AJIYA

AJIYA BERHAD

377627-W

**TRANSFORMATION TODAY,
BETTER TOMORROW**

This year saw the Group embarked on technological and technical breakthrough in building industry. This is evidenced by the Group's innovation into the genesis of Ajiya Green Integrated Building System (AGiBS).

We believe that our steadfast commitment to provide the construction industry a value-added industridised building system will reinforce our position in the building industry and sustain our growth momentum and transforming the Group for a better tomorrow.

22nd ANNUAL GENERAL MEETING 2018

11:30 a.m.

27th April 2018

VIP Hotel,
Batu 1, Jalan Buloh Kasap,
85000 Segamat, Johor.

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BOARD OF DIRECTORS
Chairman
Dato' Dr Mohd Aminuddin bin Mohd Rouse
Independent Non-Executive Chairman

Managing Director
Dato' 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

RISK MANAGEMENT COMMITTEE
Dato' Dr Mohd Aminuddin bin Mohd Rouse - *Chairman*
Mr. Tan Seng Kee
Dato' Theng Book

SECRETARIES
Ms.Chong Wui Koon
(MAICSA 7012363)
Ms. Leong Siew Foong
(MAICSA 7007572)
Pn Zarina Binti Ahmad
(LS 0009964)

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Symphony Share Registrars Sdn Bhd
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Pusat Dagangan Dana 1
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Chartered Accountants
Suite 11-2, Level 11
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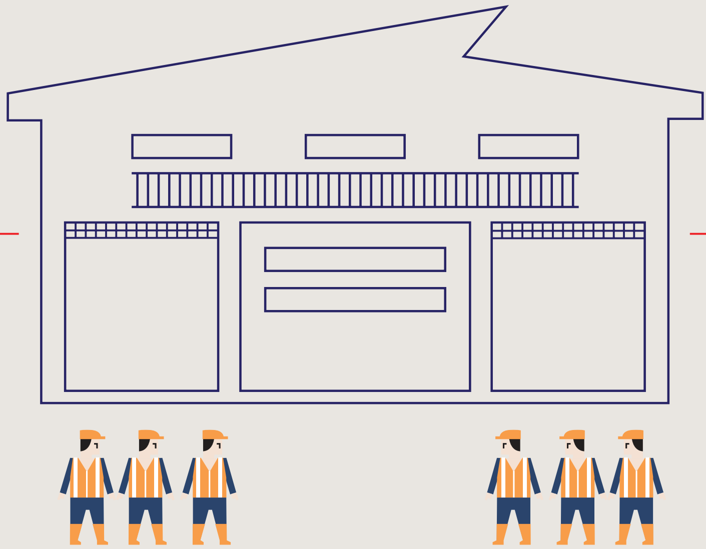
Jalan Kuning Taman Pelangi
80400 Johor Bahru, Johor

PRINCIPAL BANKERS
AmIslamic Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE
Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Code : 7609
Stock Name : AJIYA

WEBSITE
www.ajiya.com

CORPORATE STRUCTURE



AJIYA

AJIYA BERHAD

377627-W

MALAYSIA COMPANIES

METAL BASE

Asia Roofing Industries Sdn Bhd [203219-U]

ARI Utara Sdn Bhd [273092-U]

ARI Timur (KB) Sdn Bhd [714587-K]

Ajiya STI Sdn Bhd [578448-D]

ARITEQ Eco Sdn Bhd [44323-M]

GLASS BASE

Ajiya Safety Glass Sdn Bhd [366389-A]

ASG Marketing Sdn Bhd [418751-A]

LTC Usaha Sdn Bhd [920343-T]

OVERSEAS COMPANIES

METAL BASE

Thai Ajiya Co.,Ltd [0135550038136]

GLASS BASE

Thai Ajiya Safety Glass Co.,Ltd.
[0105553123550]

ABOUT US

Ajiya Berhad ("Ajiya") and its group of companies ("the Group") started as a metal roll forming company in 1990 using the brand name "AJIYA"

In 1996, the Group ventured into production of high value-added safety glass products. Ajiya focus on building products for construction industry from industrial and commercial buildings to common residential houses.

Over 27 years since its establishment, Ajiya has expanded its geographical strategic locations from Segamat, Johor to Northern, Southern, Central and Eastern regions of Malaysia. In response to growing competition, Ajiya had, in 2007 established its overseas presence in Thailand. To date, Ajiya has a network of 19 factories or warehouses with offices throughout Malaysia and Thailand.

Ajiya was listed on the Second Board of Bursa Malaysia Securities in 1996 and in 2003, was transferred to the Main Market.

Since its inception in 1990, Ajiya had committed to creating long-term shareholders' value by delivering sustainable and profitable growth. Our corporate journey over the past years has been quite an adventure, some time smooth sailing, other time stormy. Each challenge was a lesson learnt and each success a reason for celebration.

Supported by its extensive network of factories across Malaysia, comprehensive range of innovative products, quality services, continuous improvements and prompt delivery, Ajiya commits to ensures consistency and customer satisfaction.

ABOUT US

AJIYA METAL GROUP

Ajiya has established itself as one of the leading manufacturers in metal roll forming products under the brand name "AJIYA". The Ajiya Metal Group comprises the following companies:-

- Asia Roofing Industries Sdn Bhd
- ARI Utara Sdn Bhd
- ARI Timur (KB) Sdn Bhd
- Ariteq Eco Sdn Bhd
- Ajiya STI Sdn Bhd
- Thai Ajiya Co., Ltd. (Thailand)

The Metal Group under Asia Roofing Industries Sdn Bhd, commenced operations in 1990, manufacturing top quality long length metal tiles, industrial metal roofing sheets and wall claddings. Over the years, it has expanded its mainstream products to metal frame products, structural products, architectural products, lightweight channel products and Ajiya Green Integrated Building System developed largely by its in-house Product Development and Process Improvement team.

Ajiya's products are renowned for its aesthetic design, quality control, ensuring quality products and services to our customers. Our products are manufactured under stringent quality management system. We had been accredited by SIRIM the MS ISO9002:1994 since 1996, updated to ISO9001:2008 in 2009 and continued our quality commitment with the latest ISO 9001:2015 in 2017.

Ajiya are ready supplier of components and integrated Industrial Building System (IBS), certified by the Construction Industry Development Board (CIDB). We are also granted by JKR as an official System Provider for Pre-fabricated Cold Formed Steel Roof Trusses in Malaysia. Our Composite Wall Panel Partition System is also certified by the Malaysian Fire and Rescue Department for two-hour fire resistance. In Jan 2017, we were recognised by CIDB as a "Pusat Latihan Bertauliah IBS" for IBS Metal Structure Framing System.

Ajiya is committed to constantly striving for innovation and providing quality products to stay at the forefront of the market.

AJIYA GLASS GROUP

Ajiya diversified into safety glass processing business in 1996 through the setting up of Ajiya Safety Glass Sdn Bhd, under the brand name "AJIYA". The Ajiya Glass Group comprises the following companies:-

- Ajiya Safety Glass Sdn Bhd
- Thai Ajiya Safety Glass Co., Ltd.

In the earlier days, the Glass Group produced Tempered and Laminated Glass and later broadened to include Insulating Glass, Decorative Ceramic Coated Glass, Security and Energy Saving Safety Glass; These products are widely used in industrial, commercial, recreational, office, residential building as well as furniture and white goods. Our energy saving safety glass is particularly popular with developers, architects, engineers, planners, designers, contractors, green consultants and end users.

Ajiya believes quality is an essence for success. The group obtained BS EN ISO9002:1994 accreditation in 1998, updated to ISO9001:2000 in 2002, and ISO9001:2008 in 2010. In 2016, we obtained Product Certification Licence for Tempered Safety Glass and Laminated Safety Glass in Building fully complying to MS1498:2011. Our Thai Ajiya Safety Glass Co., Ltd, was certified with SGS ISO 9001:2008 in 2013.

Driven by strategic planning, passion and commitment, the Glass Group has expanded aggressively. As at today, Ajiya Safety Glass is one of the largest safety glass processor in South East Asia.

Ajiya Safety Glass is a founding member of Malaysia Green Building Confederation (MGBC), an organisation in Malaysia endorsed and supported by WGBC (World Green Building Council), Ajiya will continue to spearhead the development of green building components for a sustainable built environment in Malaysia.

GROUP CORPORATE MILESTONES SINCE 1990

1990
Incorporation of Asia Roofing Industries Sdn Bhd (ARI) on 24th August 1990.

1991
- Setting up of ARI sales & marketing office in Cheras, KL. (1991-2002)
- Commencement of ARI factory operation at rented premises Lot 28, Segamat, Johor.

1993
Acquisition of ARITEQ Eco Sdn Bhd on 10th June 1993.

1994
Setting up of ARI sales & marketing office in Johor Jaya, Johor. (1994-2006)

1995
- Commencement of ARI plant at Lot 153, Segamat, Johor, its present corporate head office and main factory.
- Incorporation of Ajiya Safety Glass Sdn Bhd (ASG) on 8th November 1995.
- Acquisition of ARI Utara Sdn Bhd (ARIU) on 14th December 1995.

1996
- Incorporation of Ajiya Berhad on 14th February 1996.
- Setting up of ARI sales & marketing office in Seberang Perai, Pulau Pinang. (1996-2004)
- ASG plant commenced operation at Lot 575, Segamat, Johor, its present corporate head office and main factory.
- ARI was awarded MS ISO 9002:1994.
- Ajiya Berhad was listed on the 2nd Board of the Bursa Malaysia Securities Berhad (then known as the Kuala Lumpur Stock Exchange) on 20th December 1996.

1997
- ASG produced its first insulated and laminated glass.
- Incorporation of ASG Marketing Sdn Bhd on 27th January 1997.

1998
ASG was certified BS EN ISO 9002:1994.

2000
Establishment of ARI factory at Lot 142, Segamat, Johor.

2001
Establishment of ARI factory at Lot 152, Segamat, Johor.

2002
- Commencement of ASG factory at Puchong, Selangor, its present marketing head office and factory.
- Commencement of ARI factory at Puchong, Selangor. (2002-2008)
- Establishment of ARI factory at Lot 29, Segamat, Johor.
- Incorporation of Ajiya STI Sdn Bhd (ASTI) on 26th April 2002.
- ASTI started its business at Cheras, KL.
- ASTI moved to Puchong, Selangor.
- ASG was awarded MS ISO 9001:2000.
- ASG was awarded the "Golden Client" by Pengarah Kastam Negeri Johor.

2003
Transfer listing of Ajiya Berhad from 2nd Board to the Main Board of the Bursa Malaysia Securities Berhad (then known as Kuala Lumpur Stock Exchange) on 1st December 2003.

2004
Establishment of ARIU plant in Sungai Petani, Kedah.

2005
- Incorporation of ARI Timur (KB) Sdn Bhd (ARIKB) on 10th November 2005.
- Establishment of ARIKB plant in Kota Bahru, Kelantan.

2006
- Setting up of ARIU sales & marketing office in Sungai Petani, Kedah.
- Establishment of ARIU sales & marketing office in Ipoh, Perak.
- Establishment of ARI plant in Senai, Johor. (2006-2014)

2007
Incorporation of Thai Ajiya Co. Ltd (TAC) on 23th November 2007.

2008
- TAC factory I commenced operation at rented premise in Pathumthani, Thailand.
- Establishment of ARI factory in Bukit Kemuning, Selangor, its present marketing head office and factory.
- Establishment of ASG warehouse in Bukit Kemuning, Selangor.

2009
- Establishment of ASG plant in Bukit Minyak, Pulau Pinang.
- Ajiya Berhad was elected the Industry Confederation Partner of the Malaysia Green Building Confederation (MGBC).
- ARI updated its quality commitment to ISO 9001:2008

2010
- Incorporation of Thai Ajiya Safety Glass Co. Ltd (TASG) on 2nd October 2010.
- ASG updated its quality commitment to ISO 9001:2008

2011
- Establishment of ASG plant in Kuching, Sarawak.
- Establishment of ARI factory at rented premise in Mentakab, Pahang.

GROUP CORPORATE MILESTONE

2013

- Establishment of TAC factory II in Chonburi, Thailand.
- Establishment of TASG factory in Chonburi, Thailand.
- TASG was awarded ISO 9001:2008.

2014

- Establishment of ASG warehouse in Buloh Kasap Segamat, Johor.
- Establishment of ARI factory in Jalan Seelong, Mukim Tebrau, Johor
- ARITEQ Eco Sdn Bhd was awarded the certificate of appreciation, being the highest sales tax payee in Segamat, Johor

2015

- ARIU was awarded the ISO 9001:2008 certification.
- ARIKB granted by JKR as truss system provider.
- ARIU's "Composite Wall Panel Partition System" was certified by Jabatan Bomba Dan Penyelamat Malaysia for 2 hours fire resistance.
- ARIU was certified by CIDB as an IBS Status Company that manufactures the following IBS components:-
  i) Lightweight Frame Building
  ii) Metal Roof Trusses
- ASG was awarded the best EPF contributor by the Kumpulan Wang Simpanan Segamat, Johor.
- Ajiya 25th years celebration with Golf Tournament and Gala Dinner.
- Completed a Private Placement corporate exercise of up to 6,922,300 new ordinary shares of RM1.00 each in Ajiya, representing approximately 10% of the total issued and paid-up capital of the Company.

2016

- ARIT was certified by CIDB as an IBS Status Company that manufactures "Lightweight Roof Trusses" IBS components.
- Completed Ajiya Share Split of 1 existing ordinary share of RM1.00 each into 4 ordinary shares of RM0.25 each on 9 August 2016 following the listing of and quotation for 304,584,484 Subdivided Shares on the Main Market of Bursa Securities.
- Bonus issue of 1 warrant for every 2 subdivided shares, completed on 1 September 2016.
- ARI was awarded as the best EPF contributor by the Kumpulan Wang Simpanan Segamat, Johor.
- Signing of MOU with Malaysia Green Building Confederation and Universiti Kebangsaan to collaborate towards the marketing and organising of MGBC-PAM Architectural Design Competition 2016.
- Signing of MOU with Indonesia PT. Baja Bahana Utama to collaborate and work together to explore potential business opportunities in Indonesia for the manufacturing and sales of Ajiya metal rollformed products, more specifically Ajiya Green Intergrated Building System.
- MOU with IMAG Development & Construction Sdn Bhd to collaborate, secure and implement the project awarded by Prima Corporation Malaysia ("PRIMA"), using Ajiya Green Integrated Building System ("AGiBS") for this Project.
- Signing of MOU with YKGI Holdings Berhad with the intention of establishing a long-term strategic business partnership between both companies in East Malaysia. The partnership shall synergise and optimise both parties' manufacturing resources.
- Signing of Notes of Understanding with Politeknik Port Dickson, in line with the development of a friendly academic collaboration in developing programmes for the purpose of establishing a beneficial association.
- ASG was accredited Product Certification Licence for our products, namely Tempered Safety Glass in Building and Laminated Safety Glass in Building, in complying with MS 1498:2011.

2017

- ARI was recognised by CIDB as "Pusat Latihan Bertauliah Installer IBS Installer" for IBS Metal Structure Framing System.
- ARI further updated its quality commitment to ISO 9001:2015.
- ARI's "Composite Floor Slab System" was certified by Jabatan Bomba Dan Penyelamat Malaysia for 2 hours fire resistance.
- ARI's "Mega Rib 30 PU Metal" was certified by Jabatan Bomba Dan Penyelamat Malaysia for fire resistance Class 'O'.
- ASG was certified by CIDB as an IBS Status Company manufacturing the Tempered Safety Glass in Building and Laminated Safety Glass in Building.
- Signing of MOU with SPNB with the intention of establishing a strategic alliance and enter into a collaborative agreement between both parties to implement Ajiya Green Integrated Building System (AGiBS) in the development of housing projects under SPNB Group.
- Signing of Strategic Collaboration with Politeknik Melaka, for the establishment of an academic collaboration on program and activities based on Industrialised Building System (IBS) concept.
- Signing of MOU between ARIU and Ascension Technology Sdn Bhd, with the intention to promote affordable housing in Malaysia by using innovative construction technique.

EVENTS HIGHLIGHTS 2017

DECEMBER 2016

* Sponsorship to Roadshow-ProDEx 2016 held in TARUC, KL

MARCH 2017

* Annual Gathering in Segamat, Johor, a yearly event to celebrate with all employees in a joyful moment.

* Annual Gathering in Kota Bahru, Kelantan.

APRIL 2017

* Staff Training in Kota Bharu.

* Annual General Meeting.

MAY 2017

* Program Pencegahan Advokasi 2017 conducted by Pertubuhan Keselamatan Sosial Segamat

* Dato' Chan was invited as speaker for seminar "Internationalisation Imperative for Sustainable Business Growth" for Help University Master of Entrepreneurship Programme.

* Ajiya Cycling Team participated in the Run Ride, Tangkak and Bekok, Johor.

EVENTS HIGHLIGHTS 2017

JULY 2017

* Staff discussion and presentation during Performance Workshop "Making A Difference".

* Signing of MOU with SPNB to implement Ajiya Green Integrated Building System (AGiBS) in the development of housing projects under SPNB Group.

AUGUST 2017

* Customers visited Ajiya factory.

* Donation to "TARCian Run 2017". Employees actively participated in the event.

* Representative from Politeknik Melaka, lead by En Anuar bin Nordin visited Ajiya factory to discuss on AGiBS training collaboration.

* Team Building workshop

EVENTS HIGHLIGHTS 2017

SEPTEMBER 2017

* Sponsorship to "Dato Theng Book Badminton Cup Malaysia Media Badminton Tournament 2017". Ajiya staff actively participated in the competition.

* Training workshop on AGiBS for SPNB personnel was gracefully officiated by Y Bhg. Datuk Hj Mohamed Hasnan Bin Che Hussin, the Chairman of SPNB Mesra Sdn Bhd.

OCTOBER 2017

* Souvenir presentation to Dato' Chan Wah Kiang as motivational speaker at the "Kem Kepimpinan Pelajar SMJK Malaysia".

* Students from Tunku Abdul Rahman University College visited to Ajiya factory, in conjunction with the TAA Leadership Camp 2017.

* Emergency Response Training conducted by Bomba to equip employees the basic methods in the event of emergency.

EVENTS HIGHLIGHTS 2017

OCTOBER 2017

* AGiBS training workshop provided to fixer, contractor and installer.

NOVEMBER 2017

* Director of Politeknik Melaka, Tn. Hj. Abdul Aziz bin Abu Bakar and the team visited the AGiBS site after the Strategy Collabration signing ceremony.

* A workshop with CIDB on "Pembangunan Manual Latihan Industri Bagi Trade IBS Light Weight Steel Framing System Bagi Program Latihan Kemahiran Installer IBS".

NOVEMBER 2017

* Training workshop on " Enhancing Communication and Working Together".

* Job Fair conducted at TARUC KL.

* Employees are encouraged to participate in blood donation organized by government hospital and local communities.

* Ajiya participated in Myanbuid Exhibition 2017 held in Myanmar.

MEDIA HIGHLIGHTS 2017

Public Private Cover Story MALAYSIA SME P&P 04 OCTOBER 20 - NOVEMBER 10, 2017

Ajiya seeks greener pastures

Public-listed metal and safety glass maker seeks to acquire or merge with relevant SME players

"We started as a small components manufacturer. As we grew, we could see that competition would set in at certain periodical cycles. It is cyclical. Whatever products you produce, sooner or later competition kicks in, or similar products and substitutes surface." —Chan

"Everybody has to awaken. Technological evolution is here and we just have to adapt and change, otherwise we will be out" —Chan

SPNB to start pilot project using Agibs by year-end

Ajiya wants to expand partnership with SPNB

IBS solution to be adopted for two Felda housing projects

Homes for settlers: Mohamed Hasnan says 150 units will be built in two Felda housing projects.

国家房屋采用AGIBS 登嘉楼建可负担屋

安吉雅扩大培训至学院

Ajiya engages learning institutions to spur IBS adoption

by RAHIMI YUNUS

(from left) SPNB Mesra Sdn Bhd CEO Wan Azlan Wan Ab, Ajiya's Lee and SPNB's Mohamed Hasnan at the workshop in Shah Alam. SPNB will be using AGIBS in the construction of housing projects, namely Rumah Aspirasi Rakyat, Rumah Idaman Rakyat and Rumah Generasi Kedua Felda

安吉雅致力发展AGIBS

5 年内成核心业务

2022年贡献60%营收

国内IBS发展潜力大

MEDIA HIGHLIGHTS 2017

Klinik Desa Kampung Jawa which was completed in 21 days.

Klinik Desa Kampung Jawa under construction.

AJIYA'S BUILDING SOLUTION

Save time with AGIBS system

KHAIRUL ASHRAF KAMMED

INNOVATION and use of new technology in the local construction sector has grown by leaps and bounds and this has boosted the housing industry, especially in the affordable housing segment.

Safety glass and metal roll manufacturer Ajiya Bhd has developed a building solution called Ajiya Green Integrated Building Solutions (AGIBS), which can be used to build affordable houses at a low cost and quick turnaround time.

This solution is suitable for developers undertaking affordable housing projects for the government at a very low margin.

The margin for affordable-housing projects is usually between eight and 10 per cent, while it is in the mid-teens onwards for medium- to high-end projects.

AGIBS had made it possible to build houses three times faster than the conventional construction method, said Ajiya Bhd group managing director Datuk Chan Wah Kiang.

"Traditionally, it would take about 24 months for a project to be completed, but by using AGIBS, it could be done in just eight months," he said, adding that the cost to construct a house could be reduced with economies of scale.

The AGIBS system comprises eight series of housing components - lightweight steel wall framing with wet wall system, metal door and window frames, composite floor decking, metal ceilings, sunshades, lightweight truss system, metal roofing, and safety glass with aluminium sash.

The components can be used to design and manufacture steel frames for the residential and also light commercial markets.

Chan said these components, which would soon be patented with the Intellectual Property Corp of Malaysia, were a total housing solution for developers to build affordable houses.

Besides the company's maiden project in Gua Musang, Kelantan, that was completed in less than a year in 2014, a few other projects that used Ajiya's building components were also completed in a short period of time.

These include Klinik Desa Kampung Jawa in Shah Alam, which took only 21 days to construct, Kuarters & Klinik Desa Sungai Serai in Rawang, (17 days), and three units of light-industry factories in Puchong (10 weeks).

Chan pointed out that these projects used the AGIBS load-bearing steel-framed wall system, which was filled with cement mortar or concrete.

The wall frame is lined with a layer of riblath (steel mesh) on each side. The riblath acts as loss formwork to retain concrete or mortar. The wall is then finished with sand-cement plastering.

Chan said the metal frames were mainly made of Zincalume and Truscore - two different top-notch steels that were effective against corrosion, were termite proof and would not shrink or twist over time.

These materials are produced by Australian manufacturer Bluescope Steel.

