No. of Meetings Attended	Percentage (%)
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	5/5	100
Mr. Chan Wah Kiang	5/5	100
Dato' Theng Book	5/5	100
Mr. Yeo Ann Seck	5/5	100
Mr. Tan Seng Kee	5/5	100
Ms. Low Peak Yih	5/5	100

Directors' Training

The Board acknowledge the importance of continuous training to keep abreast with regulatory updates and development in the business environment.

All the Directors have completed the mandatory accreditation program and attended various training programs. The training programs and seminars attended by the Directors during the year ended 30 November 2013 included:

Attended by	Seminar/Program
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	• Related Party Transaction – Doing It Right For Results • The Winning Mindset
Mr. Chan Wah Kiang	• Green Construction in Islandar Malaysia Green Building • Coaching For Breakthrough Results • The Wining Mindset
Dato' Theng Book	• The Winning Mindset
Mr. Tan Seng Kee	• The Winning Mindset
Mr. Yeo Ann Seck	• Insights to Malaysia's First Transfer Pricing Litigation • The Winning Mindset
Ms. Low Peak Yih	• The Winning Mindset

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Directors are responsible to present a balance and meaningful assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results and annual financial statements were reviewed by the Audit Committee and approved by the Board to ensure compliance with the relevant financial reporting standards. The Board has ensured the timely release of quarterly and annual financial results of the Company and the Group to Bursa Securities.

corporate GOVERNANCE STATEMENT

Statement Of Directors' Responsibilities In Relation To Financial Statements

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is stated on page 36 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 30 November 2013, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965 and all applicable accounting standards in Malaysia.

The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

External Auditors

The Audit Committee would reviewed the suitability and independence of the External Auditors. The External Auditors had confirmed in their annual audit plan on their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirement.

The External Auditors were invited to attend all the Audit Committee meetings where the Group's quarterly and annual financial results are considered and discussed. The Group works closely with External Auditors and seeks their professional advice to ensure compliance with applicable accounting standards and statutory requirements.

There is no significant non-audit services provided by the External Auditors except for non-audit fee payable in respect of review of Statement on Risk Management and Internal Control, as disclosed in the Additional Disclosure Statements of this Report.

The Audit Committee is satisfied with the competency and independence of External Auditors and recommended their re-appointment to the Board and shareholders' approval at the forthcoming Annual General Meeting.

RECOGNISE AND MANAGE RISKS

Risk Management

The Board acknowledges its responsibility to maintain a good risk management and a sound system of internal control for the Group.

The Board through the internal audit function, reviewed the risk management and internal control system for the Group. The Group has an ongoing process where regular management meetings are conducted for identifying, evaluating and managing the significant risks affecting the affairs of the business.

Internal Audit Function

The Group has an inhouse internal audit function to provide independent and objective assurance of the adequacy and effectiveness of the system of internal control. A review of the state of risk management and internal controls within the Group is set out under the Statement on Risk Management and Internal Control of this Annual Report.

TIMELY DISCLOSURE

The Board acknowledges the importance of timely and equal dissemination of material information to regulators, shareholders, investors and the public at large to ensure they are informed of major developments of the Group. The Group provides an overall of the Group's performance and operation to shareholders, investor and public through the quarterly financial reports, annual reports, press release and public announcements made to the Bursa Securities.

The Group maintains a corporate website at www.ajiya.com where shareholders would have equal access to the information of the Group.

The Group had formalized a corporate disclosure policy in handling disclosure of material information to shareholders and investors. The policy ensures communication with the public are made in accordance with the obligation imposed by Bursa Securities and other regulators.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders Participation

The Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate at every Annual General Meeting of the Company and opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The notice of the Annual General Meeting together with the annual report will be dispatched to shareholders at least 21 days before the date of the meeting. The annual report is also available on the Company's website. The Chairman of the meeting would inform the shareholders on their right to demand for a poll vote at the commencement of the general meeting, in accordance with the provisions of the Articles of Association of the Company.

Greater Engagement With Shareholders

At the Annual General Meeting, the Directors are present in person to engage directly with the shareholders. Shareholders have direct access to the Board, they are invited to raise questions during the open question and answer session. The Directors, Management and External Auditors are in attendance to respond to shareholders' queries.

additional DISCLOSURE STATEMENTS

a. Material Contracts
There were no material contracts entered into by the Company and/or its subsidiaries that involve the Directors' and substantial shareholders' interest for the past two (2) years.

b. Sanctions And/Or Penalties Imposed
There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management.

c. Share Buy-Backs
There were no share buy-back schemes in place during the financial year 2013.

d. Option, Warrants Or Convertible Securities
There were no Option, Warrants or Convertible Securities issued by the Company during the financial year 2013.

e. Utilities Of Proceeds
There was no proceed raised by the Company during the financial year 2013.

f. Depository Receipt Programme
The Company did not sponsor any Depository Receipt programme.

g. Non-Audit Fees
The amount of non-audit fees paid to the External Auditors for the financial year 2013 was RM6,000.

h. Profit Estimate, Forecast or Projection
The Company did not issue any profit estimate, forecast or projection for the financial year. There was no major variance between the results for the financial year and the unaudited results previously announced by the Company.

i. Profit Guarantee
The Company did not give any profit guarantee.

j. Recurrent Related Party Transactions of A Revenue Nature
Recurrent related party transactions of a revenue nature of the Group for the financial year 30 November 2013 were as follows:-

Nature of Transaction	Co. within the Group Involved in the Transaction	Related Party	Interested Director/Major Shareholders and Connected Person	Aggregate Amount (RM)
Rental of factory	Asia Roofing Industries Sdn Bhd	Jin Sing Sdn Bhd	Yeo Ann Seck	36,000

Note :
Mr. Yeo Ann Seck is a director and substantial shareholder of Jin Sing Sdn Bhd.

audit COMMITTEE STATEMENT

Chairman Mr. Tan Seng Kee
(Senior Independent Non-Executive Director)

Members Dato' Theng Book
(Independent Non-Executive Director)

Ms. Low Peak Yih
(Independent Non-Executive Director)

Secretary The Company Secretary shall be the Secretary of the Committee.

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

a) the audit committee must be composed of no fewer than 3 members of whom a majority of the audit committee must be independent directors;
b) all members of the audit committee should be non-executive directors and financially literate; and
c) at least one (1) member of the Committee;
   - must be a member of the Malaysian Institute of Accountants; or
   - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
     - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
     - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
   - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

Procedure of the Audit Committee meetings

a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.
b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.
c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.
d) Written notice of the meeting together with the agenda shall be given to the members of the Committee, the external auditors and any other person invited to attend the meeting, where applicable.

audit COMMITTEE STATEMENT

Procedure of the Audit Committee meetings (Cont'd)

e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of independent directors.
f) A representative of the external auditors, the head of Internal Audit and the Finance should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
h) The Committee should meet with the external auditors without executive board members present at least twice a year.

Rights of the Committee

The Committee shall:
a) have explicit authority to investigate any matter within its term of reference;
b) have the resources which are required to perform its duties;
c) have full and unrestricted access to any information pertaining to the Company;
d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
e) be able to obtain independent professional or other advice; and
f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the audit committee shall be:
a) To review the following and report the same to the Board of Directors -
    - with the external auditors, the audit plan;
    - with the external auditors, his evaluation of the system of internal controls;
    - with the external auditors, his audit report;
    - the assistance given by the employees of the Company to the external auditor
    - the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
        - changes in or the implementation of major accounting policy changes;
        - significant and unusual events;
        - compliance with accounting standards and other legal requirements;
    - any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
    - any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
    - whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

b) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

c) To recommend the nomination of a person or persons as external auditors and the external audit fee.

d) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.

e) To verify the criteria for allocation of options pursuant to a share scheme for employees.

Meeting Held During Financial Year Ended 30 November 2013

During the financial year ended 30 November 2013, a total of five (5) committee meetings were held and the attendance of the members is as follows:-

	No. of Meetings Attended	Percentage (%)
Mr. Tan Seng Kee	5/5	100
Dato' Theng Book	5/5	100
Ms. Low Peak Yih	5/5	100

Quorum

Two members of the Committee present at the meeting shall constitute a quorum and the majority of members present must be Independent Directors.

Summary of Activities

The activities of the Audit Committee for the financial year under review include the following:-
- Reviewing and recommending for Board's approval on the quarterly financial results and audited financial statements.
- Reviewing related party transactions.
- Reviewing internal audit reports on findings and recommendations and ensuring that material findings are adequately addressed by the Management.
- Reviewing the annual audit plan and resources requirement of Internal Audit Department.
- Reviewing the adequacy of risk management and internal control system of the Group.
- Reviewing and discussing with external auditors' scope of work and audit plan, accounting issues arising from the audit and impact of new changes to accounting standards and regulatory requirements.

audit COMMITTEE STATEMENT

Internal Audit Function

The principal roles of Internal Audit Department are to assist the Audit Committee in assessing risks, recommend measures to mitigate risks, establish cost effective controls and assess proper governance process.

The Internal Audit Department is responsible for providing independent and objective assurance to the Audit Committee and Board of Directors on the state of risk management and internal control of the key operations within the Group and the extent of compliance with the established policies and procedures.

During the financial year, the Internal Audit Department carried out, inter-alia the following activities:-

- Prepared the annual audit plan for the Audit Committee's consideration.
- Performed audit on key processes or strategic business units within the Group, which covered reviews of adequacy and effectiveness of the internal controls as well as the extent of compliance with the established Group policies, procedures and statutory requirement
- Reported audit findings and highlighting recommendations for improvements
- Acted on suggestions made by Audit Committee members and / or senior management on concerns over operations or control
- Followed up on implementation of the Audit Committee's recommendations and Management's corrective actions on issue identified during the audit.
- Performed ad-hoc reviews and investigations as requested by the Management

The cost incurred in maintaining the Internal Audit Function for the financial year under review was RM250,000.

statement ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The following 'Statement on Risk Management and Internal Control' is made accordance with paragraph 15.26(b) of Main Market Listing requirements of Bursa Malaysia Securities Berhad and is guided by the Statement on Risk Management and Internal Control : Guidance for Directors of Listed Issuers which outlines the nature and scope of risk management and internal controls.

Responsibility

The Board recognizes and acknowledges that it has a responsibility to maintain a good risk management and a sound internal control system. This includes reviewing the adequacy and effectiveness of financial, operational and compliance controls.

