

ASIA POLY HOLDINGS BERHAD

Company's No. 619176-A

(Incorporated in Malaysia)

Quarterly report on results for the 2nd Quarter ended 30.09.2005

NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basic of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134: "Interim Financial Reporting" (formerly known as MASB 26) and Appendix 7A of Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The accounting policies and methods of computation adopted by the Company in this interim financial report are consistent with those adopted for the last annual financial statements for the year ended 31 March 2005.

A2 Auditors' report of preceding annual financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 March 2005.

A3 Seasonal or cyclical factors

The Company's operations were not subject to any seasonal or cyclical changes.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company during the financial quarter under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which may have a material effect on the results for the current financial quarter under review.

A6 Debt and equity securities

Saved for the Initial Public Offering ("IPO") as disclosed in Note A10, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A7 Dividend paid

There were no dividends paid by the Company during the current financial quarter.

A8 Segment information

Business segments

The Group is primarily engaged in manufacturing of cast acrylic sheet and trading business.

2nd Qtr ended 30/09/2005

RM ' 000

Manufacturing	10,416
Trading	3,803

	14,219

Geographical segments

The Group is divided into exports and domestic markets which are analysed as follows :

	2nd Qtr ended 30/09/2005 RM ' 000
Exports (Australia, New Zealand, Europe, Middle East , Asia and North America)	8,185
Domestic	6,034
	<u>14,219</u>

A9 Valuation of property, plant and equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current financial quarter under review.

A10 Material events subsequent to the end of the quarter

Save as disclosed below, there were no material events subsequent to the current financial quarter ended 30 September 2005 up to the date of this report which is likely to substantially affect the results of the operations of the Company.

(i) Initial Public Offering (IPO)

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company, the Company undertook an IPO which was approved by the Securities Commission on 13 May 2004 and 9 May 2005.

The IPO involved the public issue of 22,179,000 new ordinary shares of RM0.10 each at an issue price of RM0.34 per share payable in full on application comprising :

- (a) 2,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
- (b) 4,395,000 new ordinary shares of RM0.10 each available for application by eligible employees, executive director and business associates of the Company and its subsidiary company;
- (c) 15,784,000 new ordinary shares of RM0.10 each by way of private placement.

The Company was successfully listed on MESDAQ on 26 October 2005.

(ii) Corporate developments since listing to 21 November 2005

On 27 October 2005, Asia Poly entered into a memorandum of understanding ("MOU") with Visionglow Global Limited, Australia ("Visionglow") to negotiate the possibility of a comprehensive joint venture agreement for the marketing and distribution of Asia Poly's plastic products utilising Visionglow's photoluminous pigments.

Subject to the agreement, it is proposed that any joint venture will be mutually exclusive to plastic photoluminous products utilising Visionglow's pigments in future products to be manufactured by Asia Poly and to be either marketed by joint venture or sold to third-party distributors worldwide.

However, the MOU is not intended to create any binding obligations and further announcement will be made by the Company if there is any progress on the MOU.

A11 Changes in the composition of Company

There were no changes in this composition of the Company for the current financial quarter.

A12 Contingent liabilities

There were no contingent liabilities as at the date of this announcement.

A13 Capital commitment

	30.09.2005
	RM('000)
Contracted but not provided for:	
Acquisition of property, plant and equipment	<u>487</u>

A14 Significant related party transactions

There were no significant related party transactions as at the date of this announcement.

A15 Cash and cash equivalents

	30.09.2005
	RM('000)
Cash and bank balances	2,115
Fixed Deposits with a licenced bank	200

B EXPLANATORY NOTES PURSUANT TO APPENDIX 7A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**B1 Review of performance**

For the quarterly financial period 1 July 2005 to 30 September 2005, the Group generated revenue of RM14.22 million and achieved an unaudited profit after taxation of RM0.83million. For the first six (6) months ended 30 September, 2005, the Group generated revenue of RM28.08 million and achieved an unaudited profit after taxation of RM1.50 million. There were no comparative figures available for the corresponding period in the preceding year as this is the Company's second quarterly report to Bursa Securities as a listed entity.

B2 Variation of result against preceding quarter

	1 st Qtr 2005 RM('000)	2 nd Qtr 2005 RM('000)
Revenue	<u>13,862</u>	<u>14,219</u>
Profit after tax	<u>677</u>	<u>825</u>

The revenue for the 2nd Quarter 2005 increased by approximately RM357,000 or 3% due to higher demand from the overseas market volume. The Profit after tax for the 2nd Quarter 2005 increased by RM148,000 or 22% to RM825,000 due to slight improvement in gross profit margin as a result of in the price of raw material, namely Methyl Methacrylate Monomer (MMA) as well as the increase in volume of sales.

B3 Prospects

Prospects for the year ending 2006 are cautiously optimistic with revenue growth driven by manufacturing division due to the launch of several new products including the gloworm series. In view of this, the Group is increasing its production capacity from 500 metric tonnes to 750 metric tonnes to meet the expected increase in future demand of the Group's products. In addition, the economies of scale in production as well as contribution from higher profit margin products are expected to continue to spearhead the Company's growth in PBT and PAT, respectively, for the remaining quarters of financial year ending 31 March 2006.

The Group foresees a challenging year ahead and anticipates further growth prospects with the introduction of the Group's new products, taking into consideration of the Group's on going research and development.

Barring any inherent uncertainties and unexpected events, the management of Asia Poly expects the Group to continue, with its research and developments as well as marketing efforts, to maintain its performance for the remaining quarters of the financial year ending 31 March 2006.

B4 Profit forecast and profit guarantee

As at the date of this report, there is no profit guarantee. The profit forecast is detailed in the prospectus dated 30 September 2005.

B5 Taxation

Income tax on the profit for the year comprises current and deferred tax. The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate of 28% due to certain expenses being disallowed for taxation purposes.

B6 Sales of unquoted investment and/or properties

There were no disposal of investments and/or properties during the quarters under review.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the financial quarter under review.

B8 Status of corporate proposals

Refer to Note A10

B9 Borrowings and debt securities

	30.09.2005 RM('000)
Current :	
Term loan – current portion	595
Hire purchase – current portion	7
Bankers Acceptance	12,166

	12,768
Non-current :	
Term loan – non current portion	4,047 (secured)
Hire purchase – non current portion	21

	16,836
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B10 Off balance sheet financial instruments

There were no instruments with material off balance sheet risks issued as at the date of this report.

B11 Material litigation

There were no material litigation pending at the date of this announcement.

B12 Dividends

There were no dividends declared and/or paid by the Company during the current financial quarter.

B13 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period excluding extraordinary item :-

	Current Quarter 30.09.2005 RM ' 000	6 months cumulative 30.09.2005 RM ' 000
Net Profit after tax for the financial period	825	1,502
Number of ordinary shares	65,740	65,740
Basic earnings per share (sen)	<u>1.25</u>	<u>2.28</u>

By Order of the Board

Tech Cheng Chuan
Chief Executive Officer

Date : 25 November 2005