What made the AGIBS wall system unique was that the dependency on heavy machinery could be reduced because the steel frames were lightweight in nature and could be assembled using air tool, the heavy machine only came in when filling the wall frames with cement, Chan added.

"The advantage of using AGIBS wall is the speedy construction and early completion of the superstructure (walls). It is also impact resistant, cool, has low sound transmission and is water resistant."

"If you look at the site, it is not messy and not much debris can be seen because you don't need to cut anything as everything is predetermined like Lego (toys). The beauty is, it is commercially viable, fast and requires very little manpower," he said.

Workers erecting the steel frame wall for Klinik Desa Kampung Jawa.

"Traditionally, it would take about 24 months for a project to be completed, but by using AGIBS, it could be done in just eight months."

DATUK CHAN WAH KIANG
Group managing director, Ajiya Bhd

Ajiya has always been a glass sheet manufacturer before venturing into making other building components.

The completed house in Kuala Terengganu which benefited from AGIBS components.

A double storey hybrid house in Kuala Terengganu which uses AGIBS Wall for its second floor.

AFFORDABLE HOUSING PROJECTS

SPNB to adopt Ajiya IBS to speed up construction

可負擔房不乏需求
國家房屋公司：買家難借貸

SPNB partners Ajiya for Green Integrated Building Solutions

By S. PUSPADEVI
puspa@thestar.com.my

KUALA LUMPUR: Syarikat Perumahan Negara Bhd (SPNB) has signed a memorandum of understanding (MoU) with Ajiya Bhd to adopt the latter's Green Integrated Building Solutions (AGIBS).

Under the agreement, Ajiya will supply its patented AGIBS for about 20,000 homes to be developed by SPNB under the Felda New Generation Housing Project.

SPNB is a wholly-owned unit of Ministry of Finance Inc under the Finance Ministry.

SPNB group chief executive officer Datuk Ahmad Azizi Ali said the project, with a gross development value of RM2.8bil, would kick off in Terengganu.

AGIBS is a patented Industrialised Building System (IBS) that provides the construction industry with sustainable and fully-integrated building solutions to overcome manpower constraint, shorten construction time and reduce operating costs.

"By implementing IBS in our project, we can speed up the construction period from 24 months to eight months, have a more sustainable environment and better product quality," he told reporters after the MoU signing ceremony.

Ahmad said SPNB had been tasked to build 100,000 homes for the civil servants under the government subsidised house ownership programme.

According to Ajiya's filings with Bursa Malaysia, the AGIBS will be used for affordable housing projects, namely Rumah Aspirasi Rakyat, Rumah Idaman Rakyat and Rumah Generasi Baharu Felda.

Also, Ajiya will appoint and/or engage SPNB Exlar Sdn Bhd as its exclusive supplier for building material in respect of the housing projects.

Meanwhile, Ajiya managing director Datuk Chan Wah Kiang said AGIBS has its advantages and building affordable homes with the IBS is the trend going forward.

"AGIBS emphasise safety at construction site, it does not use heavy machinery and use more skilled labour compared to the traditional method of building homes," said Chan.

While the MoU is effective for one year, Chan noted that the company hoped to conclude the deal as soon as possible.

In terms of revenue contribution, Chan said the company would possibly derive about RM20,000 to RM30,000 per unit into its topline.

He explained that the system comprised four to eight series of housing components – light weight metal wall frames, metal roofing and awning, metal light weight roof trusses, metal doors and window frames and metal structural floor decking, among others.

Chan said the company aimed to provide the system to more affordable homes built by developers in the private and public sector.

THE BUSY WEEKLY

Vol.440

AJIYA

安吉雅的綠色建築革命

COVER STORY

吃10年閉桝 安吉雅AGIBS掀革命

AJIYA

COVER STORY

積極佈署拓展 未有成果

持有大马建筑发展局（CIDB）IBS生产执照的大马上市公司

预制混凝土 (Precast Concrete)

模板 (Formwork)

金属框架 (Metal Framing)

砌块 (Blockwork)

创新系统 (Innovative)

創新技術受青睞 6類IBS各自扎根

現金充沛 攻守兼備

AJIYA AGIBS 8大组件

AWARDS AND CERTIFICATIONS 2017

PROFILE OF DIRECTORS

DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

-

Independent Non-Executive Chairman
Aged 72, Malaysian, Male

-

Dato' Dr Mohd Aminuddin was first appointed to the Board on 27-9-1996 and redesigned as Independent Non-Executive Chairman on 17-01-2012. He is the Chairman of Risk Management Committee.

He is also 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.

Currently, Dato' Dr Mohd Aminuddin is a director of Star Publication (Malaysia) Berhad, Tanco Holdings Berhad, Karambunai Corp Bhd, ManagePay Systems Bhd and Trustgate Berhad.

Dato' Dr Mohd Aminuddin attended all the five board meetings held during the financial year ended 30 November 2017.

DATO' CHAN WAH KIANG

-

Managing Director
Aged 59, Malaysian, Male

-

Dato' 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.

Dato' Chan also holds directorship within the Ajiya Group and several other private limited companies. He is a substantial shareholder of the Company through his direct and deem interest in the Company.

Dato' Chan attended all the five board meetings held during the financial year ended 30 November 2017.

PROFILE OF DIRECTORS

DATO' THENG BOOK

-

Independent Non-Executive Director
Aged 58, Malaysian, Male

-

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, Nomination Committee and Risk Management 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.

Dato' Theng attended all the five board meetings held during the financial year ended 30 November 2017.

LOW PEAK YIH

-

Independent Non-Executive Director
Aged 42, Malaysian, Female

-

Ms Low was appointed to the Board on 12-2-2009.

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.

Ms Low attended all the five board meetings held during the financial year ended 30 November 2017.

TAN SENG KEE

-

Senior Independent Non-Executive Director
Aged 61, Malaysian, Male

-

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 and Risk Management Committee.

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

Mr Tan attended all the five board meetings held during the financial year ended 30 November 2017.

YEO ANN SECK

-

Non-Executive Director
Aged 62, Malaysian, Male

-

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.

Mr Yeo attended all the five board meetings held during the financial year ended 30 November 2017.

Note :
Save as disclosed above, none of the Directors have,
• any family relationship with any other Director and/or major shareholders of the Company.
• any conviction of offences (other than traffic offences) within the past 5 years.
• any public sanction or penalty imposed on them by the relevant regulatory bodies.
• any conflict of interest with the Company other than the Recurrent Related Party Transaction disclosed in this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

LEE BOON FIE
Senior Executive Director
Asia Roofing Industries Sdn Bhd
Aged 59, Malaysian, Male

Mr. Lee was appointed as Director of Asia Roofing Industries Sdn Bhd ("Asia Roofing") on 01-11-2000. He has more than 20 years of experiences in building materials industries particularly metal roll formed products. He started his marketing career with Harrisons & Crosfield (M) Sdn Bhd holding a senior position, he then move to become Regional Manager of Ipmuda Selatan Sdn Bhd before he joined Asia Roofing in 1996. He is responsible for the overall marketing and business performance of Ajiya metal group of companies.

TEE SING HUAT
Executive Director
ARI Utara Sdn Bhd
Aged 46, Malaysian, Male

Mr Tee obtained a Bachelor of Development Science (Hons) from National University of Malaysia (UKM). In 1996, he started his career in Asia Roofing holding senior sales position. With the experience garnered from the manufacturing industry, he was appointed as Director of ARI Utara Sdn Bhd ("ARI Utara") on 01-12-2004. He is responsible for the overall business operation of ARI Utara. He is also overseeing several divisions in East Region.

SIM CHEE LIANG
Executive Director
Ajiya Safety Glass Sdn Bhd
Aged 45, Malaysian, Male

Mr. Sim obtained a Diploma in Business Administration from TAFE College in 1993. He started his career with MSG Glazing Sdn Bhd in 1993; and later Prime Granite (M) Sdn Bhd before he joined Ajiya Safety Glass Sdn Bhd ("Ajiya Safety Glass") in 1999. Mr. Sim was appointed the Director of Ajiya Safety Glass on 15-08-2011. He is currently heading the Project Division of Sales & Marketing Department and East Malaysia. He is also overseeing several divisions in head quarter Segamat and export sales to Singapore.

KONG CHEUN KOK
Executive Director
Ajiya Safety Glass Sdn Bhd
Aged 45, Malaysian, Male

Mr. Kong obtained a Diploma in Business Administration from HELP College in 1993. He had worked in several different industries before joining Ajiya Safety Glass in 2000. He was appointed as Director of Ajiya Safety Glass on 15-08-2011. He is currently heading the Route Sales Division of Sales & Marketing Department. He is also overseeing several divisions of several branches.

CHIN SIEW FOO
Executive Director (Sales & Marketing)
Ajiya Safety Glass Sdn Bhd
Aged 56, Malaysian, Male

Mr. Chin graduated from Federal Institute of Technology with a Diploma in Civil Engineering in 1983 and Chartered Institute of Marketing, UK in 1996. He had worked in several building industries for over 20 years before he joined Ajiya Safety Glass in 2007. He was appointed as Executive Director (Sales & Marketing Division) of Ajiya Safety Glass on 01-04-2014. With his vast experience in overseas exposure, Mr. Chin also heading the Export Sales Division and Business Development overseas.

Note
Save and disclosed, none of the Key Senior Management has :-

- any directorship in public companies and/or listed issuers.
- any family relationship with any other Director and/or major shareholders of the Company.
- any conviction of offences (other than traffic offences,) within the past 5 years.
- any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.
- any conflict of interest with the Company.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Ajiya Berhad, I take great pleasure in presenting the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 30 November 2017 ("FY2017").

Dato' Dr Mohd Aminuddin Bin Mohd Rouse
Chairman

"STEADY PERFORMANCE DELIVERING VALUABLE SHAREHOLDERS' RETURNS"

CHAIRMAN'S STATEMENT

INTRODUCTION

On behalf of the Board of Directors of Ajiya Berhad, I take great pleasure in presenting the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 30 November 2017 ("FY2017"). I look forward to 2018 and beyond with a greater degree of optimism than I have had for some years.

BUSINESS ENVIRONMENT

The global economy in 2017 maintained its growth momentum, carried forward from the preceding quarters. The IMF, in its world economic outlook, forecasts a global growth rate of 3.6 percent and 3.7 percent for 2017 and 2018 respectively. Global trade activities are progressively strengthening, underpinned by a faster and a more broad-based growth in the advanced economies of US, Eurozone, and Japan. Growth in these regions is fuelled by private consumption, business investment, and external demand in their respective economies. The emerging economies of China, India, South Korea, and ASEAN nations during this period also contributed positively to the global growth forecast.

On the domestic front, Malaysia's economy grew at a fast pace of 5.9% in the fourth quarter of 2017, propelled by both continued domestic demand and improved external growth. Services and manufacturing sectors were key drivers for economic growth. The growth outlook is expected to be anchored by private consumption and sustained by improved labour market conditions, coupled with the Government's relentless efforts in stimulating the economy. The supportive macro-environment shall augur well for Ajiya's prospects in the years to come.

The business conditions for the manufacturing sector have improved in the second half of 2017, according to a survey conducted by the Federation of Malaysian Manufacturers ("FMM") and the Malaysian Institute of Economic Research ("MIER"). This is on the back of an increase in local sales and production volume, with easing production cost pressure. The manufacturing sector accounts for 22.8% of the GDP and is estimated to grow by 5.5% in 2018. Exports and domestic demand will continue driving growth going forward.

Work-in-progress of existing building projects continue to drive the construction sector to achieve an expected 7.6% annual growth for 2017. Construction projects worth RM350 billion are expected to come onstream, as announced in the Malaysian Budget 2018. The Group sees the importance of addressing the issue of affordable housing through Industrialised Building System ("IBS") to disrupt the current construction methodology while setting a new standard in modular construction in Malaysia. This is evident in the Government's measures and multiple initiatives, as outlined in Budget 2018 towards building more affordable housing, which will enhance the prospects of construction sector to create an enabling environment and ecosystem.

CHAIRMAN'S STATEMENT

STRATEGIC REVIEW

Over the course of 2017, we saw weak market conditions and stiff competition in the construction sector, in which it affected demand for the Group's products. It was an increasingly competitive and tough market environment, where traditional revenue streams were threatened, beset further by global economic challenges.

We have confidently responded with a well-defined strategy that we believe will create new sources of growth as we continue to deliver the fundamentals on which our businesses are built on. Taking stock of the good, durable progress that we have made within this climate, the Board of Directors is pleased to share that Ajiya has recorded steady financial and operational performance for the year.

Some of the initiatives that the Group has undertaken to diversify its revenue stream include the Memorandum of Understanding ("MOU") with Syarikat Perumahan Negara Berhad ("SPNB") to adopt Ajiya Green Integrated Building System ("AGiBS") for the development of housing projects under SPNB Group. This was indeed a significant milestone for the Group, as AGiBS is expected to be the Group's organic growth engine. AGiBS is a patented Industrialised Building System ("IBS") that provides the construction industry with sustainable and fully-integrated building solutions to overcome manpower constraint, shorten construction time, and reduce operating costs. It comprises 8 series of housing components, namely Ajiya Light Weight Metal Wall Frames, Ajiya Metal Roofing Products, ARIT Truss System/Components, AriteQ Ceiling Products, AriteQ Sunshade/Louvre Products, Ajiya Safety Glass & Sash, Ajiya Metal Frame Products and Ajiya Composite Floor Decking Products.

Our business in the next 5 to 10 years may be very different to what it is today. We are aware that competition in our traditional business divisions, namely the Metal and Glass businesses have been intensifying over the past few years. There is also disruption in our industry as more new players entered this industry. This is why, since 2015, the Group has embarked on AGiBS, with the intention to become the very first One-Stop manufacturer that can provide affordable and sustainable integrated building solutions for the community in Malaysia and Southeast Asia.

We strongly believe that housing is a global economic driver, and a sustainable solution to provide affordable housing is imperative. While there has been a plethora of opinions relating to this issue, most will agree that the key problem is the mismatch in demand and supply in the market. This matches well with the One Stop Centre that Ajiya is envisioning to be, with the integration of integrated building systems ("IBS") to address the most pressing issue faced by the industry – manpower shortage. Besides overcoming manpower constraints, AGiBS can also cut down the construction time and reduce operating costs, all of which contribute to a better supply of affordable houses.

Besides that, we have also officiated a training workshop focused on the adoption of AGiBS in September 2017. Personnel who attend the workshop will be briefed on the assembly, fabrication, and installation of AGiBS, which comes as part of CIDB's Steel Structure Erection & Fabrication Level 1 (STF1) Workshop.

CHAIRMAN'S STATEMENT

The training centre where the workshop is held, is certified by the Construction Industry Development Board ("CIDB") as a 'Pusat Latihan Bertauliah Kontraktor', which indicates that Ajiya has the necessary qualifications to train contractors.

This augurs well with the Group's intention to not only supply the system, but also provide educational and technical support from the 'upstream' – to increase well-trained and highly skilled personnel of Ajiya, and thus increase the adoption rate of AGiBS.

In addition, this collective effort by Ajiya and CIDB will contribute to the Construction Industry Transformation Programme 2016 – 2020 ("CITP"), which has a primary objective of transforming the construction industry to be highly productive, environmentally sustainable, on par with globally competitive players, while implementing high safety and quality standards. We have also extended this training workshop to Politeknik Port Dickson, Politeknik Melaka and other higher learning institution.

FINANCIAL PERFORMANCE

In view of the market uncertainties in the business environment, the Group recorded a muted performance in FY2017, with a revenue of RM370.9 million, a decrease of 6.2% as compared to a revenue of RM395.5 million last year. The decrease in revenue is mainly due to weak market conditions and stiff competitions in the construction sector, which affected the demand for the Group's product.

The Group also registered a profit before tax of RM18.7 million as compared to RM24.1 million, a decrease of 22.4% as compared to the previous corresponding year. The decrease was mainly due to a dip in margin of certain products and the provision for doubtful debts and obsolete stocks.

Nevertheless, the Group's balance sheet remains healthy with a net cash position of RM75.4 million, on the back of borrowings of RM6.5 million.

FUTURE PROSPECTS

In the year under review, we have launched a series of strategic and operational initiatives under our corporate agenda of perform, transform, and innovate. Some of these will make a positive contribution to our performance in FY2018, and we are confident that over the next few years, their cumulative effect on the Group will be substantial.

This includes the collaboration with SPNB. There is a proposed business collaboration pursuant to the MOU dated July 2017 between Ajiya and SPNB, that SPNB Aspirasi Sdn Bhd (Project Development of Rumah Aspirasi Rakyat), SPNB Idaman Sdn Bhd (Project Development of Rumah Idaman Rakyat), SPNB Mesra Sdn Bhd (Housing Programme known as Rumah Generasi Baharu Felda) will be using AGiBS in its respective housing development projects. While the exact value of each project is still in the progress, we believe this will keep us busy for the next 3 to 5 years. Additionally, Ajiya will also appoint and/or engage SPNB Edar Sdn Bhd as its exclusive supplier for building materials for the housing projects as mentioned above.

In addition, the Group will continue to take advantage of the new business opportunities such as the Government's Economic Transformation Programme ("ETP"), Economic Corridors and Construction Industry Transformation Programme ("CITP") to enhance and expand the Group's revenue base and source.

We are also in the midst of finalising the establishment of a long term strategic business partnership with YKGI Holdings Berhad in East Malaysia, as well as the MOU with PT. Baja Bahana Utama to explore potential business opportunities in Indonesia. Considering all that we have accomplished in 2017, it is safe to say that we are at an excellent point to continue our journey forward. The motivations that set us on this path remain the same, that we adapt our business to meet our customers' or the industry's evolving needs. We intend to deliver this, as well as the goals we have set for ourselves to contribute meaningfully to our growth in the coming years. I am confident that our success will be achieved through the concerted effort and collective energy from everyone who is a part of this inspiring organisation.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENT

- On 14 July 2017, the Group signed a Memorandum of Understanding ("MOU") with Syarikat Perumahan Negara Berhad ("SPNB") with the intention of establishing a strategic alliance and enter into a collaborative agreement between AJIYA and SPNB to implement Ajiya Green Integrated Building System ("AGiBS") in the development of housing projects under SPNB Group

  Under the MOU, Ajiya will supply its AGiBS at an agreed cost and/or be appointed as design & build contractor for the housing projects under SPNB Group. Ajiya will also appoint and/or engage SPNB EDAR Sdn. Bhd. as its exclusive supplier for building materials in respect of the housing projects or any other projects under SPNB Group.

- On 6 November 2017, the Group signed a Strategic Collaboration ("SC") with Politeknik Melaka, an institution under Kementerian Pendidikan Tinggi Malaysia. The purpose of this SC is to establish an academic collaboration between AJIYA and Politeknik Melaka

  Both parties are to jointly exercise to support, promote mutual understanding and collaboration on program and activities based on Industrialised Building Solutions (IBS) concept to enable the production of highly employable graduates

- On 8 January 2018, the Group signed a Memorandum of Understanding ("MOU") with Ascension Technology Sdn Bhd (ASCENSION) with the intention to promote affordable housing in Malaysia by using innovative construction technique

  Through this MOU, ASCENSION is desirous to purchase the Ajiya Green Integrated Building System ("AGiBS") housing components/materials and to be appointed as the installer of AGiBS for projects undertaken by them

DIVIDEND

The Board of Directors has recommended a total dividend of 1 sen per share for the financial year ended 30 November 2017. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT

Ajiya's steady performance last year, along with the foundation that has been laid for sustainably profitable growth, are a tribute to the long-term vision of the Group's future.

On behalf of the Board of Directors, we would like to thank our business associates and customers for their unwavering support all these years, giving us the opportunity to forge meaningful working relationships. We would also like to extend our sincere appreciation to our management team and staff for their dedication and commitment during challenging times. Finally, we want to express our gratitude to our shareholders who see value in us. We look forward to journeying with you as we continue to create greater shareholders' value in the years to come.

Thank you.

Dato' Dr Mohd Aminuddin bin Mohd Rouse
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Group faced challenges in the global economy and market uncertainties, achieving a muted performance by recording a total revenue of RM370.9 million for the financial year ended 30 November 2017.

OVERVIEW OF BUSINESS AND OPERATIONS

Ajiya Berhad ("Ajiya" or "Company" or "Group") was incorporated in Malaysia in 1990 and listed on the Main Board of Bursa Malaysia Securities Berhad in 2003. The Company is principally involved in the manufacturing and supply of building materials used in construction industry. The fundamental principle of the Group's business is to provide affordable materials and unique solutions based on the Group's expertise and technologies. The Group has 2 main business units as follows:

(a) Metal Roll-forming – manufacturing of metal roofing system, metal frame products, structural products, tile effect products, architectural products, light-weight channel products and Ajiya Green Integrated Building System ("AGiBS")

(b) Safety Glass – production of tempered and laminated safety glass, insulating safety glass, decorative safety glass, curve tempered safety glass, Attoch, security, safety and storm protection glass that are used for industrial, commercial, recreational, office, and residential buildings as well as furniture and white goods

Ajiya's products cater to a wide range of buildings covering from industrial and commercial to residential. The Group is devoted to achieving sustainable growth, guided by its commitment for product development, process improvement, and commitment to achieve its Mission and Vision 2040 via its Core Value PIC3, Core Competencies as well as Value Streams 3P.

MISSION	VISION 2040	CORE VALUE PIC3	CORE COMPETENCIES	VALUE STREAMS 3P
To Build Trust & Commitment Together	To Provide Affordable, Sustainable Integrated Building Solutions for the Community	Proactive, Integrity, Consistent, Commitment, Courage	Innovativeness to Lead Market Trends, Technical Competency Through Collaboration, Flexibility, Wide Distribution Network	People, Product, Price

To achieve the above, Ajiya has expanded its geographical footprint in Malaysia and established its oversea presence in Thailand. The Group has an extensive network of 19 factories/warehouses with offices, strategically located throughout Malaysia and Thailand. With an extensive network of factories, a wide range of affordable priced products, excellent quality services, and continuous improvements, Ajiya is committed to delivering customer satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS

Throughout the fiscal year, the Group faced challenges in the global economy and market uncertainties, achieving a muted performance by recording a total revenue of RM370.9 million for the financial year ended 30 November 2017.

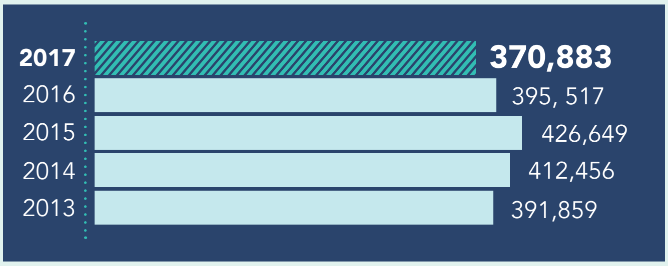
Based on the latest figures released by Bank Negara Malaysia ("BNM"), the nation's GDP growth is estimated to be maintained at a sustainable level at 5% to 5.5% in 2018. The manufacturing sector will continue to be one of the key drivers for economic growth. Ajiya's strong balance sheet, further operational expansion and exploration of new markets shall be instrumental in buttressing its growth. The Group will continue to observe a balanced portfolio, providing a diversified business, and offering innovative products that is suited to market needs.