In view of inherent limitations in any internal control system, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives and plans and would, therefore only provide reasonable and not absolute assurance against material misstatement or loss.

During the financial year under review, the Board has received assurance from the Managing Director and Group Financial Controller that the Group's risk management and internal control are operating adequately and effectively, in all material aspects.

Risk Management

The Group has an ongoing risk management process which includes identifying, evaluating and managing of significant risks affecting the environment of its business objectives. This process has been in place throughout the financial year.

The key elements in the risk management framework are as follows :

- Risk management is embedded in the Group's management system. Any key risks and controls implemented were discussed at regular management meetings and at operations. In addition, significant risks affecting the Group business and strategic plan is escalated to the Board's attention for deliberation

- Balance between risks incurred and potential returns

Internal Control System

The key elements of the internal control includes :

- **Organisation Structure**
  The Group has a clearly defined organisation structure with clear lines of responsibilities and duties, authorization levels. This is aligned to the current business and operational requirements.

- **Policies and Procedures**
  The Group has established written policies and procedures for key business units and communicated to all levels in the Group for implementation. These policies and procedures are regularly reviewed and updated to address operational deficiencies and changes of risks.

Internal Control System (Cont'd)

- **Audit Committee**
  The Board has empowered the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The Audit Committee reviews the Group's financial reports, internal and external audit reports, and with the assistance of Internal Audit department, the internal control system.

- **Internal Audit Function**
  The Group's Internal Audit department performed periodic audits to review the Group's operations and their system of internal controls according to the internal audit plan approved by the Audit Committee.

  The scope of audits conducted includes reviewing controls and processes on its adequacies and the extent of compliance with the established policies, procedures and statutory requirements; followup review to ensure corrective action implemented accordingly.

  Findings of the audits with areas of improvement were communicated to the respective parties for necessary and immediate actions. The result of the internal audit reviews and recommendations for improvement were presented to the Audit Committee on a quarterly meetings. Regular reviews are made on remedial actions.

Conclusion

For the financial year under review, the Board is of the view that the risk management and system of the internal control are adequate for the Group in achieving its business objectives.

There were no material losses incurred as a result of weaknesses in the internal control. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and processes.

financial STATEMENTS

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	Independent Auditors' Report
	Statements of Comprehensive Income
	Statements of Financial Position
	Consolidated Statement of Changes in Equity
	Company Statement of Changes in Equity
	Statements of Cash Flows
	Notes to the Financial Statements

directors' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 November 2013.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glass, trading of building materials and investment holding.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	25,179,658	2,235,953
Profit attributable to:		
Owners of the parent	19,189,962	2,235,953
Non-controlling interest	5,989,696	-
	25,179,658	2,235,953

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividend paid by the Company since 30 November 2012 was as follows:

	RM
In respect of the financial year ended 30 November 2012:	
Final dividend of 3% less 25% taxation on 69,223,821 ordinary shares, approved on 26 April 2013 and paid on 6 June 2013.	1,557,536

Dividend (cont'd)

At the forthcoming Annual General Meeting, a single tier final dividend of 3% on 69,223,821 ordinary shares amounting to RM2,076,715 (3.00 sen per share) in respect of the financial year ended 30 November 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 November 2014.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Dr Mohd Aminuddin bin Mohd Rouse (Chairman)
Chan Wah Kiang (Managing Director)
Yeo Ann Seck
Dato' Theng Book
Tan Seng Kee
Low Peak Yih

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 December 2012	**Bought**	**Sold**	**30 November 2013**
Chan Wah Kiang	12,382,305	-	-	12,382,305
Yeo Ann Seck	10,981,986	-	-	10,981,986
Indirect/deemed interest				
Chan Wah Kiang #	7,743,913	-	-	7,743,913

\# Deemed interest through Avia Kapital Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

Directors' interests (cont'd)

By virtue of their interest in shares of the Company, Chan Wah Kiang and Yeo Ann Seck are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debt; and

 (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist :

 (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other statutory information (cont'd)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10th March 2014.

Chan Wah Kiang

Dato' Theng Book

statement BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Chan Wah Kiang and Dato' Theng Book, being two of the directors of Ajiya Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 November 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 103 of the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10th March 2014.

Chan Wah Kiang

Dato' Theng Book

statutory DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Siew Hoon, being the officer primarily responsible for the financial management of Ajiya Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tan Siew Hoon
at Johor Bahru, Johor
on 10th March 2014

Tan Siew Hoon

Before me,

No. J210
Harcharan Singh
Pesuruhjaya Sumpah
Johor Bahru

independent AUDITORS' REPORT

to the members of Ajiya Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Ajiya Berhad, which comprise statements of financial position of the Group and of the Company as at 30 November 2013, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 102.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from materials misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Report on other legal and regulatory requirements (cont'd)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 39 to the financial statements on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 December 2012 with a transition date of 1 December 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 November 2012 and 1 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 November 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of th Company for the year ended 30 November 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of 1 December 2012 do not contain misstatements that materially affect the financial position as of 30 November 2013 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Lee Ah Too
AF: 0039	2187/09/15(J)
Chartered Accountants	Chartered Accountant

Melaka, Malaysia
Date: 10th March 2014

statements OF COMPREHENSIVE INCOME

For the financial year ended 30 November 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	7	391,859,478	379,206,721	3,628,495	2,100,000
Cost of sales	8	(313,991,423)	(306,396,833)	-	-
Gross profit		77,868,055	72,809,888	3,628,495	2,100,000
Other items of income					
Interest income		476,764	504,307	12,203	146,768
Other operating income		3,251,124	1,447,214	289,734	21,018
Other items of expense					
Administrative expenses		(47,183,378)	(44,884,144)	(318,155)	(335,344)
Finance cost	9	(1,307,801)	(550,825)	(594,623)	-
Profit before tax	10	33,104,764	29,326,440	3,017,654	1,932,442
Income tax expense	13	(7,925,106)	(7,134,731)	(781,701)	(526,560)
Profit net of tax		25,179,658	22,191,709	2,235,953	1,405,882
Other comprehensive income:					
Foreign currency translation		(937,853)	(355,642)	-	-
Other comprehensive income for the year, net of tax		(937,853)	(355,642)	-	-
Total comprehensive income		24,241,805	21,836,067	2,235,953	1,405,882
Profit attributable to:					
Owners of the parent		19,189,962	17,120,710	2,235,953	1,405,882
Non-controlling interest		5,989,696	5,070,999	-	-
		25,179,658	22,191,709	2,235,953	1,405,882
Total comprehensive income attributable to:					
Owners of the parent		18,246,587	16,790,042	2,235,953	1,405,882
Non-controlling interest		5,995,218	5,046,025	-	-
		24,241,805	21,836,067	2,235,953	1,405,882
Earnings per share attributable to owners of the parent (sen per share)					
Basic	14	27.72	24.73		
Diluted	14	27.72	24.73		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

statements OF FINANCIAL POSITION
As at 30 November 2013

		Group		
				As at 1 December
	Note	2013	2012	2011
		RM	RM	RM
Assets				
Non-current assets				
Property, plant and equipment	15	164,931,244	140,588,646	132,807,059
Investment properties	16	5,318,164	5,255,835	5,562,079
Land use rights	17	3,692,862	3,787,581	4,672,302
Other investments	19	6,988,752	6,545,060	7,345,060
		180,931,022	156,177,122	150,386,500
Current assets				
Inventories	21	74,346,041	56,812,954	68,367,610
Trade and other receivables	22	112,974,370	110,260,985	99,450,072
Other current assets	23	1,855,989	470,309	500,075
Tax recoverable		148,911	803,253	1,162,396
Cash and bank balances	24	30,700,850	34,165,822	34,382,942
		220,026,161	202,513,323	203,863,095
Total assets		400,957,183	358,690,445	354,249,595
Equity and liabilities				
Current liabilities				
Loans and borrowings	25	15,466,169	12,006,043	17,785,638
Trade and other payables	26	50,922,810	49,779,768	54,682,614
Tax payable		2,082,510	1,480,538	545,648
		68,471,489	63,266,349	73,013,900
Net current assets		151,554,672	139,246,974	130,849,195
Non-current liabilities				
Deferred tax liabilities	27	10,295,694	10,237,880	9,343,349
Loans and borrowings	25	19,866,642	5,547,127	4,474,252
		30,162,336	15,785,007	13,817,601
Total liabilities		98,633,825	79,051,356	86,831,501
Net assets		302,323,358	279,639,089	267,418,094

statements OF FINANCIAL POSITION
As at 30 November 2013

		Group		
				As at
				1 December
	Note	2013	2012	2011
		RM	RM	RM
Equity attributable to equity holders of the Company				
Share capital	28	69,223,821	69,223,821	69,223,821
Share premium	29	3,583,414	3,583,414	3,583,414
Foreign currency translation reserve	29	(1,274,043)	(330,668)	-
Other reserve	29	728,997	728,997	763,007
Retained earnings	30	172,776,922	155,144,496	141,138,858
		245,039,111	228,350,060	214,709,100
Non-controlling interest		57,284,247	51,289,029	52,708,994
Total equity		302,323,358	279,639,089	267,418,094
Total equity and liabilities		400,957,183	358,690,445	354,249,595

statements OF FINANCIAL POSITION

As at 30 November 2013

		Company		
				As at 1 December
	Note	2013	2012	2011
		RM	RM	RM
Assets				
Non-current assets				
Investments in subsidiaries	18	33,092,074	34,486,283	27,986,283
Other investments	19	6,851,902	6,500,000	7,300,000
Amount due from subsidiaries	20	65,020,810	46,598,533	36,061,113
		104,964,786	87,584,816	71,347,396
Current assets				
Trade and other receivables	22	1,000	1,000	1,000
Tax recoverable		107,576	60,608	17,101
Cash and bank balances	24	1,806,605	2,166,969	8,449,202
		1,915,181	2,228,577	8,467,303
Total assets		106,879,967	89,813,393	79,814,699
Equity and liabilities				
Current liabilities				
Loans and borrowings	25	2,221,157	2,813,386	-
Amount due to subsidiaries	20	13,802,938	6,505,484	-
Trade and other payables	26	140,564	3,434,564	3,432,164
		16,164,659	12,753,434	3,432,164
Net current (liabilities)/assets		(14,249,478)	(10,524,857)	5,035,139
Non-current liabilities				
Loans and borrowings	25	15,363,546	2,386,614	-
Total liabilities		31,528,205	15,140,048	3,432,164
Net assets		75,351,762	74,673,345	76,382,535
Equity attributable to equity holders of the Company				
Share capital	28	69,223,821	69,223,821	69,223,821
Share premium	29	3,583,414	3,583,414	3,583,414
Retained earnings	30	2,544,527	1,866,110	3,575,300
Total equity		75,351,762	74,673,345	76,382,535
Total equity and liabilities		106,879,967	89,813,393	79,814,699