As a result, the Group has exercised greater prudence in operation planning by offering AGiBS to the market, particularly in the affordable housing segment, and it stands to benefit from various initiatives implemented by the Malaysian Government to prioritise affordable homes supply.

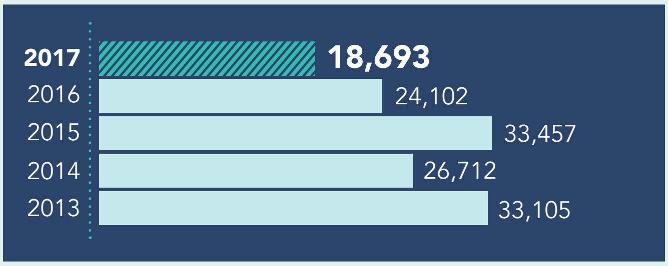
FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS	2017 (RM'000)	2016 (RM'000)	2015 (RM'000)	2014 (RM'000)	2013 (RM'000)
Revenue	370,883	395, 517	426,649	412,456	391,859
Profit Before Tax	18,693	24,102	33,457	26,712	33,105
Profit After Tax	15,523	18,890	27,822	19,910	25,180
Net Profit Attributable to Equity Holders	13,646	14,494	21,947	15,388	19,190
Total Assets	468,369	466,129	475,177	426,666	400,957
Total Borrowings	6,515	9,668	29,960	38,538	35,333
Shareholders' Fund	329,349	322,228	310,941	258,679	245,039

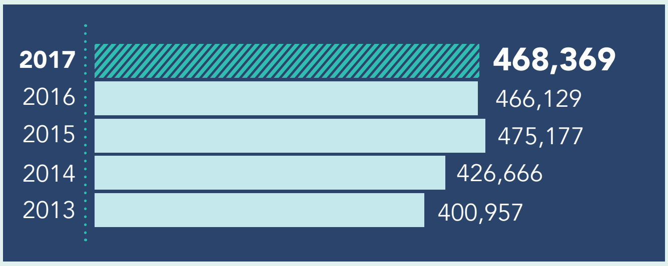
Revenue



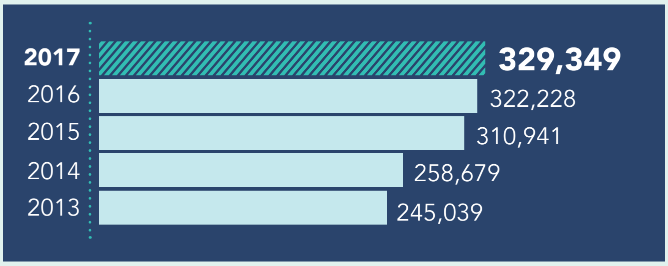
Profit Before Tax



Total Assets



Shareholders' Fund

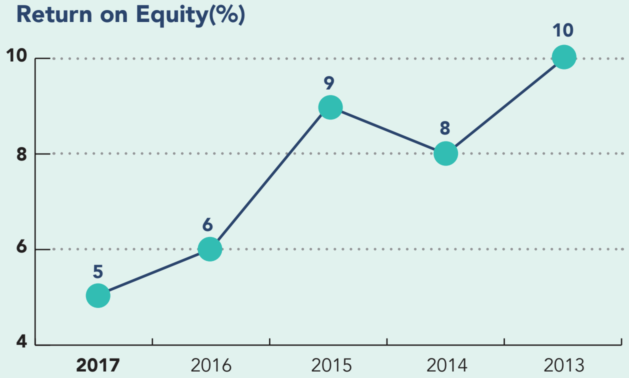


MANAGEMENT DISCUSSION AND ANALYSIS

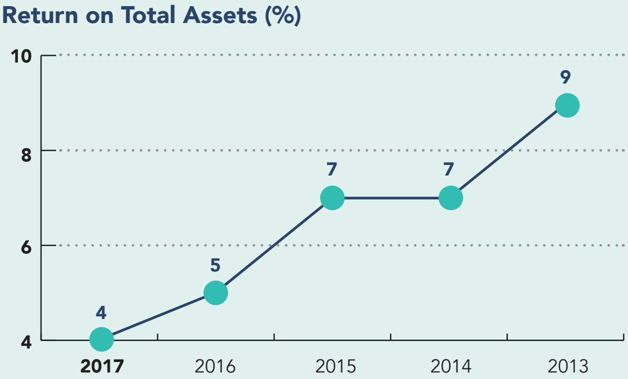
FINANCIAL INDICATORS	2017	2016	2015	2014	2013
Return on Equity(%)	5	6	9	8	10
Return on Total Assets (%)	4	5	7	7	9
Gearing Ratio (%)	net cash	2	8	20	18
Earnings Per Share (sen)	4	5	32	22	28
Net Assets Per Share (RM)	1.08	2.14	4.49	3.74	3.54
Gross Dividend Per Share (sen)	1	2	5	3	3
Price Earning Ratio	14	6	13	10	8
Gross Dividend Yield (%)	1.64	3.39	1.18	1.29	1.36
Share Price as at the Financial Year End (RM)	0.61	0.59*	4.22	2.33	2.20

* The Company undertook a share split exercise to subdivide the ordinary shares of RM1.00 each into ordinary shares of RM0.25 each in 2016.

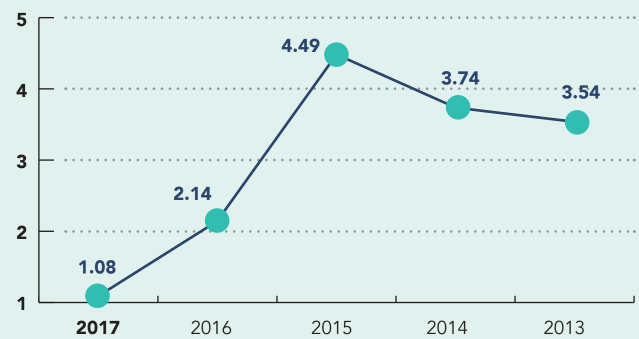
Return on Equity(%)



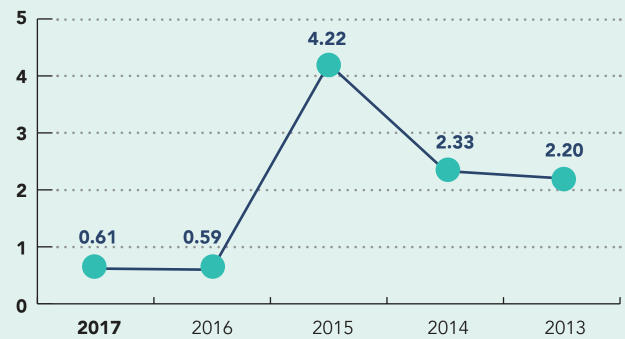
Return on Total Assets (%)



Net Assets Per Share (RM)



Share Price as at the Financial Year End (RM)



The Group's revenue for the financial year ended 30 November 2017 ("FY2017") was RM370.9 million, representing a reduction of RM24.6 million or 6.2% as compared to RM395.5 million in the previous corresponding year. The Group recorded a profit before tax ("PBT") of RM18.7 million, representing a reduction of RM5.4 million or 22.4% as compared to RM24.1 million a year ago. This includes a one-off gain of disposal amounting to RM6 million for a leasehold land and building.

MANAGEMENT DISCUSSION AND ANALYSIS

Weak market conditions and stronger competition in the construction sector which affected demand for the Group's products, decrease in the margin of certain products, the provision for doubtful debts and write off of obsolete stocks are major factors attributed to the decrease in revenue and PBT for the financial year under review, as compared to the previous year.

Despite these headwinds, our efforts in re-aligning our business focus to the industry's demands are expected to help us stay resilient and produce relatively respectable performance in face of these challenges.

The Group's revenue for the financial year in terms of geographical breakdown is as follows:

Revenue	2017 (RM)	2016 (RM)
Local Plant	343,078,535	368,030,261
Oversea Plant	27,804,428	27,486,451

The revenue contribution from the Group's overseas plant rose slightly to RM27.8 million as compared to RM27.5 million in FY2016.

Financial Position

Nonetheless, the Group continues to maintain a strong financial position and has ample headroom to its financial covenants, supported by a healthy balance sheet with net cash position along with strong and reliable cash flows. As at FY2017, the Group's cash and cash equivalents stood at RM75.4 million, a 33.7% surge from RM56.40 million recorded in FY2016.

As at FY2017, the Group's cash and cash equivalents stood at RM75.4 million, a 33.7% surge from RM56.40 million recorded in FY2016

Based on the closing market price of RM0.61 per share, the market capitalisation of the Group stood at RM186 million

The Group's assets per share has decreased to RM1.08 per share for FY2017 from RM2.14 in FY2016. Trade and other receivables has decreased to RM112 million from RM120 million. Trade and other payables has also decreased to RM53.6 million from RM54.2 million.

In FY2017, the Group incurred a capital expenditure amounting to RM3.9 million, of which RM2.7 million was utilised for machineries. The Group's borrowings have declined to RM6.5 million as compared to RM9.7 million in FY2016. This net cash position has enable the Group to navigate through the market uncertainties and capture any business opportunities that may arise.

MANAGEMENT DISCUSSION AND ANALYSIS

As at FY2017, the shareholders' value of the Group was RM329.3 million. Based on the closing market price of RM0.61 per share, the market capitalisation of the Group stood at RM186 million. A final dividend of 2 sen per share approved at the last Annual General Meeting in April 2017 amounting to RM6 million was paid out in June 2017. For the current financial year, the Board of Directors has proposed a final dividend of 1 sen per share totalling at RM3 million, which is subjected to shareholders' approval at the forthcoming AGM.

Taking cognisance of this, the Group has made efforts to improve its financial performance and position, by indicating disciplined investments and business activities to strengthen the foundation of its core business. The management will constantly review its strategy based on developments of the external environment as well as growth opportunities that may emerge, to ensure maximum shareholders' returns and deliver sustainable long-term earnings growth.

BUSINESS REVIEW

Ajiya aims to continue being the 'first choice' solution provider for our customers by building long-term trusted relationships with them through unique materials and solutions developed using our wide-ranging material and production technologies. We will continue to offer products and solutions that customers and the society need, thereby making people's lives better.

Metal Products Division

The core business of the Group is Metal Products Division, which has 27 years of track record. This division is expected to be the key driver in both revenue and operating profit of the Group. This division is also in synergy with our AGiBS Division, which has since grown rapidly into producing steel and Industrialised Building System ("IBS") products that come in a complete set for housing solution.

The Group's products comprise Industrial Roofing Products, Tile Effect Roofing Products, Architectural Products, Metal Frame Products, Lightweight Channel Products, Structural Products and AGiBS. These are sold in both domestic and export markets.

Metal Products Division contributed 63% of the Group's revenue and 54% of its profit before tax for FY2017.

To date, we have a total of 7 manufacturing plants, located across Malaysia and Thailand. Below is the list of the plants and the respective production capacity:

Plant	2017 (MT)	2016 (MT)
Shah Alam, Selangor	42,000	35,000
Mentakab, Pahang	8,000	10,000
Segamat, Johor	96,000	95,000
Jalan Seelong, Johor	30,000	30,000
Sungai Petani, Kedah	70,000	70,000
Kota Bharu, Kelantan	23,000	25,000
Thai Ajiya Co.,Ltd, Thailand	21,000	20,000

Ajiya's main raw material, coated cold rolled steel, is mainly source from local mid-stream players. The recent strengthening of the Malaysian Ringgit is a boon to us, lowering our production costs. Our products are sold under the brand names of Ajiya. In FY2017, the capacity utilisation rate of the plants average at 25% and the main market remains in Malaysia with 5% of revenue derived from Thailand operations.

The customers of our metal products are national distributors, developers, trading companies and contractors. As the Group's vision is to be a trustworthy and excellent metal roll-form company in Malaysia as well as in Southeast Asia, the Group continues to emphasise on producing products of pristine quality and providing excellent services to its customers.

There was no substantial capital expenditure in FY2017, as all plants were sufficient to cater to the Group's production needs.

The unpredictable operating environment continues to pose challenges to the Group. During the year in review, we faced weak market conditions and increasingly stiff competition in the construction sector. This was mainly due to the global overcapacity issue that put us in a vulnerable position, which contributed to a lower revenue and PBT of the Group.

Metal Products Division contributed 63% of the Group's revenue and 54% of its profit before tax for FY2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Safety Glass Division

The operating results in the safety glass division have dropped from the previous year due to stiff competition and domination of projects by mainland China-based companies. The imports from these companies have caused a glut in the Malaysian market and affected domestic products. As of FY2017, the safety glass division contributed around 37% and 44% to the Group's revenue and profit before tax respectively. We expect this competitive situation to persist and thus, will focus on growing our metal products and AGiBS division to ensure sustainable earnings growth.

The Glass Group's products comprise Tempered Safety Glass, Heat Strengthened Safety Glass, Decorative Safety Glass, Laminated Safety Glass, Insulating Safety Glass, Security Safety Storm Protection Safety Glass, Curved Tempered Safety Glass and Attoch. These are sold in both domestic and export markets. The development of our safety glass products consist of a high level of safety while the sophisticated features are attributed to architectural or interior designs.

To date, we have a total of 6 manufacturing plants, located across Malaysia and Thailand. Below is the list of the plants and their respective production capacities:

Plant	2017 (MT)	2016 (MT)
Puchong, Selangor	18,000	18,000
Segamat, Johor	43,000	43,000
Bukit Minyak, Pulau Pinang	5,000	5,000
Senai, Johor	13,000	13,000
Kuching, Sarawak	2,000	2,000
Thai Ajiya Safety Glass Co., Ltd, Thailand	10,000	10,000

The customers of our safety glass products are developers, trading companies and contractors. Our products are sold under the brand name of Ajiya. In FY2017, the capacity utilisation rate of the plants averaged at 30% and its main market is Malaysia, with 11% of revenue derived from Thailand operations.

The Group will carry out various initiatives and measures to maximise potentials. Internal cost saving measures, close monitoring of upstream operations, increasing the efficiency of the manufacturing segment, better management processes and controls on the midstream and downstream processing, leveraging on our capabilities and facilities, as well as asset optimisation initiatives will be continuously undertaken to improve our efficiency and productivity. The Group will also explore various opportunities and look into potential new business ventures to increase its revenue stream.

MANAGEMENT DISCUSSION AND ANALYSIS

AGiBS Division

AGiBS is a patented Industrialised Building System ("IBS") that provides the construction industry with sustainable and fully-integrated building solutions to overcome manpower constraint, shorten construction time, and reduce operating costs. It comprises of 8 series of housing components, namely Ajiya Light Weight Metal Wall Frames, Ajiya Metal Roofing Products, ARIT Truss System/Components, AriteQ Ceiling Products, AriteQ Sunshade/Louvre Products, Ajiya Safety Glass & Sash, Ajiya Metal Frame Products and Ajiya Composite Floor Decking Products.

In FY2017, we have signed a MOU with SPNB to adopt AGiBS for the development of housing projects under SPNB Group. While the formal agreement is in the midst of negotiations, we have kicked off some pilot projects in Perak and Sarawak. About 2,000 houses have been completed with AGiBS to date. We are also currently in talks with other agencies and private developers, such as Perbadanan Kemajuan Negeri Selangor ("PKNS"), Kementerian Kesejahteraan Bandar, Perumahan dan Kerajaan Tempatan ("KPKT") and Federal Land Development Authority ("FELDA"). The progress is very encouraging, and we have completed several pilot projects with them. With the adoption of AGiBS, the construction and delivery time are also greatly reduced as compared to the average conventional housing projects, which usually takes up to 24 months of construction period. AGiBS will only take 8 months for completion.

The current capacity of Ajiya is around 10,000 houses per year, thus there is room for growth without incurring a large capital expenditure.

In addition, we had also officiated a training workshop focused on the adoption of AGiBS. Personnel who attend the workshop will be briefed on the assembly, fabrication, and installation of AGiBS, which comes as part of CIDB's Steel Structure Erection & Fabrication Level 1 (STF1) Workshop. Being the first of its kind in Malaysia, our training centre is certified by the Construction Industry Development Board ("CIDB") as a 'Pusat Latihan Bertauliah Kontraktor', which indicates that Ajiya has the necessary qualifications to train the contractor. This training workshop also extended to Politeknik Port Dickson and Politeknik Melaka.

PROSPECTS

Metal Products Division

With good progress of the consolidation of the China steel sector which accounts for approximately 49% of the world's steelmaking capacity, global steel prices have rebounded by approximately 100% from the lows of January 2016. China vows to fulfil its target of cutting back steel capacity by 50 million tonnes in 2017 as well as phasing out another 120 million tonnes of low-tech illicit steel product capacity.

In addition, with the rollout of mega infrastructure projects, such as Klang Valley MRT Lines 2 & 3, TRX Exchange, Melaka Gateway, Gemas-JB Rail, East Coast Rail Link, and KL-SG High Speed Rail in the near future, we can expect to witness a boon for our metal products division going forward. In future, we expect the main contributions for this division to come from our AGiBS Division.

Ajiya will continue to pursue its strategy of sustainable growth in its business operations. The Group will stay vigilant, agile and flexible to uphold its position, while investing resources to enhance the technical capabilities of our operations, amidst changes in market dynamics.

Safety Glass Division

Following the decision by Malaysia's Construction Industry Development Board ("CIDB") to introduce Malaysian standards for safety glass, imports have been deterred and reduced significantly. This new standard will discourage imports of sub-standard products.

With the current capacity of 30% being run at our safety glass processing plants, minimal capex is required in order to maintain or upgrade existing machineries. Thus, any expansion or increase in production can be absorbed easily. We will continue to expand sales of processed and value-added products, building on the Group's leading edge in technology.

MANAGEMENT DISCUSSION AND ANALYSIS

AGiBS Division

The prospects of AGiBS is huge, as it is an eco-friendly and fast-paced method of housing construction that provides sustainable and fully-integrated building solutions which can reduce manpower constraints, reduce operating costs, and shorten construction time. The competitive edge of AGiBS is that a lot of players in the market are just component players, and it would require the contractor to find ways to integrate all components together, but with AGiBS, we are able to provide total housing solution.

It is undeniable that there is a shortage of affordable housing. As long as the Government continues to promote such buildings, the industry will grow. The same goes to Ajiya as we are complementing and supplementing the overall construction industry. In Budget 2018, Prime Minister Dato' Sri Haji Mohammad Najib bin Tun Abdul Razak has announced various incentives and measures such as the allocation of RM2.2 billion to build homes to boost home ownership. This includes the construction of 17,300 Project Perumahan Rakyat units, 3,000 units under SPNB, 210,000 units under 1Malaysia People's Housing Project ("PR1MA"), as well as the 25,000 units under 1Malaysia Civil Servants Housing Project ("PPA1M").

The training workshop that was officiated in September 2017 is also expected to complement and be a boon to our AGiBS division. As more skilled personnel from our centre go into the industry, the adoption of AGiBS in the construction industry will increase, paving the way in the future for more parties to adopt this effective and eco-friendly construction method.

In addition, due to the business evolution, we are also looking into merger and acquisition ("M&A") opportunities, specifically, the small players that are unable to survive in this industry. We aspire to be part of a bigger conglomerate to provide better total solutions or be part of a bigger solution.

In FY2018, we expect to venture into East Malaysia to bear fruit. We are looking into forming a joint venture to develop business opportunities in East Malaysia. Once a strong foothold is set in Malaysia, we will then look into overseas market such as Thailand and Indonesia. This is because these countries are economically and facing the same situation as us, and we believe we can replicate our solutions there.

ANTICIPATED OR KNOWN RISKS

The Board of Directors and the Management understand the importance of identifying any anticipated or known risks that the Group is exposed to, which may have a material effect on its operations, performance, financial condition, and liquidity.

Raw Material Cost

Malaysia is entering into its 14th General Election, coupled with the weakening of currency. The volatility seen in the Ringgit's movement has triggered the cost of raw materials to increase. The increase in cost may consequently result in lower margins. It is difficult for the market to accommodate and absorb some or all price increases.

The Group will continuously and aggressively source for new business opportunities and explore the possibility of building sustainable relationship with distributors and retailers for strategic markets in order to enhance market presence.

Market Risk

The increased import penetration from China has caused Malaysia's manufacturing output to decrease. The manufacturing industry, especially safety glass industry has been badly affected following price reductions as a mean to overcome competition from China. Domestic manufacturers are likely to face increased competition in terms of lowering mark-ups, innovation, downsizing, or upgrading.

The Group will initiate strategic collaborations, partnerships and alliances, on both domestic and international fronts to ensure the resilience of our operations and increase market reach. With the support from the new standard implemented by Malaysia's Construction Industry Development Board ("CIDB") to deter and discourage imports, we can maximise our earnings and create long term sustainability for the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Labour Cost

Labour cost is one of the challenges faced by Ajiya's operations. The trend of higher minimum wages to benefit foreign workers in Malaysia is a rising concern impacting business activities and operations. Ajiya recognises these risks where the implementation of higher minimum wages does not increase productivity and at the same time have stringent effects on business operating cost.

The Group is working actively to achieve equilibrium between productivity and wages, including but not limited to engaging in advanced automation projects to reduce reliance on manual labour. The Group will invest in the training and development of staff, innovations to fit customers' needs, and application of technology for product improvements.

Competition Risk

The Group faced strong competition from emerging markets, especially from China-based manufacturing companies operating in an export subsidy oriented environment. In addition, at times of fierce competition, any changes in the Group's competitiveness, in terms of technology, quality, cost, or other aspects may have an impact on earnings.

To remain competitive, the Group will reinforce its positioning and keep track of customer and distributor expectations, as well as market trends and needs. This will be supported by investments in research and development activities to anticipate where the future is headed.

As affordable housing is the trend going forward, the Group has exercised greater prudence in operation planning to ensure market relevance. Ajiya Green Integrated Building System ("AGiBS") is an effort by the Group to use existing products to provide one-stop building solutions for affordable housing at competitive cost, quick turnaround time, sustainable and is eco-friendly.

DIVIDEND POLICY

The Board of Directors has not adopted a set dividend policy. It is the intention of the Board to continue to propose the payment of cash dividend on annual basis, subject to a number of factors, including the earning, capital commitment, financial conditions and other factors to be considered by the Board.

Over the past 5 years, the Company paid between 10% to 26% of its earning as dividends to shareholders. For the financial year ended 2017, the Board recommended dividend of 1 sen per share.

OPERATION NETWORK

01 **Thai Ajiya Co. Ltd**
Pathumthani, Thailand

02 **Thai Ajiya Safety Glass Co. Ltd**
Chonburi, Thailand

03 **ARI Utara Sdn Bhd**
Sungai Petani, Kedah

04 **Ajiya Safety Glass Sdn Bhd**
Bukit Minyak, Pulau Pinang

05 **ARI Timur (KB) Sdn Bhd**
Kota Bharu, Kelantan

06 **Ajiya Safety Glass Sdn Bhd**
Shah Alam, Selangor

06 **Asia Roofing Industries Sdn Bhd**
Shah Alam, Selangor

06 **Ajiya Safety Glass Sdn Bhd**
Puchong, Selangor

07 **Asia Roofing Industries Sdn Bhd**
Mentakab, Pahang

08 **Asia Roofing Industries Sdn Bhd**
Segamat, Johor

08 **Ajiya Safety Glass Sdn Bhd**
Segamat, Johor

09 **Asia Roofing Industries Sdn Bhd**
Jalan Seelong, Johor

OPERATION NETWORK

09 Ajiya Safety Glass Sdn Bhd
Senai, Johor

10 Ajiya Safety Glass Sdn Bhd
Kuching, Sarawak

CORPORATE GOVERNANCE STATEMENT

The Board recognizes that a good corporate governance is essential to enhance shareholders' value and for long term business sustainability. The Board of Directors remains committed to ensuring an appropriate and sound system of corporate governance is practiced throughout the Group.

In implementing its governance practices, the Board is guided by the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Bursa Securities), and the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code").

Following the introduction of the new Malaysian Code on Corporate Governance 2017 ("MCCG 2017") by the Securities Commission Malaysia on 26 April 2017, the Board is cognisant of the increasing governance expectation and will take further steps to enhance and apply the MCCG 2017 throughout the Group for financial year ending 2018.

This statement describes the Group's application of the principles and recommendations set out in the Code, including, where otherwise indicated, explanations of its alternative measures.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board and Management

The Board is primarily responsible for the Group's overall strategic direction and long term success of the Group. Its role is essentially to ensure the interest of the shareholders are safeguarded. The Board oversee 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, whilst the Management Team is accountable for the execution of the defined policies. The responsibilities and authorities of the Management Team are clearly defined in the Group's Policies and Procedures Manual.

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, Remuneration Committee and Risk Management Committee. Each of the Board Committee has its own function and responsibilities and operate within its defined Terms of Reference approved by the Board. The ultimate responsibility for decision making lies with the Board.

Roles and Responsibilities of the Chairman and Managing Director

There is a clear division of responsibility at the Board. The role of the Chairman and Managing Director are distinct to ensure there is a balance of power and authority.

The Board is chaired by an Independent Non-Executive Chairman who is primarily responsible for leading the Board, ensure effective conduct and functioning of the Board. The Board delegates the authority and responsibility for managing the day-to-day operations of the Group to the Management Team led by the Managing Director. The Managing Director is also responsible to ensure due execution of strategies plans and achievement of corporate vision of the Group.

CORPORATE GOVERNANCE STATEMENT

While the Non-Executive Directors have the experience and business acumen necessary to bring independent and objective judgement to board deliberations.

Board Charter

The roles and responsibilities of the Board, the Chairman, the Managing Director and the Committees are formalised in the Board Charter. The Board Charter is approved and adopted by the Board on 24 July 2013 and revised on 9 March 2016.

The Board Charter will be reviewed periodically by the Board in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.

The revised Board Charter is available for reference on the Company's website at www.ajiya.com.

Code of Ethics and Conduct

The Board has established a corporate culture which engenders ethical conduct within the Group. This ethical values and behaviour are formalised in its Code of Ethics And Conduct, approved and adopted by the Board on 24 July 2013. The Directors and employees are required to observe and uphold the high standard of ethics and professionalism in carrying out their roles and responsibilities.

The Code of Ethics And Conduct is available for reference on the Company's website at www.ajiya.com.

Whistle Blowing Policy

The Whistle Blowing Policy was adopted by the Board on 24 July 2013. It provides and facilitates the handling of wrongdoings and protection to whistle blowers. The Policy outlines how and to whom a concern may be raised, in good faith about suspected or known misconduct, wrongdoings, corruption, fraud and abuse of resources.

The Whistle Blowing Policy is available for reference on the Company's website at www.ajiya.com.

Business Sustainability

The Group is mindful of the importance of business sustainability in developing the business operation and corporate strategies. We remain committed to balancing out our financial performance with corporate social responsibility. The Group's efforts 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 information pertaining to the Group's business and affair for them to discharge their duties. The Board is provided with agenda and board papers prior to each Board meeting. The Board interacts with the Management Team for further clarification as and when they deem necessary. 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. Where necessary, presentation and briefing by professional advisers and consultants will be arranged to provide further information and advices for the Board to make informed decision.

CORPORATE GOVERNANCE STATEMENT

The Board is regularly updated by the qualified and competent Company Secretaries on statutory requirement, applicable rules and regulations and compliance matters. The Company Secretaries play an important role to support the Board on matters relating to governance issues as well as adherence to the Board policy and procedures, attending all Board and Board Committees meeting and general meetings and ensure that they are properly conducted.

STRENGTHEN BOARD COMPOSITION

Board Composition

The Board comprises members from various competencies, bringing in-depth and balance of skills and diversity of experience appropriate to the business of the Group. Such competencies include finance, accounting, legal and other relevant industry knowledge, entrepreneurial and management experience. This balance enables the Board to provide an effective leadership to the Group and bring informed and independent judgement to the Group's decisions.

The Board currently comprises six (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 complied with the provisions 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 Board considers that its present composition is optimal and has all the necessary skills, experience and qualities to lead the Group. The profile of each Director is set out in the Directors' Profile of this Annual Report.

Board Diversity

The Board recognises and embraces the benefits of having a diverse Board and believe that a diverse Board will leverage differences in perspective, knowledge, skill, experience, gender, age and race. The Board endeavours to promote gender diversity on the Board, as guided by the Board Charter of the Company and Ms Low Peak Yih, a female Independent Non-Executive Director, has been appointed to the Board since Feb 2009.

The current Board composition and diversity is as follows:-

	Gender		Age				Ethic		Industry Knowledge/ Profession			
	Male	Female	40-49 years	50-59 years	60-69 years	70-79 years	Bumiputera	Chinese	Legal	Accounting	Construction	Bio- Chemistry
Dato' Dr Mohd Aminuddin bin Mohd Rouse	√					√	√					√
Dato' Chan Wah Kiang	√			√				√			√	√
Dato' Theng Book	√			√				√	√			
Tan Seng Kee	√				√			√	√			
Yeo Ann Seck	√				√			√			√	
Low Peak Yih		√	√					√		√		

CORPORATE GOVERNANCE STATEMENT

Board Committees

To assist the Board in discharging its responsibilities more effectively, the Board delegated specific areas of responsibilities to the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, all governed by the defined Terms of Reference.

The minutes of Board Committees meeting are included in the Board meeting papers.

a) Audit Committee

The Audit Committee of the Board comprises entirely of Independent Non-Executive Directors. The Audit Committee oversee the financial reporting process and ensure the results of the Group are fairly presented. In addition to the roles and duties as set out under its Terms of Reference, the Audit Committee assists the Board by providing an objective review of the effectiveness and efficiency of the internal controls, risk management and governance control of the Group.

The Terms of Reference of the Audit Committee are available on the Company's website at www.ajiya.com. Summary of activities carried out by the Audit Committee during the year are set out in the Audit Committee Report of this Annual Report.

b) Nomination Committee

The Nomination Committee was established by the Board on 19 April 2001 comprising 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, suitable candidates for appointment to the Board and Board Committees, taking into consideration the mix of skills, experience, expertise and gender diversity.
- Review the Board and senior management'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.
- Assess and recommend to the Board the continuation of services of Executive and Non-Executive Directors who are due for retirement by rotation.

The Nomination Committee met twice (2) during the financial year ended 30 November 2017 and all members have attended the meeting.

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

- **Performance Assessment**

  The Committee conducted annual assessment on the Board, Board Committees and individual Director. The criteria used in the assessment of Board performance includes a review of the Board composition and size, the administration of the Board Committees, the board process, provision of information to the Board, standard of conduct, corporate governance and investor relations while the evaluation on Board Committees includes a review on the effectiveness of committees practices. Meanwhile, the evaluation of individual Director includes the interactive skill, knowledge, integrity and participation at meetings. The Nomination Committee was satisfied with the annual assessment of each Director and the Board Committees and also concurred the Board has the right size and the Board composition is well balanced.

CORPORATE GOVERNANCE STATEMENT

- **Re-election and Re-appointment**

  The Committee conducted assessment of Directors due for retirement by rotation and made recommendations to the Board for re-election. 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. In this regards, Dato' Theng Book and Mr Yeo Ann Seck shall retire and be eligible for re-election to the Board subject to the shareholders' approval at the 22nd Annual General Meeting.

  With the enforcement of the Companies Act, 2016 on 31 January 2017, there is no longer an age limit for directors. At the 21st Annual General Meeting held on 28 April 2017, Dato' Dr Mohd Aminuddin Bin Mohd Rouse who is above the age of 70, was re-appointed as Director of the Company and shall subject to retirement by rotation and re-election according to the Company's Articles of Association.

  The list of Directors who are subject to re-election and re-appointment are presented to the Nomination Committee for assessment. The recommendations of the Nomination Committee will be presented to the Board for endorsement and shareholders' approval.

- **Independency of Independent Directors**

  The Committee reviewed and assessed the independence of Independent Directors, inclusive of the Independent Directors who have served the Board for more than 9 years and made recommendation to the Board to retain office as Independent Directors. The evaluation was carried out based on the definitions and guidelines of Bursa Securities and also considers whether the Independent Director can continue to bring independent and objective judgement to the Board deliberations.

- **Appointment To The Board**

  The Board may appoint an individual to be a Director, either as an addition to the existing Directors or to fill a casual vacancy up to the maximum number. The Nomination Committee is responsible for making recommendations for new appointment to the Board.

  In evaluating the suitability of candidates, the Committee will consider the benefit of all aspects in order to maintain an appropriate range and balance of skills, expertise, experience and independence including the diversity of gender, ethnicity and age of each candidate before submitting the recommendation to the Board for decision. Any new Director appointed by the Board during the year is required to stand for election at the next Annual General Meeting.

  During the financial year 2017, there was no new appointment to the Board.

CORPORATE GOVERNANCE STATEMENT

c) **Remuneration Committee**

The Remuneration Committee was established by the Board on 1 August 2001 comprising 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 Remuneration Committee met once during the financial year and all members have attended the meeting.

Directors Remuneration

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 commensurate with the Group's business performance and individual's contribution and commitment. The concerned Directors are abstained from deliberation and voting on decision in respect of their individual remuneration package.

The aggregate remuneration of Directors for the financial year ended 30 November 2017 are as follows:-

	Fees (RM)	Salaries and Other Emoluments (RM)	Total (RM)
Executive Director	55,000	1,406,968	1,461,968
Non-Executive Directors	100,000	201,600	301,600

The remuneration for the Directors falls within the following bands for the financial year ended 30 November 2017 is as follows:-

	No. of Directors	
Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	4
200,000 to 250,000	-	1
1,450,001 to 1,500,000	1	-

Including amount drawn in subsidiary companies

CORPORATE GOVERNANCE STATEMENT

d) Risk Management Committee

During the financial year, the Board has established a Risk Management Committee on 24 October 2017. The Risk Management Committee comprises entirely of Independent Non-Executive Directors. The Committee is responsible to identify, recommend and review the principles, framework and process for managing risk within the Group, for consideration and approval by the Board. The Committee comprises the following members :-

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

The role and responsibilities of the Committee are guided by its Terms of Reference. A review of the state of risk management and internal control within the Group is set out under the Statement on Risk Management and Internal Control of this Annual Report.

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 year, the Board assessed the independence of independent Director with the assistance from the Nomination Committee. The Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to provide objective judgment to Board deliberations and decision making. Further, all Independent Directors have confirmed their compliance of independence as prescribed under Listing Requirements of Bursa Securities.

Tenure of Independent Director and Re-appointment

The Board noted the Recommendation of the Code 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.

The Board does not has term limits for its Independent Directors and is of the view that the independence of an Independent Directors should not be determined solely by their tenure of service. The Board believes that the Independent Directors’ continued contribution, especially their knowledge of the Group’s operations and their insights of the industry gained through the years, will benefits the Group.

Mr. Tan Seng Kee, Dato’ Theng Book and Ms Low Peak Yih have served the Company as Independent Directors for a cumulative term of more than 9 years and the Nomination Committee has assessed the independence as defined in the Bursa Securities Listing Requirement. The Board hold the view that the length of their service does not in any way interfere with their ability to act in the best interests of the Company and the Board recommended Mr. Tan Seng Kee, Dato’ Theng Book and Ms Low Peak Yih, to continue their office as Independent Directors of the Company.

CORPORATE GOVERNANCE STATEMENT

In line with the Recommendation of the Code as well as taking cognisance of the MCCG 2017, the Board will seek the approval of the shareholders at the forthcoming AGM to retain Mr. Tan Seng Kee, Dato' Theng Book and Ms Low Peak Yih as Independent Directors based on the following justifications. Mr. Tan Seng Kee and Dato' Theng Book shall be subjected to 2 tiers voting as they have served the Company for more than 12 years:-

a. they have been bringing independent and objective judgment to the Board's deliberations and decision making.
b. they participated actively in the Board and Board Committees meetings and have continuously providing independent view and seeking clarification on issues raised at the meetings.
c. they devoted sufficient time and attention to their responsibilities as Independent Director.
d. they discharged their duties with due care, skill and diligent.
e. they possess the integrity and ethics and acted in the interest of the Company.

Further, an annual confirmation of independence is obtained from the respective Independent Directors confirming they will continue to maintain the status of independence pursuant to the Listing Requirements.

BOARD COMMITMENT

Time Commitment

To ensure that the Directors devote sufficient time to focus on and to fulfill their roles and responsibilities effectively, each member of the Board holds not more than five (5) directorships in public listed companies. The Directors are also required to inform the Chairman should they wish to accept new directorship in other public listed companies.

To enable the Directors in planning their attendance at the Board and Committee meetings, the date of the meetings, including Annual General Meeting for the ensuring financial year are scheduled in advance. Reminders are also sent in advance electronically to the Directors prior to each meeting.

The time commitment of the Directors was demonstrated by the attendance and time spent at Board meetings, Committee meetings, Annual General Meeting and inhouse training/briefing arranged for the Directors.

Board Meeting

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 Board ordinarily schedules five (5) board meetings in a year. Additional meetings are convened as and when necessary. The meeting agenda and board papers are distributed in advance physically and/or electronically to the Directors for deliberations during board meeting. The decisions and issues discussed in arriving at the decisions are minuted.

During the financial year ended 30 November 2017, 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
Dato' Chan Wah Kiang	5/5	100
Dato' Theng Book	5/5	100
Mr. Tan Seng Kee	5/5	100
Mr. Yeo Ann Seck	5/5	100
Ms. Low Peak Yih	5/5	100

CORPORATE GOVERNANCE STATEMENT

Directors' Training

All the Directors have completed the mandatory accreditation programmes. The Directors are aware of the importance of continuous training to keep abreast with regulatory updates and development in the business environment.

All the Directors have attended various training programmes, seminars and conferences during the financial year. The training attended by the Directors were related to finance, taxation, industry knowledge, sustainability and legislation. Information on updates of companies act, corporate governance and related rules and regulations are provided to the Board together with the Board meeting papers.

The training programmes attended by the Directors included:

ATTENDED BY	SEMINAR/PROGRAM/BRIEFING
Dato' Dr. Mohd Aminuddin bin Mohd Rouse	• Companies Act 2016 • Comparison between the Companies Act, 1965 and Companies Act, 2016 • The New Malaysian Code on Corporate Governance 2017 • Digital Smart Technology in Construction
Dato' Chan Wah Kiang	• Internationalisation Imperative for Sustainable Business Growth (as Speaker) • Malaysian Company Law Conference 2017 • Strategi Pembangunan "Low Carbon" & Pengurusan Kecekapan Tenaga (as Speaker) • Making A Difference • Comparison between the Companies Act, 1965 and Companies Act, 2016 • The New Malaysian Code on Corporate Governance 2017 • Digital Smart Technology in Construction
Dato' Theng Book	• Driving Financial Integrity and Performance • Comparison between the Companies Act, 1965 and Companies Act, 2016 • The New Malaysian Code on Corporate Governance 2017 • Digital Smart Technology in Construction
Mr. Tan Seng Kee	• Driving Financial Integrity and Performance • Comparison between the Companies Act, 1965 and Companies Act, 2016 • The New Malaysian Code on Corporate Governance 2017 • Digital Smart Technology in Construction
Mr. Yeo Ann Seck	• Income Tax & GST Implication and Application, Leveraging the New Companies Act 2016
Ms. Low Peak Yih	• Driving Financial Integrity and Performance • Comparison between the Companies Act, 1965 and Companies Act, 2016 • The New Malaysian Code on Corporate Governance 2017 • Digital Smart Technology in Construction

CORPORATE GOVERNANCE STATEMENT

INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

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 Audit Committee reviews the quarterly financial results, unaudited and audited financial statements, internal and external audit reports, with focus on changes in and the implementation of accounting policies, significant and unusual events, and compliance with accounting standards and other regulatory requirements. The financial statements reviewed by the Audit Committee will be approved by the Board prior to release to the Bursa Securities.

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 251 (2) of the Companies Act, 2016 is stated on page 63 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 2017, 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, 2016 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 maintains a formal and professional relationship with the External Auditors. The External Auditors were invited to attend all the Audit Committee meetings and general meetings. The Group works closely with the External Auditors and seeks their professional advice to ensure compliance with applicable accounting standards and statutory requirements. The Committee meet with the External Auditors without presence of management and executive board members at least twice a year. The work of the Committee in relation to the External Auditors is set out in the Audit Committee Report of this Annual Report.

During the financial year, the Audit Committee conducted a review on the independence and performance of the External Auditors. The assessment focus on sufficiency of resources, quality of services, independence and objectivity, audit scope and planning, audit communication and cost effectiveness. The External Auditors had confirmed that they are and have been independent throughout the conduct of the audit engagement for the financial year under review in accordance with the relevant professional and regulatory requirement. Pursuant to the external auditors' policy, the engagement and concurring partner responsible for the Group audit are rotated at least every five (5) financial years.

The Audit Committee was satisfied with the External Auditors' overall performance and recommended to the Board on the re-appointment of the External Auditors and the Board had endorsed the recommendation. The proposed re-appointment is subject to the shareholders' approval.

CORPORATE GOVERNANCE STATEMENT

Non-Audit Fees

The Board understands the independence of External Auditors can be impaired by the provision of non-audit services to the Company. During the financial year, the Audit Committee has considered and concluded that the non-audit services provided by the Company's External Auditors, Messrs Ernst & Young and its affilated company did not compromise the External Auditors' independence and objectivity, details as set out below:-

	Audit Fees (RM)	Non-Audit Fees (RM)	Non-Audit Fees/ Audit Fees (%)
Group	166,870	38,680	23
Company	65,870	10,180	15

The non-audit services rendered included tax compliance and advisory services and the review of Statement on Risk Management and Internal Control.

RECOGNISE AND MANAGE RISKS

Risk Management & Internal Controls

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 department, 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. 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 places importance in ensuring a timely and equal dissemination of material information to regulators, shareholders, investors and the public at large. 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 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.

Announcements are made on a timely basis to Bursa Securities and to the public via Bursa Securities' website as well as the Investor Relation section on the Company website at www.ajiya.com.

CORPORATE GOVERNANCE STATEMENT

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Greater Communication and Engagement with Shareholders

The general meetings remains the principal forum for dialogue with shareholders where the Directors are present in person to engage directly with the shareholders.

At the Annual General Meeting held during the financial year, presentation was given by the Managing Director to keep the shareholders informed of the business and corporate developments concerning the Group. Shareholders have direct access to the Board and 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.

All resolutions were put to vote by poll at the last Annual General Meeting. Shareholders were briefed on the voting procedures by the poll administrator prior to the poll voting. An independent scrutineer was appointed to validate the votes cast.

The minutes of last Annual General Meeting is made available to the shareholders at the Company's website www.ajiya.com.

Annual Report is the main means of communication with the shareholders. The Annual Report provides the shareholders a better insight of the Group's business information, strategic development, financial and operational performance. The notice of the Annual General Meeting together with the Annual Report are dispatched to shareholders at least 28 days before the date of the meeting. The Annual Report is also available on the Company's website at www.ajiya.com.

Investor Relations

Apart from the engagement with shareholders through annual reports, general meetings, disclosure and announcement of information and the corporate website, the Group also communicate and engage with investing community and research analysts. The regular dialogues with investing community and research analysts provides an additional channel which provides the investing community an insight into the Group's business strategies and prospects. Press interview will be held where necessary to provide the media an opportunity to receive updated development of the Group.

Whilst the Directors endeavor to communicate directly with investors, research analysts and the press, the Directors are mindful of the legal requirement governing the release of material and price-sensitive information.

CORPORATE GOVERNANCE STATEMENT

ADDITIONAL DISCLOSURE STATEMENTS

a. Material Contracts
There were no material contracts (not being contracts entered into in the ordinary course of business) subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year by the Company and its subsidiaries which involve the interest of the Directors, Executive Directors and substantial shareholders.

b. Utilisation of Proceeds
There were no proceed raised from the Company's corporate proposal during the financial year under review.

c. Revaluation of Landed Properties
The Company did not have a revaluation policy on landed properties.

d. Employees Share Option Scheme ("ESOS")
The Proposed ESOS has expired and the Company will not implement the ESOS.

e. Recurrent Related Party Transactions of a Revenue Nature ("RRPT")
The details of the RRPTs are disclosed in the Circular to Shareholders dated 27 March 2018.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITIES

FOR A BETTER TOMORROW

We at Ajiya, uphold our corporate social responsibilities as we strive to scale greater heights. Our values and CSR practices are reflected in our social interactions and workplace, where we care for each other, our business and our environment, with an aim to build a sustainable and growing enterprise.

OUR PEOPLE

OUR COMMUNITY

OUR ENVIRONMENT

OUR POLICIES

CORPORATE SOCIAL RESPONSIBILITIES

OUR PEOPLE

Our Safety and Health Committee continues to play their role in reviewing safety and health issues at work place at periodical basis

Personal Protective Equipment Labels to remind employees to use the proper protective equipment.