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

consolidated STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 November 2013

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total RM
2013								
Opening balance at 1 December 2012	69,223,821	3,583,414	(330,668)	728,997	155,144,496	228,350,060	51,289,029	279,639,089
Total comprehensive income	-	-	(943,375)	-	19,189,962	18,246,587	5,995,218	24,241,805
Transactions with owners								
Dividends (Note 31)	-	-	-	-	(1,557,536)	(1,557,536)	-	(1,557,536)
Closing balance at 30 November 2013	69,223,821	3,583,414	(1,274,043)	728,997	172,776,922	245,039,111	57,284,247	302,323,358
2012								
Opening balance at 1 December 2011	69,223,821	3,583,414	-	763,007	141,138,858	214,709,100	52,708,994	267,418,094
Total comprehensive income	-	-	(330,668)	-	17,120,710	16,790,042	5,046,025	21,836,067
Transactions with owners								
Acquisition of minority interest	-	-	-	(34,010)	-	(34,010)	(6,465,990)	(6,500,000)
Dividends (Note 31)	-	-	-	-	(3,115,072)	(3,115,072)	-	(3,115,072)
Total transactions with owners	-	-	-	(34,010)	(3,115,072)	(3,149,082)	(6,465,990)	(9,615,072)
Closing balance at 30 November 2012	69,223,821	3,583,414	(330,668)	728,997	155,144,496	228,350,060	51,289,029	279,639,089

company STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 November 2013

	Share capital RM	Non-Distributable Share Premium RM	Distributable Retained earnings RM	Total RM
2013				
Opening balance at 1 December 2012	69,223,821	3,583,414	1,866,110	74,673,345
Total comprehensive income	-	-	2,235,953	2,235,953
Transactions with owners				
Dividends (Note 31)	-	-	(1,557,536)	(1,557,536)
Closing balance at 30 November 2013	69,223,821	3,583,414	2,544,527	75,351,762
2012				
Opening balance at 1 December 2011	69,223,821	3,583,414	3,575,300	76,382,535
Total comprehensive income	-	-	1,405,882	1,405,882
Transactions with owners				
Dividends (Note 31)	-	-	(3,115,072)	(3,115,072)
Closing balance at 30 November 2012	69,223,821	3,583,414	1,866,110	74,673,345

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

statements OF CASH FLOWS

For the financial year ended 30 November 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Operating activities				
Profit before tax	33,104,764	29,326,440	3,017,654	1,932,442
Adjustments for:				
Amortisation of land use rights	94,719	108,934	-	-
Depreciation of property, plant and equipment	8,534,227	7,663,762	-	-
Depreciation of investment properties	65,112	75,844	-	-
Fair value gain on quoted investments	(91,790)	-	-	-
Reversal of impairment loss on				
- trade receivables	(110,584)	(184,094)	-	-
- property, plant and equipment	(483,021)	-	-	-
Property, plant and equipment written off	41,359	80,011	-	-
Dividend received	(351,902)	-	(3,551,902)	(2,100,000)
Interest expense	1,307,801	550,825	594,623	-
Interest income	(476,764)	(504,307)	(12,203)	(146,768)
Gain on disposal of investment in subsidiary	(410,019)	-	(361,700)	-
Gain on disposal of property, plant and equipment	(53,833)	(518)	-	-
Gain on disposal of investment properties	(501,170)	(149,600)	-	-
Impairment loss on trade receivables	319,705	336,648	-	-
Bad debts written off	88	84,324	-	-
Total adjustments	7,883,928	8,061,829	(3,331,182)	(2,246,768)
Operating profit before changes in working capital	40,988,692	37,388,269	(313,528)	(314,326)
Changes in working capital				
(Increase)/decrease in inventories	(17,533,087)	11,554,656	-	-
Increase in trade and other receivables	(2,922,594)	(10,988,257)	-	-
Increase in other current assets	(1,385,680)	(29,766)	-	-
Increase/(decrease) in trade and other payables	2,524,553	(5,114,890)	(3,294,000)	2,400
Total changes in working capital	(19,316,808)	(4,578,257)	(3,294,000)	2,400
Cash generated from operations	21,671,884	32,810,012	(3,607,528)	(311,926)
Interest paid	(1,307,801)	(550,825)	(594,623)	-
Tax paid	(7,410,716)	(4,946,167)	(28,669)	(45,067)
Tax refunded	798,719	-	-	-
Net cash flows generated from/ (used in) operating activities	13,752,086	27,313,020	(4,230,820)	(356,993)

statements OF CASH FLOWS

For the financial year ended 30 November 2013

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Investing activities				
Interest received	476,764	504,307	12,203	146,768
Net dividend received from subsidiary	-	-	2,400,000	1,575,000
Advance to subsidiaries			(11,124,823)	(4,031,936)
Additional investment in a subsidiary	-	(6,500,000)	-	(6,500,000)
Purchase of property, plant and equipment	(36,829,940)	(14,619,707)	-	-
Purchase of land use rights	-	(574,430)	-	-
Proceeds from disposal of other investment	-	800,000	-	800,000
Proceeds from disposal of investment properties	1,020,000	380,000	-	-
Proceeds from disposal of investment in subsidiaries	1,755,909	-	1,755,909	-
Proceeds from disposal of property, plant and equipment	138,104	301,482	-	-
Net cash flows used in investing activities	(33,439,163)	(19,708,348)	(6,956,711)	(8,010,168)
Financing activities				
Net proceeds from/(repayment of) loans and borrowings	17,779,641	(4,706,720)	12,384,703	5,200,000
Dividends paid	(1,557,536)	(3,115,072)	(1,557,536)	(3,115,072)
Net cash flows generated from/ (used in) financing activities	16,222,105	(7,821,792)	10,827,167	2,084,928
Net decrease in cash and cash equivalents	(3,464,972)	(217,120)	(360,364)	(6,282,233)
Cash and cash equivalents at 1 December	34,165,822	34,382,942	2,166,969	8,449,202
Cash and cash equivalents at 30 November (Note 24)	30,700,850	34,165,822	1,806,605	2,166,969

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

notes TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2013

1. CORPORATE INFORMATION

Ajiya Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at Lot 153, Kawasan Perindustrian, Batu 3, Jalan Genuang, 85000 Segamat, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

2. BASIS OF PREPARATION

These financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia. (Refer to Note 4 for detailed information on how the Group and the Company adopted MFRS.)

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.3 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Foreign currencies translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(c) Group companies

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 December 2011 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1 December 2011, the date of transition to MFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods have passed to the customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the assets.

(d) Rental income

Rental income is recognised on the accrual basis in accordance with the substance of the relevant agreements.

3.6 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land : 60 to 66 years
Buildings : 50 years
Plant and machinery : 7 to 15 years
Other assets : 5 to 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties is in accordance with that for property, plant and equipment as described in Note 3.9.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.9 up to the date of change in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(b) As lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first out basis.

- Finished goods and work-in-progress: costs are direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash, bank balances, short-term deposits, trade receivables, other receivables, and other investments.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (""EIR""), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Available-for-sale financial investments

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale investments (cont'd)

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of MFRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(c) Financial liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

<u>Other financial liabilities</u>

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

<u>Financial guarantee contracts</u>

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Financial instruments (cont'd)

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 34.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4. FIRST-TIME ADOPTION OF MFRS

For periods up to and including the year ended 30 November 2012, the Group and the Company had previously prepared financial statements in accordance with Financial Reporting Standards ("FRS").

These financial statements are the first the Group and the Company have prepared in accordance with MFRS. Accordingly, the Group and the Company have prepared financial statements which comply with MFRS together with the comparative period data as at, and for the year ended, 30 November 2012, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 December 2011, being the date of transition to MFRS. This note explains the principal adjustments made by the Company in restating its FRS financial statements, including the statement of financial position as at 1 December 2011 and the financial statements as at and for the year ended 30 November 2011.

MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain MFRS and the Group has applied the following exemptions:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

(b) Property, plant and equipment

Property, plant and equipment were carried in the statements of financial position prepared in accordance with FRS on the cost basis. The Group continues to regard those values as cost at the date of the transition to MFRS.

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM521,913 (30 November 2012: RM521,913) were adjusted to retained earnings.

(d) Estimates

The estimates at 1 December 2011 and at 30 November 2012 were consistent with those made for the same dates in accordance with FRS and the estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 December 2011, the date of transaction to MFRS and as at 30 November 2012.

There are no adjustments arising from the transition to MFRS except as for those discussed in Note 4(c) above. Accordingly, notes related to the statements of financial position as at date of transition to MFRS are not presented.

No adjustment were required to be made to its previously published FRS statements of comprehensive income for the year ended 30 November 2012. Hence, a reconciliation of comprehensive income is not presented.