OUR PEOPLE

Safer Workplace

The health and safety of our people in the workplace are the core values at Ajiya. Our Safety and Health Committee continues to play their role in reviewing safety and health issues at work place at periodical basis. Ajiya strives to achieve zero harm at work and ensure health and safety of our people by implementing amongst others, the following measures:

- complying with the laws, regulations and Ajiya's standard operational policies and procedures.
- identifying, implementing, monitoring and reinforcing safe behaviours in our workplaces to eliminate unsafe acts and practices.
- Periodic meetings as well as 5S and safety awareness messages are regularly enforced and communicated to all employees.
- Proper signages are displayed at all workplaces where potential hazard is identified.
- Work instruction and/or operation manual are displayed at each work equipment.
- Appropriate personal protective equipment (PPE) and training in its usage also provided to the employees wherever there is a risk to health and safety.

Besides that, in-house trainings on safety & health at workplace are arranged regularly for our employees. For example, Emergency Response Team trainings are conducted to ensure employees are trained and prepared to respond swiftly to environment emergencies. We also had Socso (PERKESO) over at our workplace to conduct "Program Pencegahan Kemalangan & Advokasi 2017", on road safety and defensive riding education. This workshop aims to create awareness for employees, especially motorcyclists to ride safely, predict potential hazard and avoid road accidents. Additional benefits like Medical Surgical and Personal Accident insurance coverage is provided to our employees.

Employees are trained on cardiac compression.

Program Pencegahan Kemalangan & Advokasi 2017.

CORPORATE SOCIAL RESPONSIBILITIES

Treasuring Employees

Our people are undoubtedly our biggest asset. We at Ajiya believe that retaining positive and motivated staff is vital to the Company's success. A high employee turnover not only increases expenses, but also has a negative effect on company morale. Hence, implementing an employee retention program is essential to ensure that key employees remain employed while maintaining quality job performance and productivity.

Besides fringe benefits, we award the children of our employees who excel academically with 'Academy Achievement Award'. This award is a sign of encouragement and recognition of the children's' efforts, which we hope will inspire them to pursue greater excellence. Meanwhile, our employees who have served the Company for many years stand to receive the 'Long Service Award', as a token of appreciation and recognition of their loyalty.

Equipping Employees with Skills and Personal Development

Training is a vital component in our company to improve efficiency and effectiveness of our workforce.

Ajiya conducts regular training and development programmes for our employees. We engage professionals to conduct a series of workshops on enhancing work performance. Such workshops aim to help the Group understand the true meaning of performance and how it can be achieved. Following this, Ajiya has since implemented a new and more accurate performance appraisal scheme. In addition, team building workshops are conducted to foster closer bonds among employees at all levels and improve interpersonal skills such as communication, planning, problem-solving and conflict resolution.

Social Events

Social events, which develop interpersonal relationships that co-employees build outside the office, are not just strengthen the bonds and break down barriers between peers, but also reinforce Company culture and stengthen their ties with the Company and, ultimately enhancing employee engagement. After all, it is teamwork that drives a company's operations smoothly.

To name a few events held in Ajiya, we organise annual dinner gatherings as well as sports club activities throughout the year. These clubs are set up and run by employees, such as Football Club, Ajiya Cycling Team, Y2K Club, R-Life Club and One Ajiya Club. The club activities not only foster teamwork values, but also enrich our employees' healthy lifestyle.

Ajiya Football Club competition

Exciting challenges at Team Building Programme

Ajiya Cycling Team

CORPORATE SOCIAL RESPONSIBILITIES

OUR COMMUNITY

Ajiya believes in giving back to the community through its various social programmes. It is as important to grow the business, as it is crucial to give back to the community.

Much forethought and careful planning are given to our social programmes and we are proud to say that we are playing a role to building a greater society.

We channel financial aid through funding programmes that contribute to the social well-being of the public. We focus on schools and education scholarships, sports associations, community development programmes, and societies for the disabled, among others.

Ajiya also encourages its employees to do their part by having them volunteer in non-governmental charities and blood donation drives. By engaging in charity works, we certainly see values of human spirit, passion, and teamwork. Additionally, such acts have also strengthened the bonds between Ajiya and the community. Employees who participate in blood donation campaigns are awarded for their charitable act.

Apart from that, we recognize the value of education and aim to inspire and cultivate young talents, by providing learning opportunities.

At Ajiya, we offer industrial trainee programme for undergraduate students or fresh graduates. This programme helps prepare the trainees for professional work in the future and develop their work skills in the rapidly advancing workplace practices. Besides that, we provide scholarships to deserving students to further pursue their education. Ajiya also participates in numerous school programmes, speeches and arrange student visits to Ajiya's plants, with the intent of providing access to housing construction knowledge. In 2017, Ajiya extended the Memorandum of Understanding with Politeknik Port Dickson and signed a new Notes of Understanding ("NoU') with Politeknik Melaka. The objective of this collaboration is to disseminate Ajiya's knowledge to the higher learning institution communities and expose them to the latest industrial knowledge — both theory and practical. These continuous efforts are to ensure long-term growth and sustainability of the nation's workforce.

During the financial year, Ajiya has been frequently involved in public welfare activities rooted in local communities, such as contributions to Haemodialysis Centres, Resources and Education for Autistic Children and Penang Flood Relief Fund.

Apart from that, Ajiya is also a gold sponsor for MISIF Trade Forum 2017. The forum aims to update all stakeholders in Malaysia on the status, challenges and aspirations of the domestic steel industry vis-à-vis regional and global developments.

Participants in TAA Leadership camp 2017, an educational visit to Ajiya's plant.

Signing of NoU with Politeknik Melaka

Ajiya worked with Politeknik Port Dickson and Politeknik Melaka for the two-month training sessions.

CORPORATE SOCIAL RESPONSIBILITIES

OUR ENVIRONMENT

We are one of the founders of the Malaysia Green Building Confederation (MGBC), a non-profit organisation supported by the professional, industrial and non-government sectors to promote sustainable buildings in Malaysia.

Over the years, Ajiya has been tirelessly working together with authorities and professionals to develop more Sustainable Buildings in the country.

Ajiya understands the environmental impacts of its operations and is taking action to protect the environment. Our products offer an alternative to natural timber-based material that reduces unsustainable logging activities. With the Ajiya Green Integrated Building System, not only is the system environmental-friendly, but wastage is also minimise.

Our Energy Efficient High Performance Glass plays a part in facilitating energy conservation through reducing energy consumption for cooling, as well as minimising noise, heat and UV rays.

Ajiya remains committed to preserving the environment by implementing environmental-friendly practices in our operations. Apart from green building, green efforts begin from the workplace too, where we have allocated recycle bins in our offices, implement energy saving practice and reusing recycled papers. Ajiya encourages green practices by utilising scanning and emails whenever possible within the workplace, to reduce paper usage. Besides that, Ajiya shall distribute its annual report electronically or on CDs to eliminate the need for large volume of paper printing.

Furthermore, as a Green IBS provider, our Managing Director, Dato' Chan Wah Kiang was invited as speaker for a seminar titled “Internationalisation Imperative for Sustainable Business Growth” for Help University Master of Entrepreneurship Programme, and “Seminar Strategi Pembangunan ‘Low Carbon’ & Pengurusan Kecekapan Tenaga” organized by MGBC, jointly with Institut Latihan Dewan Bangunan Kuala Lumpur.

Dato’ Chan as speaker for Help University Master of Entrepreneurship Programme.

CORPORATE SOCIAL RESPONSIBILITIES

OUR POLICIES

Our efforts are reflected in the industry standard certifications awarded through the years. Ajiya has implemented a Quality Management System complying with ISO 9001:2015 and certified by SIRIM QAS International.

Privacy and Data Protection

We recognise and acknowledge the laws and regulations related to Privacy and Data Protection, ensuring that the use of personal data is in a lawful and appropriate manner. Policies and procedures in place to safeguard our database are constantly regulated by our ICT department. At Ajiya, all information of both customers and employees are strictly private and confidential.

Supplier Management and Customer Care

At Ajiya, we ensure that all business procurement processes adhere to our procurement policy, which explains how we work with suppliers to ensure that our supply chains share our values. We are governed by our policy and procedures at every stage, from the procurement of raw materials to the delivery of our products.

Our efforts are reflected in the industry standard certifications awarded through the years. Ajiya has implemented a Quality Management System complying with ISO 9001:2015 and certified by SIRIM QAS International. Additionally, our Wall and Floor Systems are certified by the Jabatan Bomba dan Penyelamat Malaysia. Most of our manufacturing processing is certified by BSI to ensure that products have been tested and are manufactured under the Product Certification Requirements.

We take pride in our customers' trust in Ajiya, by upholding the quality and reliability of our products. Hence, Ajiya stands committed to its product development and services. Ajiya also emphasises on intellectual property, including patents and trademarks. This shall not only protect the Company's intellectual property right but also safeguard consumers from confusion and harm, enabling customers to make quick, confident and safe purchasing decisions.

MOVING FORWARD

Moving forward, Ajiya's approach to corporate responsibility focuses on the three dimensions of sustainability to create economic, environmental and social value. It aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility.

AUDIT COMMITTEE REPORT

The Audit Committee was established with the primary objective to assist the Board in discharging its duties by providing an objective review of the effectiveness and efficiency of the internal controls, risk management and governance control of the Group.

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its Terms of Reference and held discussions with the Internal Auditors and External Auditors. The Terms and Reference are available on the Company's website at www.ajiya.com.

COMPOSITION

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

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)

MEETINGS

The Audit Committee met quarterly and as and when required. The minutes of the Audit Committee meetings are included in the Board meeting papers to keep the Directors updated on activities of the Audit Committee. During the financial year ended 30 November 2017, a total of five (5) committee meetings were held together with the attendance of the Financial Controller, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries. Other Board members and Senior Management may attend meetings by invitation of the Audit Committee. The attendance of the members is tabled as follows:-

Audit Committee Members	No. of Meetings Attended
Mr. Tan Seng Kee	5/5
Dato' Theng Book	5/5
Ms. Low Peak Yih	5/5

The External Auditors attended all the Audit Committee meetings. A separate meeting between the Audit Committee and the External Auditors was held twice during the financial year to discuss on audit feedback without the presence of the Executive Director and the Management of the Group.

REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance of the Audit Committee and its members was carried out by the Nomination Committee, which shall then make recommendation to the Board. The Audit Committee was assessed based on five (5) key areas, namely composition and charter, committee process, external auditors, internal audit, financial statements and quarterly results.

AUDIT COMMITTEE REPORT

For the financial year under review, the Board is satisfied that the Audit Committee and its members have discharged their duties, function and responsibilities in accordance with the Audit Committee's Terms of Reference.

SUMMARY OF WORK OF AUDIT COMMITTEE

The duty and responsibilities of the Audit Committee is in line with its Terms of Reference. The following summary set out the work of the Audit Committee for the financial year under review in discharging its functions and duties and how the Audit Committee met its responsibilities:-

(i) Financial Reporting

- Reviewed the quarterly financial results and annual financial statements of the Company and the Group.
- At the meetings held, the Audit Committee discussed with the Management and the External Auditors, analysed and interpreted and ensure the quarterly financial results and annual financial statements are prepared in compliance with applicable financial reporting standards and regulatory requirements, before submission to the Board for approval.

(ii) External Audit

- Reviewed annual audit planning for the year. The audit plan for the year outlining, amongst other, their scope of work, areas of audit emphasis, responsibilities of Auditors, Directors and Management, multi-location scoping, financial reporting developments and changes in regulatory environment, new and revised auditor reporting standards.
- Reviewed with the External Auditors the final audit report. In reviewing the final report, the Audit Committee deliberated with the external auditors their comments on significant accounting and audit issues and suggestions for improvement.
- The Audit Committee discussed with the External Auditors twice during the year on March 2017 and October 2017 without the presence of the Management and Executive Director, for a greater exchange of free views and opinion concerning audit matters. There were no major concerns raised that needed the attention of the Board of Directors. The External Auditors also reported there were support and co-ordination received from the Management during the course of audit.
- During the financial year, the Audit Committee conducted a review of the External Auditors' performance, suitability and independence of the External Auditors based on, amongst others, the calibre of External Auditors, the quality process, sufficiency of resources, independency and objectivity, audit scope and planning, audit fees and communication. The Audit Committee was satisfied with the External Auditors' competency and independence.
- Recommended the re-appointment of External Auditors.
- Reviewed and approved the provision of non-audit services by External Auditors that were agreed to prior to their commencement of such work.

(iii) Internal Audit

- Oversee the internal audit functions for which the Head of Internal Audit reports direct to the Audit Committee and have direct access to the Audit Committee Chairman.
- Discussed and reviewed the effectiveness of the audit process, adequacy of resources, audit scope and annual planning of the Internal Audit Department.
- Reviewed the internal audit report on audit findings and recommendations and ensured that material findings are adequately addressed by the Management.
- Reviewed the adequacy of risk management and internal control system of the Group.

(iv) Recurrent Related Party Transaction of a Revenue Nature (RRPT)

- Reviewed on quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties and ensure disclosure requirements of the Main Market Listing Requirements are adhered to.
- Reviewed the Circular to Shareholders in relation to the Proposed Shareholders' Mandate for RRPT.

AUDIT COMMITTEE REPORT

(v) Annual Report

- Reviewed the annual report for the financial year before recommending to the Board for approval.

(vi) Other

- Reviewed the Statement on Risk Management and Internal Control and Corporate Governance Statement for Boards' approval and inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by Internal Audit Department in discharging its responsibilities. 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 and governance procedures within the Group and the extent of compliance with the established policies and procedures.

The Internal Audit Department carried out its duties in according to the Internal Audit Charter and standards set by the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The Internal Audit Charter sets out the objective, authority, scope and responsibilities of the Internal Audit.

The Internal Audit Department reviews the effectiveness of the internal control structures, focusing on high risk areas as determined using risk based approach. Selected high risk activities are audited annually.

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. In addition, the team conducted visits to the Group's key business units.
- The internal audit covered the reviews of adequacy and effectiveness of internal controls, the extent of compliance with the established Group policies, procedures and statutory requirements of the following areas and departments:-
    - Inventory management
    - Production department
    - Credit management
    - Accounts department
    - Purchasing
    - Information and Communication Technology
    - Sales/Customer Services department
- Reported audit findings and highlighted recommendations for improvements.
- Acted on suggestions made by Audit Committee members and/or senior management on concerns over operations or control.
- Followed up on implementations of the Audit Committee's recommendations and Management's corrective actions on issue identified during the audit.
- Reviewed Standard Operating Procedures for the Group
- Performed ad-hoc reviews and investigations as requested by the Management.

The cost incurred in relation to the Internal Audit function for the financial year under review was RM312,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction
The 'Statement on Risk Management and Internal Control' is prepared in accordance to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control : Guidance for Directors of Listed Issuers.

Board's Responsibility
The Board acknowledges its responsibility to maintain a good risk management and internal control system to address all key risks which the Group considers relevant and material to its operations.

The Board is assisted by the management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in design, operation and monitoring of suitable internal controls to manage and control these risks

In view of inherent limitations in any internal control system and risk management, 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.

Risk Management
The Group has an ongoing risk management process which includes identifying, evaluating and managing of significant risks that may affect the achievement of its business objectives. Risk management is firmly embedded in the Group's management system.

The Group managing director and all heads of department/business units are involved in the identification and management of significant risks. The deliberations of risks and related mitigating activities are carried out at regular management meetings of the Group. In addition, some appointed personnel from headquarter make frequent visits to business units to assess operations and assist on key risk issues. Significant or principal risks affecting the Group business and strategic plan is escalated to the Board's attention for deliberation.

Internal Control System
Key elements of internal control are :

- Organisation Structure
  The Group has a clearly defined organisational structure with clear lines of responsibilities and appropriate levels of delegation and authority.
- Policies and Procedures
  The Group has established internal policies and procedures covering key business units and operations. These policies and procedures are regularly reviewed and updated to ensure its relevance to address the changing environment, operational requirement and changes of risk.
- Audit Committee
  The Board has empowered the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's risk management and 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 on the various operating units within the Group according to the internal audit plan approved by the Audit Committee.

  The audit includes reviews on the appropriateness of internal control and the extent of compliance with existing policies and procedures and statutory requirement. Based on the audit performed, areas for improvement of the control and implementation are highlighted to the Audit Committee on a quarterly basis for review and deliberation. Follow ups on status of implementation of agreed action plan are also conducted to ensure corrective action implemented accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of Statement on Risk Management and Internal Control by External Auditors
The external auditors, Messrs Ernst and Young have reviewed this Statement on Risk Management and Internal Control pursuant to guidance published in Recommended Practice Guide 5 (RPG 5) : Guidance for Auditors on Review of Directors 'Statement on Risk Management and Internal Control issued by Malaysian Institute of Accountants ('MIA")

The External Auditors has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board during review of the adequacy and integrity of internal controls within the Group.

RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

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

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and is of the view that the Group's risk management and system of the internal control is adequate to safeguard the shareholders interest. There were no material losses incurred as a result of weaknesses in the internal control. The Board and the management continues to take necessary measures to maintain and where required, to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2017.

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.

Other information relating to the subsidiaries are disclosed in Note 15 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	15,522,793	5,834,063
Profit net of tax attributable to:		
Owners of the parent	13,645,575	5,834,063
Non-controlling interest	1,877,218	-
	15,522,793	5,834,063

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 2016 was as follows:

	RM
In respect of the financial year ended 30 November 2016:	
Single tier final dividend of 2 sen per ordinary share	
declared on 17 May 2017 and paid on 6 June 2017	6,091,690

At the forthcoming Annual General Meeting, a single tier final dividend of 1 sen per ordinary shares amounting to RM3,001,304 in respect of the financial year ended 30 November 2017 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 2017.

DIRECTORS' REPORT

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are :

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

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are :

Tee Bee Lan
Chan Wah Hang
Tee Sing Huat
Lee Boon Fie
Tey Hiang Heng
Chan Wah Beow
Lee Chong Jin
Norzieta binti Zakaria (resigned on 24 January 2018)
Sim Chee Liang
Kong Cheun Kok
Chan Hwa Kwang
Chin Siew Foo
Amonthep Punyapongpat
Somchai Punyapongpaet

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 9 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 31 to the financial statements.

Indemnifying Director or Officer

No indemnities have been given or insurance premium paid, during or since the end of the year, for any person who is or has been a Director or Officer of the Company.

DIRECTORS' REPORT

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 →			
	1 December 2016	**Bought**	**Sold**	**30 November 2017**
Dato' Chan Wah Kiang	60,368,640	1,941,400	-	62,310,040
Yeo Ann Seck	43,927,944	-	-	43,927,944
Dato' Dr Mohd Aminuddin Bin Mohd Rouse	-	40,000	-	40,000
Indirect/deemed interest				
Dato' Chan Wah Kiang #	30,975,652	-	-	30,975,652

	← Number of Warrants 2017/2021 →			
	1 December 2016	**Bought**	**Sold**	**30 November 2017**
Dato' Chan Wah Kiang	27,520,820	-	-	27,520,820
Yeo Ann Seck	20,191,000	-	(500,000)	19,691,000

Deemed interest through Avia Kapital Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016.

By virtue of Section 8(4) of the Companies Act 2016, Dato' 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.

DIRECTORS' REPORT

Other statutory information (Cont'd)

(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.

(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 its 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.

Subsequent event

Details of subsequent event is disclosed in Note 36 to the financial statements.

Auditors

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

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 March 2018.

Dato' Chan Wah Kiang **Dato' Theng Book**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' 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 14 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their results and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 March 2018.

Dato' Chan Wah Kiang

Dato' Theng Book

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

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 14 to 94 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 on 1 March 2018.

Tan Siew Hoon

Before me,

No.J274
Mohd Zulfakar Bin Sabri
Pesuruhjaya Sumpah
Johor Bahru.

INDEPENDENT AUDITORS' REPORT

to the members of Ajiya Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ajiya Berhad, which comprise the statements of financial position as at 30 November 2017 of the Group and of the Company, and the 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Ajiya Berhad (Incorporated in Malaysia)

1. Adequacy of allowance for obsolete and slow-moving inventories

   As at the reporting date, the carrying amount of the inventories amounted to approximately RM75,594,000. The inventories represent 16% of the Group's total assets. During the year, the Group has provided an allowance for obsolete and slow-moving inventories amounted to approximately RM5,377,000.

   Management judgement is involved in determining the adequacy of allowance, hence this is considered a key audit matter in our audit.

   Our audit procedures included, amongst others:

   - obtaining an understanding of management's process in determining the allowance for obsolete and slow-moving inventories;

   - assessing the consistency of management's application of the Group's policy in respect of the allowance for obsolete and slow-moving inventories;

   - observing physical inventory counts conducted by the management at selected locations and inspecting the physical condition of inventories;

   - testing the reliability of the inventory ageing analysis by tracing to inventories records on sampling basis;

   - evaluating the net realisable values by comparing selling prices of the inventories subsequent to year end on sampling basis;

   - assessing the adequacy of allowance with reference to ageing data and respective net realisable value.

   The disclosures on inventories are included in Note 2.17, Note 3.2(d) and Note 18 to the financial statements.

2. Recoverability of trade receivables

   As at the reporting date, the Group has net trade receivables amounting to approximately RM110,439,000, which represents 24% of the Group's total assets, and the associated impairment losses of trade receivables was approximately RM15,679,000. The determination as to whether a trade receivable (either for a specific transaction or for a customer's overall balance is collectible involves management judgement, where management will consider specific factors such as the age of the debt, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Given its magnitude and the judgement involved, this is considered a key audit matter in our audit.

   Our audit procedures included, amongst others:

   - obtaining an understanding of the Group's control over the credit process, impairment review process and the Group's policy on impairment of trade receivables;

   - assessing the reliability of the trade receivable ageing report used by management in assessing and monitoring the debtors' profile;

INDEPENDENT AUDITORS' REPORT

to the members of Ajiya Berhad (Incorporated in Malaysia)

2. Recoverability of trade receivables (Cont'd)

- considering the ageing of trade receivables and assessing whether adequate allowance for impairment has been provided for by assessing the assumptions used by the management. This includes considering post year-end payment records, historical payment patterns and any correspondence with customers on expected settlement dates or disputes;

- assessing the consistency of management's application of the methodology in respect of impairment for trade receivables. Specifically we considered how events during the year supported management's assumptions.

The disclosures on trade receivables and impairment of trade receivables are included in Note 2.19, Note 3.2(b) and Note 19 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the members of Ajiya Berhad (Incorporated in Malaysia)

2. Recoverability of trade receivables (Cont'd)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

to the members of Ajiya Berhad (Incorporated in Malaysia)

2. Recoverability of trade receivables (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Wun Mow Sang
01821/12/2018 J
Chartered Accountant

Johor Bahru, Malaysia
Date:

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 November 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	4	370,882,963	395,516,712	5,250,000	6,762,000
Cost of sales	5	(307,281,922)	(316,147,793)	-	-
Gross profit		63,601,041	79,368,919	5,250,000	6,762,000
Other items of income					
Interest income		1,916,057	1,577,903	1,207,566	1,364,264
Other operating income		9,307,140	3,185,759	297,326	1,064,470
Other items of expense					
Administrative expenses		(55,758,166)	(59,186,495)	(656,619)	(1,336,434)
Finance costs	6	(373,335)	(844,107)	-	(155,949)
Profit before tax	7	18,692,737	24,101,979	6,098,273	7,698,351
Income tax expense	10	(3,169,944)	(5,212,186)	(264,210)	(311,118)
Profit net of tax		15,522,793	18,889,793	5,834,063	7,387,233
Other comprehensive income:					
Foreign currency translation		(425,414)	670,122	-	-
Other comprehensive income for the year, net of tax		(425,414)	670,122	-	-
Total comprehensive income		15,097,379	19,559,915	5,834,063	7,387,233
Profit net of tax attributable to:					
Owners of the parent		13,645,575	14,494,096	5,834,063	7,387,233
Non-controlling interest		1,877,218	4,395,697	-	-
		15,522,793	18,889,793	5,834,063	7,387,233
Total comprehensive income attributable to:					
Owners of the parent		13,212,719	15,094,442	5,834,063	7,387,233
Non-controlling interest		1,884,660	4,465,473	-	-
		15,097,379	19,559,915	5,834,063	7,387,233
Earnings per share attributable to owners of the parent (sen per share)					
Basic	11	4.48	4.76		
Diluted	11	4.48	4.76		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 November 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	12	175,259,621	182,338,718	-	-
Investment properties	13	20,504,468	20,650,238	-	-
Land use rights	14	1,658,517	1,722,001	-	-
Investments in subsidiaries	15	-	-	51,687,074	51,687,074
Other investments	16	5,343,036	5,069,571	5,172,560	4,914,987
Amounts due from subsidiaries	17	-	-	24,636,074	31,781,230
		202,765,642	209,780,528	81,495,708	88,383,291
Current assets					
Inventories	18	75,593,726	70,926,380	-	-
Trade and other receivables	19	112,308,075	120,043,277	120,310	201,781
Amounts due from subsidiaries	17	-	-	2,471,113	-
Other current assets	20	799,151	1,087,543	-	-
Tax recoverable		1,530,085	990,683	48,355	66,565
Cash and bank balances	21	75,372,329	56,404,655	25,175,238	20,903,652
Non-current assets held for sale	22	-	6,895,631	-	-
		265,603,366	256,348,169	27,815,016	21,171,998
Total assets		468,369,008	466,128,697	109,310,724	109,555,289
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	3,095,581	3,064,710	-	-
Trade and other payables	24	53,608,325	54,214,573	195,626	182,564
Tax payable		427,735	128,406	-	-
		57,131,641	57,407,689	195,626	182,564
Net current assets		208,471,725	198,940,480	27,619,390	20,989,434
Non-current liabilities					
Deferred tax liabilities	25	10,272,145	11,087,852	-	-
Loans and borrowings	23	3,419,635	6,603,258	-	-
		13,691,780	17,691,110	-	-
Total liabilities		70,823,421	75,098,799	195,626	182,564
Net assets		397,545,587	391,029,898	109,115,098	109,372,725

STATEMENTS OF FINANCIAL POSITION

As at 30 November 2017 (Cont'd)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Equity attributable to equity holders of the Company					
Share capital	26	98,878,598	76,146,121	98,878,598	76,146,121
Share premium	27	-	22,732,477	-	22,732,477
Foreign currency translation reserve	27	5,542,256	5,975,112	-	-
Other reserve	27	728,997	728,997	-	-
Retained earnings	28	224,199,240	216,645,355	10,236,500	10,494,127
		329,349,091	322,228,062	109,115,098	109,372,725
Non-controlling interest		68,196,496	68,801,836	-	-
Total equity		397,545,587	391,029,898	109,115,098	109,372,725
Total equity and liabilities		468,369,008	466,128,697	109,310,724	109,555,289

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 November 2017

	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
2017								
Opening balance at 1 December 2016	76,146,121	22,732,477	5,975,112	728,997	216,645,355	322,228,062	68,801,836	391,029,898
Total comprehensive income	-	-	(432,856)	-	13,645,575	13,212,719	1,884,660	15,097,379
Transition to no-par value regime (Note a)	22,732,477	(22,732,477)	-	-	-	-	-	-
Transactions with owners								
Dividends (Note 29)	-	-	-	-	(6,091,690)	(6,091,690)	(2,490,000)	(8,581,690)
Closing balance at 30 November 2017	98,878,598	-	5,542,256	728,997	224,199,240	329,349,091	68,196,496	397,545,587

Note a

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM22,732,477 for purposes as set out in Section 618 (3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 November 2017 (Cont'd)

	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
2016								
Opening balance at 1 December 2015	76,146,121	22,732,477	5,374,766	728,997	205,958,565	310,940,926	66,734,363	377,675,289
Total comprehensive income	-	-	600,346	-	14,494,096	15,094,442	4,465,473	19,559,915
Transactions with owners								
Issuance of shares to non-controlling interest	-	-	-	-	-	-	500,000	500,000
Dividends (Note 29)	-	-	-	-	(3,807,306)	(3,807,306)	(2,898,000)	(6,705,306)
Closing balance at 30 November 2016	76,146,121	22,732,477	5,975,112	728,997	216,645,355	322,228,062	68,801,836	391,029,898

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 November 2017

		Non-Distributable	Distributable	
	Share capital RM	Share Premium RM	Retained earnings RM	Total RM
2017				
Opening balance at 1 December 2016	76,146,121	22,732,477	10,494,127	109,372,725
Total comprehensive income	-	-	5,834,063	5,834,063
Transition to no-par value regime (Note a)	22,732,477	(22,732,477)	-	-
Transactions with owners				
Dividends (Note 29)	-	-	(6,091,690)	(6,091,690)
Closing balance at 30 November 2017	98,878,598	-	10,236,500	109,115,098
2016				
Opening balance at 1 December 2015	76,146,121	22,732,477	6,914,200	105,792,798
Total comprehensive income	-	-	7,387,233	7,387,233
Transactions with owners				
Dividends (Note 29)	-	-	(3,807,306)	(3,807,306)
Closing balance at 30 November 2016	76,146,121	22,732,477	10,494,127	109,372,725

Note a

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM22,732,477 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Operating activities				
Profit before tax	18,692,737	24,101,979	6,098,273	7,698,351
Adjustments for:				
Amortisation of land use rights	63,484	94,720	-	-
Depreciation of property, plant and equipment	10,547,517	10,494,018	-	-
Depreciation of investment properties	145,770	105,091	-	-
Fair value (gain)/loss on other investments	(273,465)	135,578	(257,573)	85,013
Reversal of impairment loss on				
- trade receivables	(386,960)	(467,747)	-	-
- other receivables	(15,000)	-	-	-
Property, plant and equipment written off	430,468	87,490	-	-
Dividend received	-	-	(5,250,000)	(6,762,000)
Interest expense	373,335	844,107	-	155,949
Interest income	(1,916,057)	(1,577,903)	(1,207,566)	(1,364,264)
Unrealised (gain)/loss on foreign exchange	(149,821)	60,326	(7,044)	(1,064,470)
Loss/(gain) on disposal of property, plant and equipment	14,962	(3,696)	-	-
Gain on disposal of non-current assets held for sale	(6,979,369)	-	-	-
Gain on disposal of investment properties	-	(590,349)	-	-
Allowance for obsolete inventories	1,068,962	4,308,140	-	-
Inventories written off	3,815,081	-	-	-
Impairment loss on trade receivables	2,775,708	4,330,015	-	-
Total adjustments	9,514,615	17,819,790	(6,722,183)	(8,949,772)
Operating profit/(loss) before changes in working capital	28,207,352	41,921,769	(623,910)	(1,251,421)
Changes in working capital				
(Increase)/Decrease in inventories	(9,554,425)	5,388,373	-	-
Increase/(Decrease) in trade and other receivables	5,070,799	(3,400,114)	81,470	(200,781)
Decrease/(Increase) in other current assets	288,392	(293,071)	-	-
(Decrease)/Increase in trade and other payables	(620,413)	(1,741,572)	13,063	23,000
Total changes in working capital	(4,815,647)	(46,384)	94,533	(177,781)

STATEMENTS OF CASH FLOWS

For the financial year ended 30 November 2017 (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash generated from/(used in) operations	23,391,705	41,875,385	(529,377)	(1,429,202)
Interest paid	(373,335)	(844,107)	-	(155,949)
Tax paid	(4,658,243)	(6,556,560)	(246,000)	(318,087)
Tax refunded	425,903	-	-	-
Net cash flows generated from/(used in) operating activities	18,786,030	34,474,718	(775,377)	(1,903,238)
Investing activities				
Interest received	1,916,057	1,577,903	1,207,566	1,364,264
Net dividend received from subsidiaries	-	-	5,250,000	6,762,000
Repayment from subsidiaries	-	-	4,681,087	22,629,459
Purchase of property, plant and equipment	(3,918,880)	(8,257,957)	-	-
Investment in other investment	-	(5,000,000)	-	(5,000,000)
Investment in subsidiary	-	-	-	(18,595,000)
Proceeds from disposal of investment properties	-	1,155,000	-	-
Proceeds from disposal of non-current assets held for sale	13,875,000	-	-	-
Proceeds from disposal of property, plant and equipment	43,909	17,100	-	-
Net cash flows generated from/(used in) investing activities	11,916,086	(10,507,954)	11,138,653	7,160,723
Financing activities				
Repayment of loans and borrowings	(3,152,752)	(20,292,005)	-	(9,387,820)
Proceed from issuance of shares to non-controlling interest by a subsidiary	-	500,000	-	-
Dividends paid to non-controlling interest	(2,490,000)	(2,898,000)	-	-
Dividends paid	(6,091,690)	(3,807,306)	(6,091,690)	(3,807,306)
Net cash flows used in financing activities	(11,734,442)	(26,497,311)	(6,091,690)	(13,195,126)
Net increase/(decrease) in cash and cash equivalents	18,967,674	(2,530,547)	4,271,586	(7,937,641)
Cash and cash equivalents at 1 December	56,404,655	58,935,202	20,903,652	28,841,293
Cash and cash equivalents at 30 November (Note 21)	75,372,329	56,404,655	25,175,238	20,903,652

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 2017

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 manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glass, trading of building materials and investment holding.

Other information relating to the subsidiaries are disclosed in Note 15 to the financial statements.

2. Summary of significant accounting policies

2.1 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, 2016 in Malaysia.

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").

2.2 Standards and interpretations issued but not yet effective

The standards and amendments that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Amendments, Annual Improvements and IC Interpretations, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
MFRS 107 Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Annual Improvements to MFRS Standards 2014–2016 Cycle - Amendments to MFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in MFRS 12	1 January 2017
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

Description	Effective for annual periods beginning on or after
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

MFRS 107 Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods.

MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments is expected to have no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply.

MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective.

Annual Improvements to MFRS Standards 2014–2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters	This amendment is not applicable to the Group as the Group is not a first-time adopter of MFRS.
MFRS 128 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	The amendments clarify that: - an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. - if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at a later date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture is initially recognised; Earlier application of these amendments are permitted and must be disclosed. These amendments are not applicable to the Group as the Group is not a venture capital organisation and the Group does not have any associate or joint venture that is an investment entity.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed.

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed.

Annual Improvements to MFRS Standards 2015–2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

Annual Improvements to MFRS Standards 2015–2017 Cycle

Standards	Descriptions
MFRS 3 Business Combinations – Previously held interests in a joint operation	The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.
MFRS 11 Joint Arrangements – Previously held interests in a joint operation	A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies these amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.
MFRS 112 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies these amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.
MFRS 123 Borrowing Costs – Borrowing costs eligible for capitalisation	The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

IC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.2 Standards and interpretations issued but not yet effective (Cont'd)

MFRS 9 Financial Instruments

In November 2015, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group and the Company’s financial assets, but no impact on the classification and measurement of the Group and the Company's financial liabilities.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in year 2019.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 30 November 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.3 Basis of consolidation (Cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 interests;
- 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; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 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 to 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-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.4 Business combinations and goodwill (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain 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 has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.6 Fair value measurement (Cont'd)

The principal or the most advantageous market must be accessible to by the Group or by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7 Foreign currencies

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.7 Foreign currencies (Cont'd)

(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.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation 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 spot rate of exchange at the reporting date.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation 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 spot rate of exchange at the reporting date.

2.8 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, regardless of when the payment is being made. 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 Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Company and its subsidiaries have concluded that they are acting as a principal in all of its revenue arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.8 Revenue recognition (Cont'd)

(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 accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.9 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.

2.10Taxes

(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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.10 Taxes (Cont'd)

(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:

- when 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

- 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:

- when 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

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.10 Taxes (Cont'd)

(c) Goods and Service Tax ("GST")

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

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

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

2.11 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.

2.12 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	over the lease period
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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.13 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 2.12.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

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 2.12 up to the date of change in use.

2.14 Land use rights

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.

2.15 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. The land use rights are recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.15 Leases (Cont'd)

(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.

2.16 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.

2.17 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.

2.18 Impairment of non-financial assets

At each reporting date, an assessment is made as to 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 asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover 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 profit or loss in expense categories consistent with the function of the impaired asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.18 Impairment of non-financial assets (Cont'd)

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. 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 profit or loss.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, 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. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include 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. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.19 Financial instruments (Cont'd)

(b) Subsequent measurement (Cont'd)

(i) Financial assets at fair value through profit or loss (Cont'd)

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 profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) 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 ("EIR") 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when there is a positive intention and an ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the 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 as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. There were no held-to-maturity investments during the reporting period.

(iv) Available-for-sale ("AFS") financial investments

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The ability and intention to sell its AFS financial assets in the near term are evaluated whether they are still appropriate. When, in rare circumstances, these financial assets cannot be traded due to inactive markets, these financial assets will be reclassified if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.19 Financial instruments (Cont'd)

(b) Subsequent measurement (Cont'd)

(iv) Available-for-sale ("AFS") financial investments (Cont'd)

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the 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 maturity amount 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 statement of profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) when:

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

When the rights to receive cash flows from an asset have been transferred or when a pass-through arrangement has been entered into, the Group and the Company evaluate if, and the extent of, the risks and rewards of ownership that have been retained. When substantially all of the risks and rewards of the asset have not been transferred nor retained, the transferred asset continues to be recognised to the extent of the Group's and the Company's continuing involvement. In that case, an associated liability is also recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained.

(d) Impairment of financial assets

At each reporting date, an assessment is made as to whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, an assessment is made as to whether impairment exists individually (for financial assets that are individually significant) or collectively (for financial assets that are not individually significant). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.19 Financial instruments (Cont'd)

(d) Impairment of financial assets (Cont'd)

(i) Financial assets carried at amortised cost (Cont'd)

The amount of any impairment loss identified is measured as the difference between the asset's 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in the statement of profit or loss) 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. 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 or the Company. 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 write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

(ii) Available-for-sale ("AFS") investments

For AFS financial investments, an assessment is made 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 AFS, 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. When 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 statement of profit or loss) is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

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 profit or loss, the impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.19 Financial instruments (Cont'd)

(e) Financial liabilities (Cont'd)

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) 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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. No financial liability has been designated at fair value through profit or loss during the reporting period.

(ii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the 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 as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.19 Financial instruments (Cont'd)

(e) Financial liabilities (Cont'd)

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Company 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.

(d) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(e) Offsetting of financial instruments

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

2.20 Derivative financial instruments

Derivative financial instruments, such as forward currency contracts is used to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under MFRS 139 are recognised in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.21 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of any outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.22 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.

2.23 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.

2.24 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon 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 the statement of profit or loss.

2.25 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 statement of financial position of the Group and of the Company.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

2. Summary of significant accounting policies (Cont'd)

2.27 Non-current assets held for sale

Non-current assets is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to the terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification

Non-current assets, other than those measured at fair value, which are classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, 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.

3.1 Judgements made in applying accounting policies

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

3. Significant accounting judgements, estimates and assumptions (Cont'd)

3.2 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 2017 is disclosed in Note 12.

A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3.40% (2016: 2.73%) variance in the Group's profit for the year.

(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 judgement. 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.

(c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group and the Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group and the Company's domicile.

(d) Inventories

The allowance for inventory obsolescence of the Group is based on the estimation of net realisable value of inventories. The management considers all the facts relating to the inventories and the operating environment at the time the estimates are made. Where the actual realised values of the inventories differ from the original estimate, such differences will be taken to profit or loss in the period in which the inventories are sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

4. 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.

5. Cost of sales

Cost of sales represents cost of inventories sold.

6. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
- bank interest	-	1,316	-	-
- loan interest	373,335	770,207	-	155,949
- revolving credit and bankers' acceptances	-	72,584	-	-
	373,335	844,107	-	155,949

7. Profit before tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefits expense (Note 8)	48,072,381	47,931,543	-	-
Amortisation of land use rights	63,484	94,720	-	-
Auditors' remuneration				
- Auditors' of the Company				
- Statutory audit	158,500	154,000	57,500	53,000
- Underprovision in prior year	8,370	9,220	8,370	9,220
- Other services	38,680	49,150	10,180	9,650
- Other auditors				
- Statutory audit	77,144	67,587	-	-
- (Over)/Underprovision in prior year	(300)	300	-	-
Reversal of impairment loss on				
- Trade receivables (Note 19)	(386,960)	(467,747)	-	-
- Other receivables (Note 19)	(15,000)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

7. Profit before tax (cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Depreciation of				
- Property, plant and equipment (Note 12)	10,547,517	10,494,018	-	-
- Investment properties (Note 13)	145,770	105,091	-	-
Dividend income	-	-	(5,250,000)	(6,762,000)
Directors' remuneration (Note 9)	3,791,662	4,107,518	120,000	120,000
Fair value (gain)/loss on other investments	(273,465)	135,578	(257,573)	85,013
Loss/(gain) on disposal of property, plant and equipment	14,962	(3,696)	-	-
Gain on disposal of asset held for sale	(6,979,369)	-	-	-
Gain on disposal of investment properties	-	(590,349)	-	-
Interest expense	373,335	844,107	-	155,949
Interest income	(1,916,057)	(1,577,903)	(1,207,566)	(1,364,264)
Property, plant and equipment written off	430,468	87,490	-	-
Impairment loss on trade receivables (Note 19)	2,775,708	4,330,015	-	-
Allowance for obsolete inventories	1,068,962	4,308,140	-	-
Inventories written off	3,815,081	-	-	-
Realised (gain)/loss on foreign exchange	(971,465)	(932,816)	(32,709)	216,015
Unrealised (gain)/loss on foreign exchange	(149,821)	60,326	(7,044)	(1,064,470)
Rental income of land and buildings	(232,277)	(451,223)	-	-
Rental expense of land and buildings	521,582	527,812	-	-

8. Employee benefits expense

	Group	
	2017 RM	2016 RM
Wages and salaries	40,074,580	39,898,743
Defined contribution plan	3,176,400	3,132,407
Social security contributions	441,561	433,109
Other staff related expenses	4,379,840	4,467,284
	48,072,381	47,931,543

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

9. Directors' remuneration

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

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Directors of the Company				
Executive:				
Salary	802,065	782,380	-	-
Bonus and incentive				
- current year	448,660	570,353	-	-
- prior year	59,988	32,760	-	-
Benefit in kind	96,255	93,888	-	-
Fees	55,000	55,000	20,000	20,000
	1,461,968	1,534,381	20,000	20,000
Non-Executive (but holding executive position in subsidiaries):				
Salary	180,000	180,000	-	-
Benefit in kind	21,600	21,600	-	-
Fees	20,000	20,000	20,000	20,000
	221,600	221,600	20,000	20,000
Non-executive:				
Other emoluments				
Fees	80,000	80,000	80,000	80,000
	80,000	80,000	80,000	80,000
Total	1,763,568	1,835,981	120,000	120,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

9. Directors' remuneration (Cont'd)

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments				
Executive:				
Salary	1,318,110	1,290,720	-	-
Bonus and incentive				
- current year	455,660	659,786	-	-
- prior year	(43,052)	14,330	-	-
Benefit in kind	158,675	155,331	-	-
Fees	100,301	102,970	-	-
	1,989,694	2,223,137	-	-
Non-executive: Fees	38,400	48,400	-	-
Total	2,028,094	2,271,537	-	-
Grand total	3,791,662	4,107,518	120,000	120,000

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 November 2017 and 2016 are:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	3,377,479	4,436,818	277,857	313,201
Under/(Over)provision in prior years	210,897	95,795	(13,647)	(2,083)
Real property gain tax	397,275	39,950	-	-
	3,985,651	4,572,563	264,210	311,118
Deferred income tax (Note 25):				
Relating to origination and reversal of temporary difference	(386,675)	(72,568)	-	-
(Over)/Underprovision in prior years	(429,032)	712,191	-	-
	(815,707)	639,623	-	-
	3,169,944	5,212,186	264,210	311,118

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

10. Income tax expense (Cont'd)

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 2017 and 2016 are as follows:

	2017 RM	2016 RM
Group		
Profit before tax	18,692,737	24,101,979
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	4,486,257	5,784,475
Different tax rates in other countries	-	(19,203)
Expenses not deductible for tax purposes	1,167,485	889,872
Effect on deferred tax of reduction in Malaysian income tax rate	(6,641)	-
Income not subject to taxation	(2,307,441)	(518,968)
Effect of utilisation of reinvestment allowances and capital allowances	(363,375)	(1,771,926)
Underprovision of income tax in prior years	210,897	95,795
Deferred tax not recognised on unutilised business losses	14,519	-
(Over)/Underprovision of deferred tax in prior years	(429,032)	712,191
Real property gain tax	397,275	39,950
Income tax expense recognised in profit or loss	3,169,944	5,212,186
Company		
Profit before tax	6,098,273	7,698,351
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	1,463,586	1,847,604
Income not subject to taxation	(1,335,468)	(1,892,575)
Expenses not deductible for tax purposes	149,739	358,172
Overprovision of income tax in prior year	(13,647)	(2,083)
Income tax expense recognised in profit or loss	264,210	311,118

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. The computation of deferred tax as at 30 November 2017 has reflected these changes.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

11. 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	
	2017 RM	**2016 RM**
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share	13,645,575	14,494,096
Weighted average number of ordinary shares for basic earnings per share computation	304,584,484	304,584,484
Basic earnings per share (sen)	4.48	4.76

Diluted earnings per share is equal to basic earnings per share as there are no potential dilutive ordinary shares as at 30 November 2017.