Reconciliation of equity as at 1 January 2011 (date of transition to MFRS)

	FRS as at 1 December 2011 RM	Remeasurements RM	MFRS as at 1 December 2011 RM
Assets			
Non-current assets			
Property, plant and equipment	132,807,059		132,807,059
Investment properties	5,562,079		5,562,079
Land use rights	4,672,302		4,672,302
Other investments	7,345,060		7,345,060
	150,386,500		150,386,500
Current assets			
Inventories	68,367,610		68,367,610
Trade and other receivables	99,450,072		99,450,072
Other current assets	500,075		500,075
Tax recoverable	1,162,396		1,162,396
Cash and bank balances	34,382,942		34,382,942
	203,863,095		203,863,095
Total assets	354,249,595		354,249,595

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 1 January 2011 (date of transition to MFRS) (cont'd)

	FRS as at 1 December 2011 RM	Remeasurements RM	MFRS as at 1 December 2011 RM
Equity and liabilities			
Current liabilities			
Loans and borrowings	17,785,638		17,785,638
Trade and other payables	54,682,614		54,682,614
Tax payable	545,648		545,648
	73,013,900		73,013,900
Net current assets	130,849,195		130,849,195
Non-current liabilities			
Deferred tax liabilities	9,343,349		9,343,349
Loans and borrowings	4,474,252		4,474,252
	13,817,601		13,817,601
Total liabilities	86,831,501		86,831,501
Net assets	267,418,094		267,418,094
Equity attributable to equity holders of the Company			
Share capital	69,223,821		69,223,821
Share premium	3,583,414		3,583,414
Foreign currency translation reserve	(521,913)	521,913	-
Other reserve	763,007		763,007
Retained earnings	141,660,771	(521,913)	141,138,858
	214,709,100		214,709,100
Non-controlling interest	52,708,994		52,708,994
Total equity	267,418,094		267,418,094
Total equity and liabilities	354,249,595		354,249,595

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 30 November 2012

	FRS as at 30 November 2012 RM	Remeasurements RM	MFRS as at 30 November 2012 RM
Assets			
Non-current assets			
Property, plant and equipment	140,588,646		140,588,646
Investment properties	5,255,835		5,255,835
Land use rights	3,787,581		3,787,581
Other investments	6,545,060		6,545,060
	156,177,122		156,177,122
Current assets			
Inventories	56,812,954		56,812,954
Trade and other receivables	110,260,985		110,260,985
Other current assets	470,309		470,309
Tax recoverable	803,253		803,253
Cash and bank balances	34,165,822		34,165,822
	202,513,323		202,513,323
Total assets	358,690,445		358,690,445
Equity and liabilities			
Current liabilities			
Loans and borrowings	12,006,043		12,006,043
Trade and other payables	49,779,768		49,779,768
Tax payable	1,480,538		1,480,538
	63,266,349		63,266,349
Net current assets	139,246,974		139,246,974
Non-current liabilities			
Deferred tax liabilities	10,237,880		10,237,880
Loans and borrowings	5,547,127		5,547,127
	15,785,007		15,785,007
Total liabilities	79,051,356		79,051,356
Net assets	279,639,089		279,639,089

4. FIRST-TIME ADOPTION OF MFRS (CONT'D)

Reconciliation of equity as at 30 November 2012 (cont'd)

	FRS as at 30 November 2012 RM	Remeasurements RM	MFRS as at 30 November 2012 RM
Equity attributable to equity holders of the Company			
Share capital	69,223,821		69,223,821
Share premium	3,583,414		3,583,414
Foreign currency translation reserve	(852,581)	521,913	(330,668)
Other reserve	728,997		728,997
Retained earnings	155,666,409	(521,913)	155,144,496
	228,350,060		228,350,060
Non-controlling interest	51,289,029		51,289,029
Total equity	279,639,089		279,639,089
Total equity and liabilities	358,690,445		358,690,445

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are listed below. The Group and the Company intend to adopt, where applicable, these standards, amendments and interpretations as and when they become effective:

(a) Effective for annual periods beginning on or after 1 January 2013

MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Government Loans)
MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)
MFRS 3	MFRS 3 Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 7	Amendments to MFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 11	Amendments to MFRS 11 Joint Arrangements (Transition Guidance)
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
MFRS 119	Employee Benefits

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

(a) Effective for annual periods beginning on or after 1 January 2013 (cont'd)

MFRS 127	Consolidated and Separate Financial Statements (Annual Improvements 2009 - 2011 Cycle
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
IC Int. 2	Amendments to IC Int. 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

(b) Effective for annual periods beginning on or after 1 January 2014

MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)
MFRS 127	Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

(c) Effective for annual periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as discussed below:

(a) MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2013)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and to the Company.

(b) MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

(c) MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when:

(i) the investor has power over an investee,

(ii) the investor has exposure, or rights, to variable returns from its involvement with the investee, and

(iii) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

(d) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measeurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. The Group and the Company are currently assessing the impact of adoption of MFRS 13.

(e) Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's and Company's financial position and performance.

(f) MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

6.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of plant and equipment

The cost of plant and machinery for the roofing, metal, safety glass manufacturing is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 7 and 15 years. These are plant and machinery common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 30 November 2013 is disclosed in Note 15.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

6.2 Estimates and assumptions (cont'd)

(b) Impairment of loans and receivables

The impairment loss on trade receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history on each receivables. If the financial conditions of the receivables of the Group were to deteriorate, additional provision may be required.

7. REVENUE

Revenue of the Group principally represents the invoiced value of goods sold after allowance for goods returned and trade discounts, excluding intra-group transactions.

Revenue of the Company represents dividend income.

8. COST OF SALES

Cost of sales represents cost of inventories sold.

9. FINANCE COST

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on:				
- bank interest	4,744	602	-	-
- loan interest	1,081,661	341,143	594,623	-
- revolving credit and bankers' acceptances	221,396	209,080	-	-
	1,307,801	550,825	594,623	-

10. PROFIT BEFORE TAX

The following items have been included in arriving profit before tax:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Employee benefits expense (Note 11)	39,857,164	32,777,202	-	-
Amortisation of land use rights	94,719	108,934	-	-
Auditors' remuneration				
- Auditors' of the Company				
- Statutory audit	109,000	114,000	18,000	18,000
- Other services	6,000	6,000	6,000	6,000
- Other auditors				
- Statutory audit	38,486	25,381	-	-
- Overprovision in prior year	(1,282)	(716)	-	-
Reversal of impairment loss on				
- Trade and other receivables	(110,584)	(184,094)	-	-
- Property, plant and equipment	(483,021)	-	-	-
Bad debts written off	88	84,324	-	-
Depreciation of				
- Property, plant and equipment (Note 15)	8,534,227	7,663,762	-	-
- Investment properties (Note 16)	65,112	75,844	-	-
Dividend income	(351,902)	-	(3,551,902)	(2,100,000)
Directors' remuneration (Note 12)	4,058,977	4,230,858	114,000	198,000
Fair value gain on other investments	(91,790)	-	-	-
Gain on disposal of property, plant and equipment	(53,833)	(518)	-	-
Gain on disposal of investment properties	(501,170)	(149,600)	-	-
Gain on disposal of investment in subsidiaries	(410,019)	-	(361,700)	-
Interest expense	1,307,801	550,825	594,623	-
Property, plant and equipment written off	41,359	80,011	-	-
Impairment loss on trade receivables	319,705	336,648	-	-
Realised gain on foreign exchange	(213,893)	(343,108)	-	-
Rental income	(321,212)	(332,933)	-	-
Rental expense	625,113	514,280	-	-

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013	2012
	RM	RM
Wages and salaries	32,257,479	26,221,995
Defined contribution plan	2,348,757	2,102,617
Social security contributions	301,123	256,558
Other staff related expenses	4,949,804	4,196,032
	39,857,164	32,777,202

12. DIRECTORS' REMUNERATION

The details of directors' remuneration during the year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments				
- current year	1,330,956	1,307,832	-	15,000
- prior year	(13,400)	126,020	-	-
Fees	54,000	53,000	19,000	18,000
	1,371,556	1,486,852	19,000	33,000
Non-executive:				
Other emoluments	201,600	276,600	-	75,000
Fees	95,000	90,000	95,000	90,000
	296,600	366,600	95,000	165,000
Total	1,668,156	1,853,452	114,000	198,000

12. DIRECTORS' REMUNERATION (CONT'D)

The details of directors' remuneration during the year are as follows: (cont'd)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other Directors of Subsidiaries				
Executive:				
Salaries and other emoluments				
- current year	2,232,957	1,949,078		
- prior year	27,464	278,728		
Fees	68,000	73,000		
	2,328,421	2,300,806		
Non-executive:				
Fees	62,400	76,600		
Total	2,390,821	2,377,406		
Grand total	4,058,977	4,230,858	114,000	198,000

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors 2013	Number of Directors 2012
Executive directors:		
RM1,300,001 - RM1,350,000	1	-
RM1,350,001 - RM1,400,000	-	-
RM1,400,001 - RM1,450,000	-	-
RM1,450,001 - RM1,500,000	-	1
Non-Executive directors:		
RM50,000 and below	4	4
RM200,000 - RM250,000	1	1

13. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 November 2013 and 2012 are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	8,027,383	6,718,761	800,198	525,000
(Over)/under provision in prior years	(160,091)	(478,561)	(18,497)	1,560
	7,867,292	6,240,200	781,701	526,560
Deferred income tax (Note 27):				
Relating to origination and reversal of temporary difference	490,574	722,918	-	-
(Over)/under provision in prior years	(432,760)	171,613	-	-
	57,814	894,531	-	-
	7,925,106	7,134,731	781,701	526,560

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 November 2013 and 2012 are as follows:

	2013 RM	2012 RM
Group		
Profit before tax	33,104,764	29,326,440
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	8,276,191	7,331,610
Different tax rates in other countries	(20,589)	63,068
Adjustments:		
Expenses not deductible for tax purposes	1,255,305	821,707
Income not subject to taxation	(253,312)	(325,674)
Effect of utilisation of reinvestment allowances	(739,638)	(449,032)
Over provision of income tax in prior years	(160,091)	(478,561)
(Over)/under provision of deferred tax in prior years	(432,760)	171,613
Income tax expense recognised in profit or loss	7,925,106	7,134,731

13. INCOME TAX EXPENSE

Reconciliation between tax expense and accounting profit (cont'd)

	2013 RM	2012 RM
Company		
Profit before tax	3,017,654	1,932,442
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	754,414	483,111
Adjustments:		
Expenses not deductible for tax purposes	45,784	41,889
(Over)/under provision of income tax in prior year	(18,497)	1,560
Income tax expense recognised in profit or loss	781,701	526,560

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

14. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 November:

	Group	
	2013	2012
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share	19,189,962	17,120,710
Weighted average number of ordinary shares for basic earnings per share computation	69,223,821	69,223,821
Basic earnings per share (sen)	27.72	24.73

Diluted earnings per share is equal to basic earnings per share as there are no potential dilutive ordinary shares as at 30 November 2013.

15. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM	Plant and machinery RM	# Other assets RM	Total RM
Group				
Cost				
At 1 December 2011	90,065,003	93,053,597	15,634,360	198,752,960
Additions	354,826	4,198,210	10,066,671	14,619,707
Disposals	-	(783,189)	(7,817)	(791,006)
Written off	-	-	(161,050)	(161,050)
Reclassification	-	(230,914)	230,914	-
Reclassification from land use rights (Note 17)	1,406,009	-	-	1,406,009
Exchange differences	(124,474)	-	(26,836)	(151,310)
At 30 November 2012 and 1 December 2012	91,701,364	96,237,704	25,736,242	213,675,310
Additions	6,228,607	11,565,594	19,035,739	36,829,940
Disposals	(57,841)	(112,290)	(312,857)	(482,988)
Disposals of subsidiaries	(3,615,067)	-	-	(3,615,067)
Written off	-	(262,109)	(123,255)	(385,364)
Reclassification to investment properties (Note 16)	17,397,154	-	(18,043,425)	(646,271)
Exchange differences	(137,573)	(117,226)	79,127	(175,672)
At 30 November 2013	111,516,644	107,311,673	26,371,571	245,199,888
Accumulated depreciation and impairment losses				
At 1 December 2011	7,312,414	48,928,388	9,705,099	65,945,901
Charge for the year (Note 10)	1,341,938	4,321,190	2,000,634	7,663,762
Disposals	-	(485,485)	(4,557)	(490,042)
Written off	-	-	(81,039)	(81,039)
Reclassification from land use rights (Note 17)	55,792	-	-	55,792
Exchange differences	-	(66,858)	59,148	(7,710)
At 30 November 2012 and 1 December 2012	8,710,144	52,697,235	11,679,285	73,086,664
Charge for the year (Note 10)	1,550,168	4,957,026	2,027,033	8,534,227
Disposals	(15,981)	(75,796)	(306,940)	(398,717)
Disposals of subsidiaries	(126,107)	-	-	(126,107)
Reversal of impairment loss	-	-	(483,021)	(483,021)
Written off	-	(231,188)	(112,817)	(344,005)
Exchange differences	(871)	552	(78)	(397)
At 30 November 2013	10,117,353	57,347,829	12,803,462	80,268,644
Net carrying amount				
At 30 November 2012	82,991,220	43,540,469	14,056,957	140,588,646
At 30 November 2013	101,399,291	49,963,844	13,568,109	164,931,244

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
Cost			
At 1 December 2011	60,550,353	29,514,650	90,065,003
Additions	145,846	208,980	354,826
Reclassification	2,223,608	(2,223,608)	-
Reclassification from land use rights	-	1,406,009	1,406,009
Exchange differences	(124,474)	-	(124,474)
At 30 November 2012 and 1 December 2012	62,795,333	28,906,031	91,701,364
Additions	6,228,607	-	6,228,607
Disposals	-	(57,841)	(57,841)
Disposals of subsidiaries	-	(3,615,067)	(3,615,067)
Reclassification	17,397,154	-	17,397,154
Exchange differences	(137,573)	-	(137,573)
At 30 November 2013	86,283,521	25,233,123	111,516,644
Accumulated depreciation and impairment losses			
At 1 December 2011	5,115,070	2,197,344	7,312,414
Charge for the year	895,606	446,332	1,341,938
Reclassification	(272,277)	(272,277)	-
Reclassification from land use right	-	(55,792)	(55,792)
At 30 November 2012 and 1 December 2012	5,738,399	2,971,745	8,710,144
Charge for the year	1,088,795	461,393	1,550,168
Disposals	-	(15,981)	(15,981)
Disposals of subsidiaries	-	(126,107)	(126,107)
Exchange differences	(871)	-	(871)
At 30 November 2013	6,826,303	3,291,050	10,117,353
Net carrying amount			
At 30 November 2012	57,056,934	25,934,286	82,991,220
At 30 November 2013	79,457,218	21,942,073	101,399,291

\# Other assets comprise tools, office equipment, furniture and fittings, signboards, forklift, motor vehicles, capital work-in-progress, computer and softwares

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as security

The property, plant and equipment with net book value amounting to RM121,431,703 (2012: RM77,560,703) are negatively pledged to a financial institution for bank borrowings as referred to in Note 25.

Assets under construction

Other property, plant and equipment of the Group include capital work-in-progress which comprises expenditures incurred for plant and machinery being installed and factory building in the course of construction amounting to RM7,235,983 (2012: RM8,687,222).

16. INVESTMENT PROPERTIES

	Group	
	2013	2012
	RM	RM
At beginning of year	6,008,710	6,296,710
Disposal	(749,506)	(288,000)
Reclassification from property, plant and equipment (Note 15)	646,271	-
At end of year	5,905,475	6,008,710
Accumulated depreciation		
At beginning of year	752,875	734,631
Depreciation (Note 10)	65,112	75,844
Disposal	(230,676)	(57,600)
At end of year	587,311	752,875
Net carrying amount	5,318,164	5,255,835

Fair value of the investment properties as at 30 November 2013 was RM9,079,421 (2012: RM11,945,131).

The investment properties with net book value amounting to RM4,479,724 are subject to negative pledge in relation to the bank borrowings as referred to in Note 25.

17. LAND USE RIGHTS

	Group 2013 RM	Group 2012 RM
Cost		
At beginning of year	4,547,375	5,378,954
Addition	-	574,430
Reclassification to property, plant and equipment (Note 15)	-	(1,406,009)
At end of year	4,547,375	4,547,375
Accumulated amortisation		
At beginning of year	759,794	706,652
Amortisation for the year (Note 10)	94,719	108,934
Reclassification to property, plant and equipment (Note 15)	-	(55,792)
At end of year	854,513	759,794
Net carrying amount	3,692,862	3,787,581

The land use rights with net book value amounting to RM3,585,500 (2012: RM3,787,581) are subject to negative pledge in relation to the bank borrowings as referred to in Note 25.

18. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost:		
- In Malaysia	27,671,074	29,209,493
- Outside Malaysia	5,421,000	5,421,000
	33,092,074	34,630,493
Less: Impairment losses	-	(144,210)
	33,092,074	34,486,283

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest held (%) 2013	2012
Asia Roofing Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of metal roll forming products	100	100
Ajiya Marketing Sdn. Bhd.	Malaysia	Dormant	-	100
ARI Utara Sdn. Bhd. *	Malaysia	Manufacturing and marketing of metal roll forming products	60	60
ABM Industries Sdn. Bhd. *	Malaysia	Investment holding	-	100
Ajiya Safety Glass Sdn. Bhd.	Malaysia	Manufacturing and trading of all kinds of glass	70	70
Ajiya STI Sdn. Bhd. *	Malaysia	To carry on business as manufacturers, commission agents, manufacturers' agents, contractors, sub-contractors and dealers in all types of metal products and building materials	60	60
Ajiya Metal Industries Sdn. Bhd. @*	Malaysia	Manufacturing of metal, zinc and aluminium products for roof building, ceiling, window and door frame and other similar products	100	100
ARI Timur (KB) Sdn. Bhd. @*	Malaysia	Manufacturing of metal, zinc and aluminium products for roof building, ceiling, building materials and other similar products	60	60
ASG Marketing Sdn. Bhd. #	Malaysia	Marketing and sales of safety glass and other glass related products	100	100
ASG Project Services Sdn. Bhd. #*	Malaysia	Dormant	-	100
Ajiya Glass Industries Sdn. Bhd. #*	Malaysia	Dormant	100	100

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest held (%) 2013	Equity interest held (%) 2012
Thai Ajiya Company Limited @*	Thailand	To provide, design and install metal sheet roofing and insulator materials	60	60
Thai Ajiya Safety Glass Pte Ltd *	Thailand	Processing & trading of all kinds of glasses related products	100	100
LTC Usaha Sdn. Bhd. *	Malaysia	Property holding	100	100

@ Equity interest held through Asia Roofing Industries Sdn. Bhd.
# Equity interest held through Ajiya Safety Glass Sdn. Bhd.
* Audited by firms of auditors other than Ernst & Young.

On 26 November 2013, the Company struck off 100% of its equity interest in ASG Project Services Sdn. Bhd. and Ajiya Marketing Sdn. Bhd. as they have been dormant and would not carry on any business in the future.

Acquisition of minority interests

During the last financial year, the Company acquired an additional 5% equity interest in Ajiya Safety Glass Sdn. Bhd. from its minority interests for a cash consideration of RM6,500,000. As a result of this acquisition, the Company owns 70% of Ajiya Safety Glass Sdn. Bhd. On the date of acquisition, the carrying value of the additional interest acquired was RM6,435,989. The difference between the consideration and carrying value of the interest acquired of RM34,010 is reflected in equity.

Disposal of subsidiary

On 14 November 2013, the Company completed the disposal of the entire equity interest in ABM Industries Sdn. Bhd. for a total consideration of RM1,755,909.

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Effects of disposal on financial position

The effects on the financial position of the Group upon disposal of a subsidiary were as follows:

	RM
Property, plant and equipment	3,488,960
Tax recoverable	1,021
Trade and other payables	(2,144,091)
Net assets disposed	1,345,890
Total disposal proceeds	(1,755,909)
Gain on disposal to the Group	(410,019)
Cash outflow arising from disposal:	
Cash consideration	1,755,909
Cash and bank balances of the subsidiary disposed	-
Net cash inflow to the Group	1,755,909

19. OTHER INVESTMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fair value through profit or loss				
Shares quoted in Malaysia	136,850	45,060	-	-
Trust funds	6,851,902	6,500,000	6,851,902	6,500,000
Total	6,988,752	6,545,060	6,851,902	6,500,000
Market value				
Shares quoted in Malaysia	136,850	95,461	-	-
Trust funds	6,836,902	6,593,967	6,836,902	6,593,967
	6,973,752	6,689,428	6,836,902	6,593,967

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be repayable within twelve months from the reporting date.

The amounts due to subsidiaries are unsecured, interest-free and are repayable upon demand.

21. INVENTORIES

	Group	
	2013	2012
	RM	RM
Cost:		
Raw materials	61,380,876	48,088,494
Work-in-progress	772,059	172,711
Finished goods	6,178,132	5,579,277
Properties held for sale	694,586	694,586
Inventories in transit - raw materials	5,320,388	2,277,886
	74,346,041	56,812,954

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade receivables				
Third parties	116,052,343	109,642,320	-	-
Less: Allowance for impairment	(6,067,937)	(6,022,898)	-	-
Trade receivables, net	109,984,406	103,619,422	-	-
Other receivables				
Advances	-	2,510,193	-	-
Sundry deposit	-	2,156,926	1,000	1,000
Other receivables	2,989,964	1,974,444	-	-
	2,989,964	6,641,563	1,000	1,000
	112,974,370	110,260,985	1,000	1,000
Total trade and other receivables	112,974,370	110,260,985	1,000	1,000
Add: Cash and bank balances (Note 24)	30,700,850	34,165,822	1,806,605	2,166,969
Total loans and receivables	143,675,220	144,426,807	1,807,605	2,167,969

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2012: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2013	**2012**
	RM	**RM**
Neither past due nor impaired	49,014,578	51,771,161
1 to 30 days past due not impaired	22,933,553	23,093,936
31 to 60 days past due not impaired	12,311,569	12,683,021
61 to 90 days past due not impaired	2,742,725	5,971,036
91 to 120 days past due not impaired	1,834,777	4,688,301
More than 121 days past due not impaired	21,147,204	5,408,720
	60,969,828	51,845,014
Impaired	6,067,937	6,026,145
	116,052,343	109,642,320

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM60,969,828 (2012: RM51,845,014) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Based on the past experience and no adverse information to date, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment is as follows:

	Group	
	2013	2012
	RM	RM
Trade receivables-nominal amounts	6,067,937	6,026,145
Less: Allowance for impairment	(6,067,937)	(6,022,898)
	-	3,247

Movement in allowance accounts:

	Group	
	2013	2012
	RM	RM
At 1 December	6,022,898	5,888,626
Charge for the year (Note 10)	319,705	336,648
Written off	(164,082)	(18,282)
Reversal of impairment loss (Note 10)	(110,584)	(184,094)
At 30 November	6,067,937	6,022,898

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Other receivables are non-interest bearing and are generally on 30 to 90 day (2012: 30 to 90 day) terms.

23. OTHER CURRENT ASSETS

	Group	
	2013	2012
	RM	RM
Prepaid operating expenses	478,724	470,309
Advances to suppliers of raw materials	1,377,265	-
	1,855,989	470,309

24. CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash at banks and on hand	18,102,963	18,167,012	36,247	18,159
Fixed deposits with licensed bank	12,597,887	15,998,810	1,770,358	2,148,810
Cash and bank balances	30,700,850	34,165,822	1,806,605	2,166,969

Included in fixed deposits of the Group in prior year was an amount of RM20,000 which was held in trust in the name of a director of a subsidiary.

Included in fixed deposits of the Group in prior year was an amount of RM99,555 which was pledged for the overdraft facilities from bank to a subsidiary.

The weighted average effective interest rates of deposits of the reporting date were as follows:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Deposits with licensed banks	1.95 - 2.35	2.10 - 2.40	1.95	2.20

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2013	2012	2013	2012
	Days	Days	Days	Days
Deposits with licensed banks	1 - 30	1 - 30	1	1

25. LOANS AND BORROWINGS

	Maturity	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current					
Unsecured:					
Term loans:					
- RM term loan I at 1% + COF	2014	2,221,157	2,813,386	2,221,157	2,813,386
- RM term loan II at 1% + COF	2014	992,938	951,598	-	-
- RM term loan III at 1.5% + COF	2014	720,000	-	-	-
Bankers' acceptances	2014	7,813,000	3,458,000	-	-
Revolving credit	2014	3,719,074	4,783,059	-	-
		15,466,169	12,006,043	2,221,157	2,813,386
Non-current					
Unsecured:					
Term loans:					
- RM term loan I at 1% + COF	2015-2020	15,363,546	2,386,614	15,363,546	2,386,614
- RM term loan II at 1% + COF	2015-2016	2,163,096	3,160,513	-	-
- RM term loan III at 1.5% + COF	2015-2018	2,340,000	-	-	-
		19,866,642	5,547,127	15,363,546	2,386,614
Total borrowings					
Term loans		23,800,737	9,312,111	17,584,703	5,200,000
Bankers' acceptances		7,813,000	3,458,000	-	-
Revolving credit		3,719,074	4,783,059	-	-
Total loans and borrowings		35,332,811	17,553,170	17,584,703	5,200,000

The remaining maturities of the loans and borrowings as at 30 November 2013 are as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
On demand or within one year	15,466,169	12,006,043	2,221,157	2,813,386
More than 1 year and less than 2 years	4,589,891	3,383,716	2,329,221	2,386,614
More than 2 years and less than 5 years	15,276,751	2,163,411	13,034,325	-
	35,332,811	17,553,170	17,584,703	5,200,000

25. LOANS AND BORROWINGS (CONT'D)

RM term loan I at 1% + COF

This term loan is secured by corporate guarantee provided by the Company.

RM term loan II at 1% + COF

This term loan is secured by a negative pledge of certain property, plant and equipment and land use rights of the borrower amounting to RM80,347,277 (2012: RM77,560,703) and corporate guarantee by the Company.

RM term loan III at 1.5% + COF

This term loan is secured by a negative pledge of certain property, plant and equipment and investment properties of the borrower amounting to RM49,149,650 and corporate guarantee by the Company.

3.50% - 3.53% (2012: 3.15% - 4.00%) floating rate bankers' acceptances

Bankers' acceptances of the Group are secured by a corporate guarantee by the Company.

4.55% floating rate revolving credit

Revolving credit of the Group is secured by a negative pledge of certain property, plant and equipment and land use rights of the borrower amounting to RM80,347,277 (2012: RM77,560,703) and corporate guarantee by the Company.

* COF : Cost of Funds

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables				
Third parties	32,702,345	29,125,578	-	-
Other payables				
Amount due to directors	29,149	16,650	-	-
Accruals	11,044,768	8,764,532	140,564	134,564
Sundry payables	7,146,548	11,873,008	-	3,300,000
	18,220,465	20,654,190	140,564	3,434,564
	50,922,810	49,779,768	140,564	3,434,564
Total trade and other payables	50,922,810	49,779,768	140,564	3,434,564
Add: Loans and borrowings (Note 25)	35,332,811	17,553,170	17,584,703	5,200,000
Total financial liabilities carried at amortised cost	86,255,621	67,332,938	17,725,267	8,634,564

26. TRADE AND OTHER PAYABLES

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2012: 30 to 60 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2012: average term of 3 months).

(c) Amount due to directors

The amount due to directors is unsecured, non-interest bearing and is repayable upon demand.

27. DEFERRED TAX

	Group	
	2013	**2012**
	RM	**RM**
At beginning of year	10,237,880	9,343,349
Recognised in the profit or loss (Note 13)	57,814	894,531
At end of year	10,295,694	10,237,880
Presented after appropriate offsetting as follows:		
Deferred tax assets	(726,000)	(679,000)
Deferred tax liabilities	11,021,694	10,916,880
	10,295,694	10,237,880

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Deferred tax liabilities	***Deferred tax assets***		
	Accelerated capital allowances	**Foreign exchange difference**	**Provision**	**Total**
	RM	**RM**	**RM**	**RM**
Group				
At 1 December 2011	9,957,349	(27,000)	(587,000)	9,343,349
Recognised in profit or loss	959,531	-	(65,000)	894,531
At 30 November 2012 and 1 December 2012	10,916,880	(27,000)	(652,000)	10,237,880
Recognised in profit or loss	104,814	-	(47,000)	57,814
At 30 November 2013	11,021,694	(27,000)	(699,000)	10,295,694

28. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	69,223,821	69,223,821	69,223,821	69,223,821

The holder of ordinary shares is entitled to reserve dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

29. RESERVES

	Group	
	2013 RM	2012 RM
Share premium:		
At 1 December/30 November	3,583,414	3,583,414
Foreign currency translation reserve:		
At 1 December	(330,668)	-
Other comprehensive income		
Foreign currency translation	(943,375)	(330,668)
At 30 November	(1,274,043)	(330,668)
Other reserve:		
At 1 December	728,997	763,007
Transaction with owners		
Acquisition of minority interest	-	(34,010)
At 30 November	728,997	728,997

29. RESERVES (CONT'D)

The nature and purpose of each category of reserve are as follows:

(a) Share premium

The share premium which is non-distributable represents the premium arising from the issue of shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Other reserve

The other reserve is used to record the difference between the consideration paid for equity interest acquired from the Group's minority interests and carrying value of the interest acquired.

30. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system").

However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 November 2013 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

31. DIVIDENDS

	Group and Company	
	2013	2012
	RM	RM
Recognised during the financial year:		
Final dividend for 2012:		
3% less 25% taxation on 69,223,821 ordinary shares (2.25 sen per ordinary share)	1,557,536	-
Final dividend for 2011:		
6% less 25% taxation on 69,223,821 ordinary shares (4.5 sen per ordinary share)	-	3,115,072
	1,557,536	3,115,072
Proposed but not recognised as a liability as at 30 November:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final dividend for 2013:		
3% on 69,223,821 ordinary shares (3.00 sen per ordinary share)	2,076,715	-
Final dividend for 2012:		
3% less 25% taxation on 69,223,821 ordinary shares (2.25 sen per ordinary share)	-	1,557,536
	2,076,715	1,557,536

At the forthcoming Annual General Meeting, a single tier final dividend of 3% in respect of the current financial year ended 30 November 2013 on 69,223,821 ordinary shares, amounting to a total dividend payable of RM2,076,715 (3.00 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 November 2014.

32. COMMITMENTS

(a) Capital commitments

	Group 2013 RM	Group 2012 RM
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	2,038,000	3,832,875
Approved but not contracted for:		
- Property, plant and equipment	502,000	-
	2,540,000	3,832,875

(b) Operating lease commitments - as lessee

The Group has entered into non cancellable operating lease arrangements for the use of land and buildings. These leases have an average life of between 1 to 5 years with renewal options included in the contracts. Certain contracts include clause to enable upward revision of the rental charge upon renewal of the contracts based on the prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases.

The future minimum lease payments payable under operating lease contracted for as at the reporting date but not recognised as liabilities, are as follows:

	Group 2013 RM	Group 2012 RM
Future minimum rental payable:		
Not later than 1 year	122,040	134,679
Later than 1 year and not later than 5 years	101,020	147,775
	223,060	282,454

32. COMMITMENTS (CONT'D)

(c) Operating lease commitments - as lessor

The Group has entered into non cancellable operating lease arrangements on its investment properties portfolio. These leases have an average life of between 3 to 5 years. Certain contracts include clause to enable upward revision of the rental charge upon renewal of the contracts based on the prevailing market conditions.

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2013	2012
	RM	RM
Future minimum rental receivables:		
Not later than 1 year	156,350	190,150
Later than 1 year and not later than 5 years	13,800	73,475
	170,150	263,625

33. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at term agreed between parties during the financial year:

	Group	
	2013	2012
	RM	RM
Group		
Related party:*		
Rental paid to a company in which a director has substantial interest, Jin Sing Sdn. Bhd.	36,000	36,000
Company		
Gross dividend received from subsidiary	3,200,000	2,100,000

* A director of the Company, Yeo Ann Seck, has direct interest in this company and is a director of this company.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors as disclosed in Note 12.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Carrying amount		Fair value	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Company				
Financial assets:				
Amount due from subsidiaries (Note 20)	65,020,810	46,598,533	*	*

* The amount owing from subsidiaries is not expected to be repaid within the next twelve months and is repayable only when the cash flows of the borrowers permit. Accordingly, the fair values of these balances are not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably. However, the Company does not anticipate the carrying amount recorded at the reporting date to be significantly different from the values that would eventually be received.

(b) Determination of fair value

<u>Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value</u>

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	26
Loans and borrowings (current)	25
Loans and borrowings (non-current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Determination of fair value (cont'd)

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Group Level 1 RM	Company Level 1 RM
As at 30 November 2013		
Assets measured at fair value		
Fair value through profit or loss	6,988,752	6,851,902
As at 30 November 2012		
Assets measured at fair value		
Fair value through profit or loss	6,545,060	6,500,000

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM17,748,108 (2012: RM22,016,889) relating to a corporate guarantee provided by the Company to several banks for its subsidiaries' bank loans and borrowings.

Credit risk concentration profile

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions, and other investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 22.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2013		
	Within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	50,922,810	-	50,922,810
Loans and borrowings	15,466,169	19,866,642	35,332,811
Total undiscounted financial liabilities	66,388,979	19,866,642	86,255,621
Company			
Financial liabilities:			
Amounts due to subsidiaries	13,802,938	-	13,802,938
Other payables	140,564	-	140,564
Loans and borrowings	2,221,157	15,363,546	17,584,703
Total undiscounted financial liabilities	16,164,659	15,363,546	31,528,205

	2012		
	Within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	49,779,768	-	49,779,768
Loans and borrowings	12,006,043	5,547,127	17,553,170
Total undiscounted financial liabilities	61,785,811	5,547,127	67,332,938
Company			
Financial liabilities:			
Amounts due to subsidiaries	6,505,484	-	6,505,484
Trade and other payables	3,434,564	-	3,434,564
Loans and borrowings	2,813,386	2,386,614	5,200,000
Total undiscounted financial liabilities	12,753,434	2,386,614	15,140,048

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that at the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing debt. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or repurchase agreements which yield better returns than cash at bank. The Group does not use derivative financial instruments to hedge interest rate risk.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group and the Company's profit net of tax would have been approximately RM12,605 and RM11,861 (2012: RM10,288 and RM5,721) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Euro ("EUR"), Singapore Dollars ("SGD") and Swiss Franc ("CHF"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The following tables demonstrates the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the USD, SGD, EUR and CHF exchange rates against the functional currency of the Group, with all other variables held constant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign exchange risk (cont'd)

		2013 RM	2012 RM
Group			
USD/RM	- strengthened 3%	(265,516)	(70,034)
	- weakened 3%	265,516	70,034
SGD/RM	- strengthened 3%	53,771	84,172
	- weakened 3%	(53,771)	(84,172)
EUR/RM	- strengthened 3%	(16,166)	(208)
	- weakened 3%	16,166	208
CHF/RM	- strengthened 3%	(19)	(1,452)
	- weakened 3%	19	1,452

36. SEGMENT INFORMATION

The Group is principally involved in the manufacture and supply of materials used in the construction and related industries in Malaysia.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 November 2013 and 30 November 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

37. CAPITAL MANAGEMENT (CONT'D)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Loans and borrowings	25	35,332,811	17,553,170	17,584,703	5,200,000
Trade and other payables	26	50,922,810	49,779,768	140,564	3,434,564
Amount due to subsidiaries	20	-	-	13,802,938	6,505,484
Less: - Cash and bank balances	24	(30,700,850)	(34,165,822)	(1,806,605)	(2,166,969)
Net debt		55,554,771	33,167,116	29,721,600	12,973,079
Total capital		302,323,358	279,639,089	75,351,762	74,673,345
Capital and net debt		357,878,129	312,806,205	105,073,362	87,646,424
Gearing ratio		16%	11%	28%	15%

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 November 2013 were authorised for issue in accordance with a resolution of the directors on

39. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REALISED AND UNREALISED PROFITS AND LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 30 November 2013 into realised and unrealised profits and losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of Ajiya Berhad and its subsidiaries				
- Realised	259,392,670	240,132,018	2,544,527	1,866,110
- Unrealised	(9,568,569)	(12,253,838)	-	-
	249,824,101	227,878,180	2,544,527	1,866,110
Less: Consolidated adjustments	(77,047,179)	(72,733,684)	-	-
Retained earnings as per financial statements	172,776,922	155,144,496	2,544,527	1,866,110

statement OF SHAREHOLDINGS

As at 21 February 2014

A	**Authorised capital**	:	**RM500,000,000**
	Issued and fully paid-up capital	:	**RM69,223,821**
	Class of shares	:	**Ordinary Shares of RM1.00 each**
	Voting rights	:	**One vote per RM1.00 share**

B ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares Held	Percentage of Holdings
Less than 100	14	283	0
100 to 1,000	170	137,834	0.20
1,001 to 10,000	1,192	4,872,400	7.04
10,001 to 100,000	320	9,739,600	14.07
100,001 to less than 5% of issued shares	45	23,961,000	34.61
5% and above of issued shares	4	30,512,704	44.08
TOTAL	**1,745**	**69,223,821**	**100.00**

C THIRTY LARGEST SHAREHOLDERS

	Name of shareholders	Number of shares	Percentage of shares
1.	Chan Wah Kiang	12,382,305	17.89
2.	Yeo Ann Seck	10,981,986	15.86
3.	Avia Kapital Sdn Bhd	7,743,913	11.19
4.	Lee Koh Meng	3,107,955	4.49
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd	2,290,000	3.31
6.	HLB Nominees (Tempatan) Sdn Bhd	2,265,100	3.27
7.	Citigroup Nominees (Asing) Sdn Bhd	1,937,200	2.80
8.	Lum Fong Har	1,363,505	1.97
9.	Cimsec Nominees (Tempatan) Sdn Bhd	1,251,700	1.81
10.	Loo Kok Seong	1,111,200	1.61
11.	Lee Koing @ Lee Kim Sin	1,000,266	1.44
12.	Teo Kwee Hock	990,600	1.43
13.	M-Ocean Holdings Sdn Bhd	972,736	1.41
14.	Wong Lok Jee @ Ong Lok Jee	830,000	1.20
15.	Cartaban Nominees (Tempatan) Sdn Bhd	700,000	1.01
16.	Lim Khuan Eng	700,000	1.01
17.	Yeo Khee Huat	623,000	0.90
18.	Neoh Choo Ee & Company, Sdn. Berhad	610,000	0.88
19.	JF Apex Nominees (Tempatan) Sdn Bhd	546,200	0.79

statement OF SHAREHOLDINGS

As at 21 February 2014

C THIRTY LARGEST SHAREHOLDERS (cont'd)

	Name of shareholders	Number of shares	Percentage of shares
20.	Amsec Nominees (Tempatan) Sdn Bhd	506,800	0.73
21.	Maybank Nominess (Tempatan) Sdn Bhd	430,550	0.62
22.	Public Nominees (Tempatan) Sdn Bhd	380,100	0.55
23.	First Look Corporation Sdn Bhd	334,700	0.48
24.	Chern Teik Leong	311,000	0.45
25.	Lee Kim Keok	295,600	0.43
26.	HDM Nominees (Asing) Sdn Bhd	278,000	0.40
27.	RHB Nominees (Tempatan) Sdn Bhd	273,200	0.39
28.	Public Invest Nominees (Tempatan) Sdn Bhd	271,200	0.39
29.	HLIB Nominees (Tempatan) Sdn Bhd	215,400	0.31
30.	Tan Tuan Phin	210,300	0.30

D SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

		No. of Shares Held			
	Name	Direct	%	Indirect/ Deemed	%
1.	Chan Wah Kiang#	12,382,305	17.89	7,743,913*	11.19
2.	Yeo Ann Seck#	10,981,986	15.86	-	-
3.	Avia Kapital Sdn Bhd	7,743,913	11.19	-	-

E DIRECTORS' INTEREST

		Number of Shares Held	
	Name	Direct	Indirect/ Deemed
1.	Chan Wah Kiang#	12,382,305	7,743,913*
2.	Yeo Ann Seck#	10,981,986	-
3.	Dato' Dr Mohd Aminuddin Bin Mohd Rouse	-	-
4.	Tan Seng Kee	-	-
5.	Dato' Theng Book	-	-
6.	Low Peak Yih	-	-

Note:

* Deemed interest through his shareholdings in Avia Kapital Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

Chan Wah Kiang and Yeo Ann Seck by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

list of top 10 PROPERTIES OWNED BY THE GROUP

Based on Net Book Value as at 30 November 2013

Location	Description And Existing Use	Tenure (Expiry Date)	Age of Building	Land Area (acre)	Built-up Area (acre)	Net Book Value ('000)	Date of Acquisition
700/608 & 700/609, Moo 7, Amata Nakorn Industrial Estate, T.Donhualoh A.Muang., Chonburi 20000, Thailand	Industrial land with factory building	Freehold	1 year	5.62	3.15	22,064	19-10-2010
Lot 575, 1 km Lebuhraya, Segamat-Kuantan, 85000 Segamat, Johor	Industrial land with factory building	Freehold	15 years	6.65	4.59	13,504	07-03-1995
Plot 248 (a), Lengkok Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang	Industrial land with factory building	60 years Leasehold (expiry : 01-05-2068)	4 years	1.56	0.96	8,386	25-09-2008
6, Jalan PPU 3, Taman Perindustrian Puchong, Utama, 47100 Puchong, Selangor	Industrial land with factory building	Freehold	11 years	3.30	2.29	7,978	01-03-2000
No. 4, Jalan Sungai Pelubung 32/149, Seksyen 32, 40460 Shah Alam, Selangor	Industrial land with factory building	Freehold	5 years	1.57	0.80	6,898	27-02-2002
No. 2 & 5, Jalan Sungai Pelubung, Seksyen 32, 40460 Shah Alam, Selangor	Factory building	Freehold	5 years	1.15	0.90	6,909	30-11-2008
Lot 7025, Jalan Kempas Lama, Seelong Jaya, 81400 Senai, Johor	Industrial land with factory building	Freehold	7 years	3.00	1.03	5,242	29-08-2006
Lot 28, Taman Perindustrian Bukit Makmur, 08000 Sungai Petani, Kedah	Industrial land with factory building	Freehold	9 years	3.08	0.49	5,636	24-04-1997
GM 324, Lot 7068, Mukim Tebrau, Johor	Industrial land	Freehold	n/a	3.21	n/a	4,137	18-09-2012
Lot 1268, Block 8, Jalan Bako, Demak Laut Industrial Estate IV, 93050 Kuching, Sarawak	Industrial land with factory building	60 years Leasehold (expiry : 22-08-2066)	3 years	4.38	0.91	3,199	04-07-2011

notice OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 25 April 2014 at 11.30 a.m for the following purposes: -

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 November 2013 together with the Reports of the Directors and Auditors thereon. **Refer To Explanatory Note A**

2. To approve the payment of a single tier first and final dividend of 3% for the financial year ended 30 November 2013. **Resolution 1**

3. To approve the payment of Directors' fees. **Resolution 2**

4. To re-elect the following Directors who retiring in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election:-

(a)	Mr. Chan Wah Kiang	–	Article 80	**Resolution 3**
(b)	Mr. Yeo Ann Seck	–	Article 80	**Resolution 4**
(c)	Ms. Low Peak Yih	–	Article 80	**Resolution 5**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Ordinary Resolution:-

ORDINARY RESOLUTION 1

CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR **Resolution 7**

"THAT authority be and is hereby given to Mr. Tan Seng Kee to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012" **Refer To Explanatory Note B**

ORDINARY RESOLUTION 2

CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR **Resolution 8**

"THAT authority be and is hereby given to Dato' Theng Book to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012" **Refer To Explanatory Note B**

notice OF EIGHTEENTH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 3
AUTHORITY TO ALLOT SHARES **Resolution 9**

"**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issue pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighteenth Annual General Meeting, the single tier First and Final Dividend of 3% in respect of the financial year ended 30 November 2013 will be payable on 6 June 2014 to Depositors registered in the Record of Depositors at the close of business on 22 May 2014.

A Depositor shall qualify for entitlement only in respect of:-

a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 22 May 2014 in respect of transfer; and
b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHONG WUI KOON (f) MAICSA NO. 7012363
CHIN NGEOK MUI (f) MAICSA NO. 7003178
LEONG SIEW FOONG (f) MAICSA NO. 7007572

Company Secretaries
Johor Bahru
Dated: 26 March 2014

notice OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTES

1. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company There shall be no restriction as to the qualification of the proxy.*

2. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorized nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

3. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.*

4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

Resolution No. 9

The proposed resolution No. 9 if passed, is primarily to given flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

EXPLANATORY NOTES ON ORDINARY BUSINESSES:

Note A
This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 dose not require a formal approval of the shareholders and hence is not put forward for voting.

Note B
Mr. Tan Seng Kee and Dato' Theng Book are Independent Directors of the Company who have served the Company for more than nine years.

Following the assessment by the Nomination Committee and the Board is of the view that the long service Independent Directors namely, Mr Tan Seng Kee and Dato' Theng Book, remain objective and independent in expressing their views and participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. To that, the Board recommends Mr. Tan Seng Kee and Dato' Theng Book to continue their office as Independent Directors.

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form OF PROXY

AJIYA
AJIYA BERHAD
377627-W

I/We, ______________________________ (NRIC No. ______________________)
of ______________________________ being a member/members of AJIYA BERHAD,
hereby appoint *(1)Mr/Ms ______________________________ (NRIC No. ______________________)
of ______________________________ or failing whom, ______________________
(NRIC No. ______________________) of ______________________________
(the next name and address should be completed where it is desired to appoint two proxies.)
*(2)Mr/Ms ______________________________ (NRIC No. ______________________)
of ______________________________ or failing whom, ______________________
(NRIC No. ______________________) of ______________________________.
as *my/our *proxy/proxies to vote for *me/us and *my/our behalf at the Eighteenth Annual General Meeting to be held at VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 25 April 2014 at 11.30 a.m and at any adjournment thereof.

No of Shares held :	

The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) ______________________% Second Proxy (2) ______________________%

	RESOLUTION	FOR	AGAINST
1.	To approve the payment of single tier First and Final Dividend of 3% for the financial year ended 30 November 2013.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Mr. Chan Wah Kiang as Director.		
4.	To re-elect Mr. Yeo Ann Seck as Director.		
5.	To re-elect Ms. Low Peak Yih as Director.		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
7.	To approve the continuation of terms of office of Mr. Tan Seng Kee as Independent Director.		
8.	To approve the continuation of terms of office of Dato' Theng Book as Independent Director.		
9.	To authorise the allotment of shares pursuant to Section 132D.		

Please indicate with (x) how you wish your vote to be casted. If no specific instruction as to voting is given, the proxy may vote as he thinks fit.

As witness my hand this ______________________ day of ______________________ 2014.

____
Signatures of Shareholder(s)

____
Common Seal of Shareholder
(if the appointer is a corporation)

NOTES

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company There shall be no restriction as to the qualification of the proxy.
2. Where a member of the company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorized nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the company standing to the credit of the said Securities Account.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

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Affix Stamp

SYMPHONY CORPORATEHOUSE SDN BHD (476777-A)
Suite 6.1A, Level 6,
Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor

Fold Here

corporate DIRECTORY

"Together Everyone Achieves More"

AJIYA BERHAD
Lot 153, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor

Subsidiary Companies

* Malaysian Companies			* Oversea Companies
Asia Roofing Industries Sdn Bhd **Corporate Head Office & Factory** Lot 153, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor Tel : 607-943 4211 Fax : 607-943 1054 Website : www.ajiya.com E-mail : enquiry@ajiya.com	***ARI Utara Sdn Bhd*** Lot 28, Taman Perindustrian Bukit Makmur, 08000 Sungai Petani, Kedah Tel : 604-442 2899 Fax : 604-442 2799 E-mail : enquiry@ajiya.com	***Ajiya Safety Glass Sdn Bhd*** **Corporate Head Office & Factory** Lot 575, 1 KM Lebuh Raya Segamat-Kuantan, 85000 Segamat, Johor Tel : 607-931 3133 Fax : 607-931 3142 Website : www.ajiya.com E-mail : enquiry@ajiya.com	***Thai Ajiya Co. Ltd.*** **Factory I** Unit C3, 19/40 Moo/10 Pahonyothin Road, Klong I Klong-luang, Pathumthani, 12120 Thailand Tel : 662-520 4047 Fax : 662-520 4050
Factory II Lot 142, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor Tel : 607-943 4212 Fax : 607-943 5191	***ARI Timur (KB) Sdn Bhd*** Lot 1306, Kawasan Perindustrian Pengkalan Chepa II, 16100 Kota Bharu, Kelantan Tel : 609-774 5946 Fax : 609-774 6946 E-mail : enquiry@ajiya.com	**Marketing Head Office & Factory** No. 6, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Tel : 603-8062 3939 Fax : 603-8062 1113 E-mail : asgm@ajiya.com	***Thai Ajiya Co. Ltd.*** **Factory II** 700/608, Moo.7, Amata Nakorn Industrial Estate, T.Donhualoh A.Muang, Chonburi 20000 Thailand Tel : 663-819 3253 Fax : 663-819 3254
Factory III Lot 152, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor Tel : 607-943 4211 Fax : 607-943 1054	***Ajiya STI Sdn Bhd*** No.4, Jalan Sungai Pelubung 32/149, Seksyen 32, 40460 Shah Alam, Selangor Tel : 603-5121 0011 Fax : 603-5121 0111 E-mail : asti@ajiya.com	**Southern Office & Factory** Lot 7025, Jalan Kempas Lama, Seelong Jaya, 81400 Senai, Johor Tel : 607-599 1733 Fax : 607-599 2733	***Thai Ajiya Safety Glass Co.Ltd.*** 700/609, Moo.7, Amata Nakorn Industrial Estate, T.Donhualoh A.Muang, Chonburi 20000 Thailand Tel : 663-819 3240 Fax : 663-819 3242
Marketing Head Office & Factory No.4, Jalan Sungai Pelubung 32/149, Seksyen 32, 40460 Shah Alam, Selangor Tel : 603-5121 0011 Fax : 603-5121 0111 E-mail : aripcg_mkt@ajiya.com	***Ajiya Metal Industries Sdn Bhd*** Lot 153, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor Tel : 607-943 4211 Fax : 607-943 1054	**Northern Office & Factory** Plot 248(a), Lengkok Perindustrian Bkt Minyak 16, Kawasan Perindustrian Bkt Minyak, 14100 Bukit Mertajam, Pulau Pinang Tel : 604-508 8777 Fax : 604-507 1115	
Southern Marketing Office & Factory Lot 7025, Jalan Kempas Lama, Seelong Jaya, 81400 Senai, Johor Tel : 607-599 3733 Fax : 607-599 5733		**East Malaysia Sarawak Office & Factory** Lot 1268, Block 8, Jalan Bako, Demak Laut Industrial Estate Phase IV, 93050 Kuching, Sarawak Tel : 082-432 688 Fax : 082-433 686	
Mentakab Marketing Office & Factory No. 60, Jalan Industri Temerloh, Taman Perindustrian Temerloh, 28400 Mentakab, Pahang Tel : 609-270 1313 Fax : 609-270 1311		***ASG Marketing Sdn Bhd*** No. 6, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Tel : 603-8062 3939 Fax : 603-8062 1113 E-mail : asgmkt@ajiya.com	

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