As at reporting date, the Company does not have any share options and other potential dilutive ordinary shares. The warrants as at the reporting date was at the out-of-money position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

12. Property, plant and equipment

Group	*Land and buildings RM	Plant and machinery RM	# Other assets RM	Total RM
Cost				
At 1 December 2015	134,765,637	121,310,826	29,420,267	285,496,730
Additions	1,123,755	5,598,761	1,535,441	8,257,957
Disposals	-	(15,500)	(1,000)	(16,500)
Written off	-	(175,965)	(175,076)	(351,041)
Reclassification	7,941,362	-	(7,941,362)	-
Reclassified as held for sale (Note 22)	(5,099,568)	-	-	(5,099,568)
Exchange differences	1,035,443	493,650	79,597	1,608,690
At 30 November 2016 and 1 December 2016	139,766,629	127,211,772	22,917,867	289,896,268
Additions	574,367	2,685,880	658,633	3,918,880
Disposals	-	-	(434,563)	(434,563)
Written off	-	(1,188,744)	(241,311)	(1,430,055)
Reclassification	-	769,887	(769,887)	-
Exchange differences	11,920	4,753	695	17,368
At 30 November 2017	140,352,916	129,483,548	22,131,434	291,967,898
Accumulated depreciation				
At 1 December 2015	13,985,663	67,523,269	15,700,745	97,209,677
Charge for the year (Note 7)	2,079,028	6,461,602	1,953,388	10,494,018
Disposals	-	(2,713)	(383)	(3,096)
Written off	-	(105,412)	(158,139)	(263,551)
Reclassified as held for sale (Note 22)	(203,982)	-	-	(203,982)
Exchange differences	68,796	193,142	62,546	324,484
At 30 November 2016 and 1 December 2016	15,929,505	74,069,888	17,558,157	107,557,550
Charge for the year (Note 7)	2,161,102	6,716,763	1,669,652	10,547,517
Disposals	-	-	(375,692)	(375,692)
Written off	-	(780,869)	(218,718)	(999,587)
Exchange differences	(4,918)	(12,526)	(4,067)	(21,511)
At 30 November 2017	18,085,689	79,993,256	18,629,332	116,708,277
Net carrying amount				
At 30 November 2016	123,837,124	53,141,884	5,359,710	182,338,718
At 30 November 2017	122,267,227	49,490,292	3,502,102	175,259,621

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

12. 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 2015	103,830,726	30,934,911	134,765,637
Additions	813,048	310,707	1,123,755
Reclassification	5,009,172	2,932,190	7,941,362
Reclassified as held for sale	-	(5,099,568)	(5,099,568)
Exchange differences	1,035,443	-	1,035,443
At 30 November 2016 and 1 December 2016	110,688,389	29,078,240	139,766,629
Additions	496,775	77,592	574,367
Exchange differences	11,920	-	11,920
At 30 November 2017	111,197,084	29,155,832	140,352,916
Accumulated depreciation			
At 1 December 2015	9,750,278	4,235,385	13,985,663
Charge for the year	1,521,295	557,733	2,079,028
Reclassified as held for sale	-	(203,982)	(203,982)
At 30 November 2016	68,796	-	68,796
At 30 November 2016 and 1 December 2016	11,340,369	4,589,136	15,929,505
Charge for the year	1,664,356	496,746	2,161,102
Exchange differences	(4,918)	-	(4,918)
At 30 November 2017	12,999,807	5,085,882	18,085,689
Net carrying amount			
At 30 November 2016	99,348,020	24,489,104	123,837,124
At 30 November 2017	98,197,277	24,069,950	122,267,227

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

12. Property, plant and equipment (Cont'd)

Assets pledged as security

Property, plant and equipment with net book value amounting to RM82,910,191 (2016: RM86,260,668) are negatively pledged to a financial institution for bank borrowings as referred to in Note 23.

Assets under construction

During the financial year, other property, plant and equipment of the Group included capital work-in-progress which comprised expenditures incurred for plant and machinery being installed and factory building in the course of construction amounted to RM14,116 (2016: Nil).

13. Investment properties

	Group	
	2017 RM	**2016 RM**
At cost		
At beginning of year	21,153,218	22,175,885
Reclassified as held for sale (Note 22)	-	(323,136)
Disposal	-	(699,531)
At end of year	21,153,218	21,153,218
Accumulated depreciation		
At beginning of year	502,980	542,561
Depreciation (Note 7)	145,770	105,091
Reclassified as held for sale (Note 22)	-	(9,792)
Disposal	-	(134,880)
At end of year	648,750	502,980
Net carrying amount	20,504,468	20,650,238

Fair value of the investment properties as at 30 November 2017 was RM31,990,000 (2016: RM31,888,020).

Investment properties with net book value amounting to RM17,842,969 (2016: RM17,963,089) are negatively pledged for bank borrowings as referred to in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

14. Land use rights

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At beginning of year	2,640,950	4,547,374
Reclassified as held for sale (Note 22)	-	(1,906,424)
At end of year	2,640,950	2,640,950
Accumulated amortisation		
At beginning of year	918,949	1,043,952
Amortisation for the year (Note 7)	63,484	94,720
Reclassified as held for sale (Note 22)	-	(219,723)
At end of year	982,433	918,949
Net carrying amount	1,658,517	1,722,001

15. Investments in subsidiaries

	Company	
	2017	**2016**
	RM	**RM**
Unquoted shares, at cost:		
- In Malaysia	27,671,074	27,671,074
- Outside Malaysia	24,016,000	24,016,000
	51,687,074	51,687,074

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest held (%) 2017	Equity interest held (%) 2016
Asia Roofing Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of metal roll forming products	100	100
ARI Utara Sdn. Bhd. *	Malaysia	Manufacturing and marketing of metal roll forming products	60	60
Ajiya Safety Glass Sdn. Bhd.	Malaysia	Manufacturing and trading of all kinds of glass	70	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

15. Investments in subsidiaries (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest held (%) 2017	2016
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
Ariteq Eco 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. Ceased operation in 2016	100	100
Thai Ajiya Co. Ltd. @*	Thailand	To provide, design and install metal sheet roofing and insulator materials	60	60
Thai Ajiya Safety Glass Co. Ltd. *	Thailand	Processing and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

15. Investments in subsidiaries (Cont'd)

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests ("NCI") is as follow:

	2017 RM	2016 RM
Proportion of equity interest held by non-controlling interests:		
ARI Utara Sdn. Bhd. ("ARIU")	40%	40%
Ajiya Safety Glass Sdn. Bhd. ("ASG")	30%	30%
Carrying amount of NCI		
ARIU	7,897,262	7,759,182
ASG	52,886,738	53,369,441
Profit allocated to NCI		
ARIU	138,080	1,554,468
ASG	1,767,297	2,253,916

The summarised financial information of these subsidiaries, based on amounts before inter-company eliminations, is as follow:

Summarised statement of financial position as at 30 November 2017:

	ARIU RM	ASG RM
Non-current assets	9,957,733	102,191,511
Current assets	43,617,051	98,104,114
Non-current liabilities	9,949,035	8,398,600
Current liabilities	23,882,595	15,607,897
Net assets	19,743,154	176,289,128

Summarised statement of financial position as at 30 November 2016:

	ARIU RM	ASG RM
Non-current assets	10,663,369	105,882,387
Current assets	40,672,605	107,099,657
Non-current liabilities	2,608,058	11,773,200
Current liabilities	29,329,961	23,310,706
Net assets	19,397,955	177,898,138

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

15. Investments in subsidiaries (Cont'd)

Material partly-owned subsidiaries (Cont'd)

Summarised statement of profit or loss for 2017:

	ARIU RM	ASG RM
Revenue	59,169,084	123,143,094
Profit for the year	345,199	5,890,991

Summarised statement of profit or loss for 2016:

	ARIU RM	ASG RM
Revenue	67,773,323	145,169,048
Profit for the year	3,886,170	7,513,054

Summarised cash flow information for year ended 30 November 2017:

	ARIU RM	ASG RM
Operating activities	(7,348,721)	12,008,847
Investing activities	(200,058)	12,293,832
Financing activities	4,554,701	(10,455,763)
Net (decrease)/increase in cash and cash equivalents	(2,994,078)	13,846,916

Summarised cash flow information for year ended 30 November 2016:

	ARIU RM	ASG RM
Operating activities	(2,354,966)	22,470,587
Investing activities	(5,351,078)	(494,590)
Financing activities	9,439,857	(17,799,544)
Net increase in cash and cash equivalents	1,733,813	4,176,453

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

16. Other investments

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fair value through profit or loss				
Quoted shares in Malaysia	170,476	154,584	-	-
Trust funds	5,172,560	4,914,987	5,172,560	4,914,987
Total	5,343,036	5,069,571	5,172,560	4,914,987
Market value				
Shares quoted in Malaysia	170,476	154,584	-	-
Trust funds	5,172,560	4,914,987	5,172,560	4,914,987
	5,343,036	5,069,571	5,172,560	4,914,987

17. Amounts due from subsidiaries

	Company	
	2017 RM	2016 RM
Current		
Interest bearing at 4% per annum	2,471,113	-
Non-Current		
Interest free	24,636,074	31,781,230
	27,107,187	31,781,230

(a) Amounts due from subsidiary (current)
The amount due from subsidiary is unsecured and repayable upon demand.

(b) Amounts due from subsidiaries (non-current)
The amounts due from subsidiaries are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months.

18. Inventories

	Group	
	2017 RM	2016 RM
Raw materials	66,483,214	62,695,916
Work-in-progress	90,119	720,990
Finished goods	8,803,926	7,056,505
Inventories in transit - raw materials	216,467	452,969
	75,593,726	70,926,380

During the period, the amount of inventories recognised as an expense in cost of sales of the Group was RM251,751,103 (2016: RM280,467,506).

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For the financial year ended 30 November 2017

19. Trade and other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	126,118,120	131,856,269	-	-
Less: Allowance for impairment	(15,678,870)	(13,756,192)	-	-
Trade receivables, net	110,439,250	118,100,077	-	-
Other receivables				
Sundry deposit	466,683	855,744	1,000	1,000
Other receivables	1,417,142	1,087,456	119,310	200,781
Less: Allowance for impairment	(15,000)	-	-	-
Other receivables, net	1,868,825	1,943,200	120,310	201,781
	112,308,075	120,043,277	120,310	201,781
Total trade and other receivables	112,308,075	120,043,277	120,310	201,781
Add: Cash and bank balances (Note 21)	75,372,329	56,404,655	25,175,238	20,903,652
Total loans and receivables	187,680,404	176,447,932	25,295,548	21,105,433

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 30 to 90 days) 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	
	2017 RM	2016 RM
Neither past due nor impaired	56,448,974	69,470,394
1 to 30 days past due not impaired	22,084,161	23,169,235
31 to 60 days past due not impaired	13,207,891	10,667,818
61 to 90 days past due not impaired	6,347,616	3,521,223
91 to 120 days past due not impaired	7,040,495	5,692,677
More than 121 days past due not impaired	5,310,113	5,578,730
	53,990,276	48,629,683
Impaired	15,678,870	13,756,192
	126,118,120	131,856,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

19. Trade and other receivables (Cont'd)

(a) Trade receivables (Cont'd)

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 RM53,990,276 (2016: RM48,629,683) 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.

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	
	2017	**2016**
	RM	**RM**
Trade receivables-nominal amounts	15,678,870	13,756,192
Less: Allowance for impairment	(15,678,870)	(13,756,192)
	-	-

Movement in allowance accounts:

	Group	
	2017	**2016**
	RM	**RM**
At 1 December	13,756,192	9,944,362
Charge for the year (Note 7)	2,775,708	4,330,015
Written off against allowance for impairment	(466,070)	(50,438)
Reversal of impairment loss (Note 7)	(386,960)	(467,747)
At 30 November	15,678,870	13,756,192

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

19. Trade and other receivables (Cont'd)

(a) Trade receivables (Cont'd)

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 days (2016: 30 to 90 days) terms.

20. Other current assets

	Group	
	2017 RM	2016 RM
Prepaid operating expenses	664,374	690,601
Advances to suppliers of raw materials and property, plant and equipment	134,777	396,942
	799,151	1,087,543

21. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at banks and on hand	19,130,408	26,614,873	721,318	5,054,871
Fixed deposits with licensed bank	56,241,921	29,789,782	24,453,920	15,848,781
Cash and bank balances	75,372,329	56,404,655	25,175,238	20,903,652

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

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Deposits with licensed banks	3.53 - 3.82	3.00 - 3.95	3.82	3.95

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

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Deposits with licensed banks	1 - 90	1 - 75	90	75

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

22. Non-current assets held for sale

	Group 2017 RM	Group 2016 RM
Freehold land and building	-	313,344
Leasehold land and building	-	6,582,287
	-	6,895,631

In prior year, two of the subsidiaries have entered into Sale and Purchase Agreements for the sales of land and buildings for a total consideration of RM13,875,000. The disposal of the properties have been completed during the year.

As at 30 November 2016, the property has been presented on the statement of financial position as non-current assets classified as held for sale.

23. Loans and borrowings

	Maturity	Group 2017 RM	Group 2016 RM
Current			
Unsecured:			
Term loans:			
- RM term loan I at 1% + COF	2018	1,552,000	1,552,000
- RM term loan II at 1% + COF	2018	999,600	999,600
- RM term loan III at 1% + COF	2018	543,981	513,110
		3,095,581	3,064,710
Non-current			
Unsecured:			
Term loans:			
- RM term loan I at 1% + COF	2019	1,568,000	3,120,000
- RM term loan II at 1% + COF	2019	1,001,600	2,001,200
- RM term loan III at 1% + COF	2019-2020	850,035	1,482,058
		3,419,635	6,603,258
Total loans and borrowings		6,515,216	9,667,968

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

23. Loans and borrowings (Cont'd)

The remaining maturities of the loans and borrowings as at 30 November 2017 are as follows:

	Group	
	2017	**2016**
	RM	**RM**
On demand or within one year	3,095,581	3,064,710
More than 1 year and less than 2 years	3,140,161	3,090,228
More than 2 years and less than 5 years	279,474	3,513,030
	6,515,216	9,667,968

RM term loan I at 1% + COF

This term loan is secured by a negative pledge of property, plant and equipment and investment properties of the borrower amounting to RM100,753,160 (2016: RM104,223,757) and corporate guarantee by the Company.

RM term loan II at 1% + COF

This term loan is secured by a negative pledge of property, plant and equipment and investment properties of the borrower amounting to RM100,753,160 (2016: RM104,223,757) and corporate guarantee by the Company.

RM term loan III at 1% + COF

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

* COF : Cost of funds

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

24. Trade and other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	34,906,110	32,641,132	-	-
Other payables				
Amounts due to directors	20,951	26,289	-	-
Accruals	9,355,539	12,007,075	195,626	182,564
Sundry payables	9,325,725	9,540,077	-	-
	18,702,215	21,573,441	195,626	182,564
	53,608,325	54,214,573	195,626	182,564
Total trade and other payables	53,608,325	54,214,573	195,626	182,564
Add: Loans and borrowings (Note 23)	6,515,216	9,667,968	-	-
Total financial liabilities carried at amortised cost	60,123,541	63,882,541	195,626	182,564

(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 (2016: 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 (2016: average term of 3 months).

(c) Amounts due to directors

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

25. Deferred tax liabilities

	Group 2017 RM	Group 2016 RM
At beginning of year	11,087,852	10,448,229
Recognised in the profit or loss (Note 10)	(815,707)	639,623
At end of year	10,272,145	11,087,852
Presented after appropriate offsetting as follows:		
Deferred tax assets	(1,788,393)	(1,285,000)
Deferred tax liabilities	12,060,538	12,372,852
	10,272,145	11,087,852

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

	Deferred tax liabilities Accelerated capital allowances RM	Deferred tax assets Foreign exchange difference RM	# Others RM	Total RM
Group				
At 1 December 2015	11,295,840	(27,000)	(820,611)	10,448,229
Recognised in profit or loss	1,077,012	27,000	(464,389)	639,623
At 30 November 2016 and 1 December 2016	12,372,852	-	(1,285,000)	11,087,852
Recognised in profit or loss	(312,314)	-	(503,393)	(815,707)
At 30 November 2017	12,060,538	-	(1,788,393)	10,272,145

\# Others consist of provision, unabsorbed capital allowance and unabsorbed reinvestment allowance

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

26. Share capital

	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid:				
At 1 December	304,584,484	76,146,121	76,146,121	76,146,121
- share premium	-	-	22,732,477	-
- Share split	-	228,438,363	-	-
At 30 November	304,584,484	304,584,484	98,878,598	76,146,121

The holders of ordinary shares are entitled to receive 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.

(i) Share split

In prior year, the Company undertook a share split exercise to subdivide the ordinary shares of RM1 each into ordinary shares of RM0.25 each.

(ii) Warrants 2017/2021

In prior year, the Company issued 152,292,242 free warrants on the basis of one warrant for every two shares held after the share split.

The main features of the Warrants are as follows :

(a) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM0.92 per share.

(b) The warrants may be exercised at any time on or after 1 September 2017 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five (5) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.

(c) The new ordinary shares allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may declared, made or paid prior to date of allotment and issuance of the new shares.

The number of Warrants unexercised as at reporting date was 152,292,242. (2016: 152,292,242)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

27. Reserves

	Group	
	2017 RM	2016 RM
Share premium:		
At 1 December	22,732,477	22,732,477
Transition to no-par value regime	(22,732,477)	-
At 30 November	-	22,732,477
Foreign currency translation reserve:		
At 1 December	5,975,112	5,374,766
Other comprehensive income		
Foreign currency translation	(432,856)	600,346
At 30 November	5,542,256	5,975,112
Other reserve:		
At 1 December/30 November	728,997	728,997

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. The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM22,732,477 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(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 non-controlling interests and carrying value of the interest acquired.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 30 November 2017 and 30 November 2016 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

29. Dividends

	Group and Company	
	2017	**2016**
	RM	**RM**
Recognised during the financial year:		
Single tier final dividend for 2015 :		
5% on 76,146,121 ordinary shares (5.00 sen per ordinary share)	-	3,807,306
Single tier final dividend for 2016 :		
2% on 304,584,484 ordinary shares (2.00 sen per ordinary share)	6,091,690	-
	6,091,690	3,807,306
Proposed but not recognised as a liability as at 30 November:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Single tier final dividend for 2017:		
1.00 sen per ordinary share	3,001,304	-
Single tier final dividend for 2016:		
2.00 sen per ordinary share	-	6,091,690
	3,001,304	6,091,690

At the forthcoming Annual General Meeting, a single tier final dividend of 1 sen per ordinary share amounting to RM3,001,304 in respect of the financial year ended 30 November 2017 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 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

30. Commitments

(a) Capital commitments

	Group 2017 RM	Group 2016 RM
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	204,540	1,237,883

(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 2017 RM	Group 2016 RM
Future minimum rental payable:		
Not later than 1 year	178,200	43,200
Later than 1 year and not later than 5 years	102,450	108,000
	280,650	151,200

(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 2017 RM	Group 2016 RM
Future minimum rental receivables:		
Not later than 1 year	358,200	58,800
Later than 1 year and not later than 5 years	452,500	16,900
	810,700	75,700

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

31. Related party transactions

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:

(a) Sale and purchase of goods and services

	2017 RM	2016 RM
Group		
Related party:*		
Sale of finished goods to companies related to a director	5,571,418	6,638,785
Rental paid to a company related to a director	36,000	36,000
Company		
Gross dividend received from subsidiaries	5,250,000	6,762,000
Interest charged to a subsidiary	380,103	492,515

* 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 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

32. 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	
Company	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Financial assets:				
Non-Current				
Amounts due from subsidiaries (Note 17)	24,636,074	31,781,230	*	*

* The amounts owing from subsidiaries are not expected to be repaid within the next twelve months and are 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)	19
Trade and other payables (current)	24
Loans and borrowings (current and non-current)	23

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

32. Fair value of financial instruments (Cont'd)

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

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

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.

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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

32. Fair value of financial instruments (Cont'd)

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

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
As at 30 November 2017				
Assets measured at fair value				
Other investments (Note 16)	5,343,036	5,343,036	-	-
Assets for which fair values are disclosed				
Investment properties (Note 13)	31,990,000	-	-	31,990,000
As at 30 November 2016				
Assets measured at fair value				
Other investments (Note 16)	5,069,571	5,069,571	-	-
Assets for which fair values are disclosed				
Investment properties (Note 13)	31,888,020	-	-	31,888,020
Company				
As at 30 November 2017				
Assets measured at fair value				
Other investments (Note 16)	5,172,560	5,172,560	-	-
As at 30 November 2016				
Assets measured at fair value				
Other investments (Note 16)	4,914,987	4,914,987	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

33. Financial risk management objectives and policies

Financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's and the Company's operations and to provide guarantees to support its operations. Financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group does not apply hedge accounting. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include deposits, loans and borrowings.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Exposure to credit risk relates to operating activities (primarily trade receivables) and from financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed according to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and approved by the directors who sets out the individual credit limits. Outstanding customer receivables are regularly monitored and financial standings of major customers are continuously reviewed.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

33. Financial risk management objectives and policies (Cont'd)

(b) Credit risk (Cont'd)

(i) Trade receivables (Cont'd)

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 statement of financial position.
- A nominal amount of RM6,515,216 (2016: RM9,667,968) relating to a corporate guarantee provided by the Company to several banks for its subsidiaries' bank loan 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 19.

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 19.

(ii) Cash and short-term deposits

Cash are normally maintained at minimum levels and surplus cash are placed as short-term deposits with licensed banks and financial institutions. Such funds are reviewed by the Directors on a monthly basis and amounts placed as short-term deposits may be revised throughout the year. This is to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

33. Financial risk management objectives and policies (Cont'd)

(c) 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.

Analysis of financial liabilities 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.

	2017		
	Within one year RM	**One to five years RM**	**Total RM**
Group			
Financial liabilities:			
Trade and other payables	53,608,325	-	53,608,325
Loans and borrowings	3,344,965	3,509,644	6,854,609
Total undiscounted financial liabilities	56,953,290	3,509,644	60,462,934
Company			
Financial liabilities:			
Trade and other payables, represent total undiscounted financial liabilities	195,626	-	195,626

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For the financial year ended 30 November 2017

33. Financial risk management objectives and policies (Cont'd)

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	2016		
	Within one year RM	**One to five years RM**	**Total RM**
Group			
Financial liabilities:			
Trade and other payables	54,214,573	-	54,214,573
Loans and borrowings	3,439,846	6,935,481	10,375,327
Total undiscounted financial liabilities	57,654,419	6,935,481	64,589,900
Company			
Financial liabilities:			
Trade and other payables, represent total undiscounted financial liabilities	182,564	-	182,564

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

33. Financial risk management objectives and policies (Cont'd)

(d) Interest rate risk (Cont'd))

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 RM4,886 and RMNil (2016: RM7,251 and RMNil) 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.

(e) 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 and amount due from subsidiaries 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"), Singapore Dollars ("SGD") and Thai Baht ("THB"). 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 and THB exchange rates against the functional currency of the Group, with all other variables held constant.

		2017 RM	2016 RM
Group			
USD/RM	- strengthened 3%	(345,584)	(93,894)
	- weakened 3%	345,584	93,894
SGD/RM	- strengthened 3%	25,427	27,994
	- weakened 3%	(25,427)	(27,994)
THB/RM	- strengthened 3%	519,615	577,615
	- weakened 3%	(519,615)	(577,615)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

34. Segment information

For management purposes, the Group is organised into business units based on the geographical areas and has two reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

	Malaysia RM	Thailand RM	Eliminations RM	Notes	Consolidated RM
30 November 2017					
Revenue					
External sales	343,078,535	27,804,428	-		370,882,963
Total revenue	343,078,535	27,804,428	-		370,882,963
Results					
Interest income	1,910,451	5,606	-		1,916,057
Finance costs	373,335	-	-		373,335
Depreciation and amortisation	8,837,475	1,919,296	-		10,756,771
Segment profit	19,158,546	(465,809)	-		18,692,737
Assets					
Additions to non-current assets	3,853,726	65,154	-	A	3,918,880
Segment assets	418,208,374	50,160,634	-		468,369,008
Liabilities					
Segment liabilities	50,378,668	20,444,753	-	B	70,823,421
Other segment information					
Capital commitments	204,540	-	-		204,540

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 November 2017

34. Segment information (Cont'd)

	Malaysia RM	Thailand RM	Eliminations RM	Notes	Consolidated RM
30 November 2016					
Revenue					
External sales	368,030,261	27,486,451	-		395,516,712
Total revenue	368,030,261	27,486,451	-		395,516,712
Results					
Interest income	1,556,651	21,252	-		1,577,903
Finance costs	844,088	19	-		844,107
Depreciation and amortisation	8,935,534	1,758,295	-		10,693,829
Segment profit	23,859,180	242,799	-		24,101,979
Assets					
Additions to non-current assets	8,211,948	46,009	-	A	8,257,957
Segment assets	414,074,723	52,053,974	-		466,128,697
Liabilities					
Segment liabilities	53,014,053	22,084,746	-	B	75,098,799
Other segment information					
Capital commitments	1,237,883	-	-		1,237,883

A Additions to non-current assets consist of:

	2017 RM	2016 RM
Property, plant and equipment	3,918,880	8,257,957

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM	2016 RM
Income tax payable	427,735	128,406
Deferred tax liabilities	10,272,145	11,087,852
	10,699,880	11,216,258

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

35. 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 shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 November 2017 and 30 November 2016.

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.

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Loans and borrowings	23	6,515,216	9,667,968	-	-
Trade and other payables	24	53,608,325	54,214,573	195,626	182,564
Less: - Cash and bank balances	21	(75,372,329)	(56,404,655)	(25,175,238)	(20,903,652)
Net debt		(15,248,788)	7,477,886	(24,979,612)	(20,721,088)
Equity attributable to the owners of the parent		329,349,091	322,228,062	109,115,098	109,372,725
Capital and net debt		314,100,303	329,705,948	84,135,486	88,651,637
Gearing ratio		N/A	2%	N/A	N/A

N/A = Not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2017

36. Subsequent event

Treasury Shares

Subsequent to the financial year, the Company repurchased 4,454,100 of its issued ordinary shares from the open market at an average price of RM0.595 per share. The total consideration paid for the repurchase including transaction costs was RM2,660,911. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

37. Authorisation of financial statements for issue

The financial statements for the year ended 30 November 2017 were authorised for issue in accordance with a resolution of the directors on 1 March 2018.

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2018

Total Number of Issued Shares : 304,584,484
Class of shares : Ordinary Shares
Voting rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of Holders	No. of Shares Held	% of Holdings
Less than 100	11	173	0
100 to 1,000	160	111,350	0.04
1,001 to 10,000	1,875	12,342,757	4.11
10,001 to 100,000	1,447	46,963,700	15.65
100,001 to less than 5% of issued shares	228	102,661,588	34.21
5% and above of issued shares	5	138,050,816	46.00
TOTAL	3,726	300,130,384*	100.00

* Excluding a total of 4,454,100 ordinary shares brought back and retained as treasury shares.

THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	% of Shares
1.	Yeo Ann Seck	41,545,944	13.84
2.	Chan Wah Kiang	32,913,996	10.97
3.	Avia Kapital Sdn Bhd	30,975,652	10.32
4.	Chan Wah Kiang	16,615,224	5.54
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund	16,000,000	5.33
6.	Lee Koing @ Lee Kim Sin	14,271,064	4.75
7.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Koing @ Lee Kim Sin	8,520,000	2.84
8.	Chan Wah Kiang	5,407,000	1.80
9.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Chan Wah Kiang	5,218,020	1.74
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeo Ann Seck	2,382,000	0.79
11.	Lee Koh Meng	2,111,820	0.70
12.	Lim Khuan Eng	2,070,000	0.69
13.	Tan Liong Fook	2,066,000	0.69
14.	Lee Kim Keok	1,622,400	0.54
15.	Chern Teik Leong	1,391,100	0.46
16.	Universal Trustee (Malaysia) Berhad TA Islamic Fund	1,289,200	0.43
17.	Yeo Khee Huat	1,208,000	0.40
18.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong	1,200,000	0.40
19.	Tan Liong Fook	1,134,500	0.38
20.	Kong Cheun Kok	950,000	0.32
21.	Mulia Bersama Sdn Bhd	896,800	0.30
22.	HSBC Nominees (Asing) Sdn Bhd BPSS Sin for Inclusif Value Fund	807,500	0.27
23.	Tan Chun Nyat	800,000	0.27
24.	Neoh Choo Ee & Company Sdn Berhad	723,500	0.24

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2018

THIRTY LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares	% of Shares
25.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Peck Kee	625,000	0.21
26.	Ang Hui Chan	620,000	0.21
27.	Khew Yit Len	604,800	0.20
28.	Bintang Barat Sdn Bhd	600,000	0.20
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Dato' Yap Kuak Fong (PB)	600,000	0.20
30.	Leong Kok Tai	583,000	0.19

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
	Name	Direct	%	Indirect/ Deemed	%
1.	Dato' Chan Wah Kiang	60,368,640	20.11	30,975,652*	10.32
2.	Yeo Ann Seck	43,927,944	14.64	-	-
3.	Avia Kapital Sdn Bhd	30,975,652	10.32	-	-
4.	Yeoman 3-Rights Value Asia Fund	16,000,000	5.33	-	-
5.	Yeoman Capital Management Pte Ltd	240,000	0.08	16,220,000(a)	5.40
6.	Yeo Seng Chong	1,200,000	0.40	16,460,000(b)	5.48
7.	Lim Mee Hwa	-	-	17,660,000(b)	5.88
8.	Lee Koing @ Lee Kim Sin	22,791,064	7.59	-	-

Note:
* Deemed interest through his holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
(a) Deemed interest by virtue of its role as investment manager for its clients including Yeoman 3-Rights Value Asia Fund.
(b) Deemed interest by virtue of his/her indirect interests in Yeoman Capital Management Pte Ltd.

DIRECTORS' INTEREST

a) Interest in Shares in the Company

		No. of Shares Held			
	Name	Direct	%	Indirect/ Deemed	%
1.	Dato' Chan Wah Kiang	60,368,640	20.11	30,975,652*	10.32
2.	Yeo Ann Seck	43,927,944	14.64	-	-
3.	Dato' Dr Mohd Aminuddin Bin Mohd Rouse	40,000	0.01	-	-
4.	Tan Seng Kee	-	-	-	-
5.	Dato' Theng Book	-	-	-	-
6.	Low Peak Yih	-	-	-	-

Note:
* Deemed interest through his holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

b) Interest in Shares in the Subsidiaries

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

ANALYSIS OF WARRANT HOLDINGS

AS AT 28 FEBRUARY 2018

Warrant Issued	:	**152,292,242**
No of Warrant Holders	:	**2,046**
Exercise Price of Warrants	:	**RM0.92**
Voting Rights	:	**One vote per warrant in the meeting of warrant holders**

ANALYSIS OF WARRANT HOLDINGS

Holdings	No. of Holders	No. of Warrants	% of Holdings
Less than 100	27	875	0.00
100 to 1,000	94	60,818	0.04
1,001 to 10,000	1,001	5,600,600	3.68
10,001 to 100,000	756	28,614,500	18.79
100,001 to less than 5% of issued warrants	164	59,263,013	38.91
5% and above of issued warrants	4	58,752,436	38.58
TOTAL	2,046	152,292,242	100.00

THIRTY LARGEST WARRANT HOLDERS

	Name of Holders	No. of Warrants	% of Holdings
1.	Yeo Ann Seck	18,500,000	12.15
2.	Chan Wah Kiang	16,456,998	10.81
3.	Avia Kapital Sdn Bhd	15,487,826	10.17
4.	Chan Wah Kiang	8,307,612	5.46
5.	Lee Koing @ Lee Kim Sin	5,335,732	3.50
6.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Koing @ Lee Kim Sin	4,260,000	2.80
7.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Chan Wah Kiang	2,609,010	1.71
8.	Leong Kok Tai	2,043,900	1.34
9.	M-Ocean Holdings Sdn Bhd	1,945,472	1.28
10.	Chern Teik Leong	1,813,400	1.19
11.	Ng Phaik Lean	1,673,000	1.10
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeo Ann Seck	1,191,000	0.78
13.	Lee Koh Meng	1,055,910	0.69
14.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Azman bin Ismail	1,000,000	0.66
15.	Lee Kok Keng	764,600	0.50
16.	Lim Toh	750,000	0.49
17.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Sing Huat	745,000	0.49
18.	Tan Beng Sen	660,000	0.43
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Ming Hong	650,000	0.43

ANALYSIS OF WARRANT HOLDINGS
AS AT 28 FEBRUARY 2018

THIRTY LARGEST WARRANT HOLDERS (CONT'D)

	Name of Holders	No. of Warrants	% of Holdings
20.	Chia Yok Kiang	625,000	0.41
21.	Yeo Khee Huat	604,000	0.40
22.	Sim Soon Heng	602,800	0.40
23.	Lim Sok Khin	600,000	0.39
24.	Goh Hock Soon	570,000	0.37
25.	Lee Kim Keok	561,200	0.37
26.	Chiam Kia How	550,000	0.36
27.	Toh Ah San	547,000	0.36
28.	Yong Sel Cheng	535,000	0.35
29.	Ng Teik Chong	528,719	0.35
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank Ag Singapore for Yeoman 3-Rights Value Asia Fund	500,000	0.33

SUBSTANTIAL WARRANT HOLDERS

		No. of Warrants Held			
	Name	Direct	%	Indirect/ Deemed	%
1.	Dato' Chan Wah Kiang	27,520,820	18.07	15,487,826*	10.17
2.	Yeo Ann Seck	19,691,00	12.93	-	-
3.	Avia Kapital Sdn Bhd	15,487,826	10.17	-	-
4.	Lee Koing @ Lee Kim Sin	9,595,732	6.30	-	-

Note:
* Deemed interest through his holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

DIRECTORS' INTEREST

		No. of Warrants Held			
	Name	Direct	%	Indirect/ Deemed	%
1.	Dato' Chan Wah Kiang	27,520,820	18.07	15,487,826*	10.17
2.	Yeo Ann Seck	19,691,00	12.93	-	-
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 holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

LIST OF TOP 10 PROPERTIES OWNED BY THE GROUP
BASED ON NET BOOK VALUE AS AT 30 NOVEMBER 2017

No.	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
1.	700/608 & 700/609, Moo 7, Amata Nakorn Industrial Estate, T.Donhualoh A.Muang, Chonburi 20000, Thailand	Industrial land with factory building	Freehold	3 years	5.62	3.15	25,481	19-10-2010
2.	Lot 575, 1 km Lebuhraya Segamat-Kuantan, 85000 Segamat, Johor	Industrial land with factory building	Freehold	17 years	6.65	4.59	13,205	07-03-1995
3.	Lot 7025, Jalan Kempas Lama, Seelong Jaya, 81400 Senai, Johor	Industrial land with factory building	Freehold	9 years	3.00	1.03	10,939	17-03-2015
4.	Lot 7068, Jalan Seelong, Kampung Maju Jaya, 81300 Johor	Industrial land with factory building	Freehold	1 year	3.21	1.32	10,673	18-09-2012
5.	6, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor	Industrial land with factory building	Freehold	13 years	3.30	2.29	7,702	01-03-2000
6.	Lot 2-27, 2-28 & 2-29, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Semenyih, Selangor	Industrial land with factory building	Freehold	5 years	1.68	0.95	6,755	30-09-2014
7.	No. 4, Jalan Sungai Pelubung 32/149, Seksyen 32, 40460 Shah Alam, Selangor	Industrial land with factory building	Freehold	7 years	1.57	0.80	6,701	27-02-2002
8.	Plot 248 (a), Lengkok Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam Pulau Pinang	Industrial land with factory building	99 years Leasehold (expiry : 21-01-2112)	6 years	1.56	0.96	6,302	25-09-2008
9.	Lot 28, Taman Perindustrian Bukit Makmur, 08000 Sungai Petani, Kedah	Industrial land with factory building	Freehold	11 years	3.08	0.49	6,030	24-04-1997
10.	Geran No. 79108, Lot No. 3222, Mukim of Beranang, District of Ulu Langat, Selangor	Industrial Land	Freehold	n/a	3.83	n/a	5,816	30-09-2014

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of the Company will be held at VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 27 April 2018 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 2017 together with the Reports of the Directors and Auditors thereon. **Refer To Explanatory Note A**

2. To approve the payment of a single tier dividend of 1 sen per ordinary share for the financial year ended 30 November 2017. **Resolution 1**

3. To approve the payment of Directors' fees and benefits amounting to RM3,791,662 for the financial year ended 30 November 2017. **Resolution 2**

4. To approve the payment of Directors' benefits (excluding directors' fees) up to an amount of RM50,000 from 1 March 2018 until the next Annual General Meeting to be held in 2019. **Resolution 3** **Refer To Explanatory Note B**

5. 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) Dato' Theng Book – Article 80 **Resolution 4**
   (b) Mr Yeo Ann Seck – Article 80 **Resolution 5**

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

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

7. **ORDINARY RESOLUTION**
   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."

8. **ORDINARY RESOLUTION**
   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."

9. **ORDINARY RESOLUTION**
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR **Resolution 9**
   "**THAT** authority be and is hereby given to Ms Low Peak Yih to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

10. **ORDINARY RESOLUTION** **Resolution 10**
AUTHORITY TO ALLOT SHARES
"**THAT** pursuant to Sections 75(1) and 76(1) of the Companies Act, 2016 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares 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 THA**T such authority conferred by this resolution shall commence upon passing this resolution until:

(a) the conclusion of the Annual General Meeting held next after the approval was given; or
(b) the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given,

whichever occurs first."

11. **ORDINARY RESOLUTION** **Resolution 11**
PROPOSED RENEWAL OF AUTHORITY FOR AJIYA BERHAD ("AJIYA") TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY POINT IN TIME ("Proposed Renewal of Share Buy-Back Authority")
"**THAT**, subject to the Companies Act, 2016 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements and the approvals of all relevant governmental and/or relevant authorities, where required, the Company be and is hereby authorised to purchase and/or hold such number of Ajiya Shares under the Proposed Renewal of Share Buy-Back Authority ("Purchased Share(s)") upon such terms and conditions as the Board may deem fit in the interest of the Company provided that:-

(a) the aggregate number of Purchased Shares does not exceed 10% of the total number of issued shares of the Company at any point of time;
(b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate amount of the retained earnings of the Company;

THAT the Board be and is hereby authorised:-

(a) to cancel all the shares so purchased;
(b) to retain all the shares so purchased as Treasury Shares;
(c) to retain part of the shares so purchased as Treasury Shares and cancel the remainder of the shares;
(d) to deal with the Treasury Shares in the manners as allowed by the Act from time to time.

AND THAT the authority conferred by this resolution shall commence upon passing this resolution until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time the said authority will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

(b) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first.

THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things (including the maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991 as may be required to give effect to and to complete the aforesaid Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority."

12. **ORDINARY RESOLUTION** **Resolution 12**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Renewal of Shareholders' Mandate")
"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.1.2 of the Circular to Shareholders dated 27 March 2018 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company at which such Proposed Renewal of Shareholders' Mandate is passed, at which time will lapse, unless by ordinary resolution passed at the Annual General Meeting whereby the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016, ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first. "

13. 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, 2016 and the Company's Articles of Association.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Twenty Second Annual General Meeting, the single tier dividend of 1 sen per ordinary share in respect of the financial year ended 30 November 2017 will be payable on 6 June 2018 to Depositors registered in the Record of Depositors at the close of business on 18 May 2018.

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 18 May 2018 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
LEONG SIEW FOONG (f) MAICSA NO. 7007572
ZARINA BINTI AHMAD (f) LS NO. 0009964
Company Secretaries

Johor Bahru
Dated: 27 March 2018

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. There shall be no restriction as to the qualification of the 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.
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.
4. The instrument appointing the proxy must be deposited at No 16, Jalan Impian Emas 4, Taman Impian Emas, 81300 Skudai, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESSES:-

Resolutions No. 7, 8 & 9
Mr. Tan Seng Kee, Dato' Theng Book and Ms Low Peak Yih are Independent Directors of the Company who have served the Company for more than nine years.

In line with the Malaysian Code on Corporate Governance 2017, the Nomination Committee has assessed the independence as defined in Bursa Securities Listing Requirements have not been compromised all these while. Based on the justification as stated in the "Corporate Governance Statement" of this Annual Report, the Board recommends Mr Mr. Tan Seng Kee, Dato' Theng Book and Ms Low Peak Yih to continue their office as Independent Directors once they are re-elected or re-appointed according to their respective resolution put forth in the forthcoming Annual General Meeting. Mr. Tan Seng Kee and Dato' Theng Book shall be subjected to two tier voting in accordance with the Malaysian Code on Corporate Governance 2017 as they have served the Company for more than 12 years.

Resolution No. 10
The proposed resolution No. 10 if passed, is primarily to give 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, 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.

Resolution No. 11
Resolution 11, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. The audited retained profits of the Company stood at RM10.236 million as at 30 November 2017. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Circular to Shareholders on Statement of Share Buy-Back dated 27 March 2018.

Resolution No. 12
The Proposed Renewal of Shareholders' Mandate under Resolution 12 is seeking for shareholders' approval at the forthcoming Annual General Meeting of the Company.

The Proposed Renewal of Shareholders' Mandate is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 November 2017.

NOTICE OF TWENTY SECOND ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY BUSINESSES:

Note A
This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B
The benefits payable to the Directors (excluding Directors' fees) comprises meeting allowances payable to all the Directors. The Board is of the view that it is just and equitable for the Directors to be paid the Directors' benefits (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company from 1 March 2018 until the next Annual General Meeting to be held in 2019.

ADDITIONAL NOTES

The Memorandum and Articles of Association of the Company shall have effect and enforceable under Companies Act 2016 pursuant to Section 619(3) of Companies Act 2016.

FORM OF PROXY

AJIYA BERHAD
377627-W

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

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 Twenty Second Annual General Meeting to be held at VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 27 April 2018 at 11.30 a.m and at any adjournment thereof.

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

First Proxy (1), No of Shares held : ___________________________; ______________ %
Second Proxy (2), No of Shares held : ______________________________ ; ____________ %

NO.	RESOLUTION	FOR	AGAINST
1.	To approve the payment of a single tier dividend of 1 sen per ordinary share for the financial year ended 30 November 2017.		
2.	To approve the payment of Directors' fees and benefits amounting to RM3,791,662 for the financial year ended 30 November 2017.		
3.	To approve the payment of Directors' benefits (excluding directors' fees) up to an amount of RM50,000 from 1 March 2018 until the next Annual General Meeting to be held in 2019.		
4.	To re-elect Dato' Theng Book as Director.		
5.	To re-elect Mr Yeo Ann Seck 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 approve the continuation of terms of office of Ms Low Peak Yih as Independent Director.		
10.	To authorise the allotment of shares pursuant to Section 75(1) and 76(1) of Companies Act 2016.		
11.	Approval for the Proposed Renewal of Share Buy-Back Authority.		
12.	Approval for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Parties Transactions.		

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 _________________________ 2018.

____________________________________ ____________________________________

Signatures of Shareholder(s)

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

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AFFIX STAMP

VotesApp Sdn Bhd
16, Jalan Impian Emas 4
Taman impian Emas
81300 Skudai
Johor, Malaysia

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CORPORATE DIRECTORY

"TOGETHER EVERYONE ACHIEVES MORE"

AJIYA BERHAD

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

Subsidiary Companies

Malaysia Companies

Asia Roofing Industries Sdn Bhd

- **Corporate Head Office & Main 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

- **Factory II**
  Lot 142, Kawasan Perindustrian,
  Jalan Genuang,
  85000 Segamat, Johor
  Tel : 607-943 4212
  Fax : 607-943 5191

- **Factory III**
  Lot 152, Kawasan Perindustrian,
  Jalan Genuang,
  85000 Segamat, Johor
  Tel : 607-943 4211
  Fax : 607-943 1054

- **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 : aribkmkt@ajiya.com

- **Southern Office & Factory**
  Lot 7068, Jalan Seelong,
  Kampung Maju Jaya,
  81300 Johor
  Tel : 607-557 3733
  Fax : 607-556 5733

- **Mentakab Office & Factory**
  No. 60, Jalan Industri Temerloh,
  Taman Perindustrian Temerloh,
  28400 Mentakab, Pahang
  Tel : 609-270 1313
  Fax : 609-270 1311

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

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

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

ARITEQ Eco Sdn Bhd
Lot 153, Kawasan Perindustrian,
Jalan Genuang,
85000 Segamat, Johor
Tel : 607-943 4211
Fax : 607-943 1054

Ajiya Safety Glass Sdn Bhd

- **Corporate Head Office & Main 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

- **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 : asgmkt@aiya.com

- **Southern Office & Factory**
  Lot 7025, Jalan Kempas Lama, Seelong Jaya,
  81400 Senai, Johor
  Tel : 607-599 1733
  Fax : 607-599 2733

- **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

- **East Malaysia Office & Factory**
  Lot 1268, Block 8, Jalan Bako, Demak Laut
  Industrial Estate Phase IV,
  93050 Kuching, Sarawak
  Tel : 6082-432 688
  Fax : 6082-433 686

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

Overseas Companies

Thai Ajiya Co. Ltd.
19/31, Moo 10,
Paholyothin Road,
Tambol Klongneung,
Amphur Klongluang,
Phatumthani,
12120 Thailand
Tel : 662-520 4047
Fax : 662-520 4050

Thai Ajiya Safety Glass Co.Ltd.
700/609, Moo 7,
Phase 6C,
Amata Nakorn Industrial Estate, Tambon Donhuaroh,
Amphur Mueang Chonburi,
Chonburi, 20000 Thailand
Tel : 663-819 3240
Fax : 663-819 3242

www.ajiya.com

AJIYA BERHAD (377627-W)
Lot 153, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor