



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

1 Basis of preparation

The interim financial reports are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

2 Malaysian Financial Reporting Standards (“MFRSs”)

The interim financial reports of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2015 except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”):

Adoption of New and Revised Malaysian Financial Reporting Standards

In the current financial year, the Company has adopted all the new and revised MFRSs and amendments to MFRSs issued by Malaysian Accounting Standards Board that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016 as follows:

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 cycle	



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Company No. 619176-A

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Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company.

Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) ²
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications) ²
MFRS 16	Leases ³
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ²
Amendments to MFRS 107	Disclosure Initiative ¹
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to MFRS 140	Transfers of Investment Property ²
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ²
Annual Improvements to MFRSs 2014 - 2016 Cycle ¹	

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The Directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

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Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

3 Auditors' report on preceding annual financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2016.

4 Seasonal or cyclical factors

The Group's operations were not materially affected by seasonal or cyclical factors during the financial quarter under review.

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

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

6 Material changes in estimates

There were no changes in estimates of amounts which give a material effect for the current financial quarter under review.

7 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

8 Dividends paid

There was no dividend paid during the financial quarter under review.



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Company No. 619176-A

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Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

9 Segment information

Business segments

The Group is primarily engaged in manufacturing of cast acrylic sheets and trading in chemical products.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31 December 2017 RM'000	Comparative Quarter ended 31 December 2016 RM'000	12 Months Current Cumulative ended 31 December 2017 RM'000	12 Months Comparative Cumulative ended 31 December 2016 RM'000
<u>Segment revenue</u>				
Investment holdings and others	-	-	-	-
Manufacturing	25,316	13,484	79,319	57,963
Trading	465	156	3,926	190
	<u>25,781</u>	<u>13,640</u>	<u>83,245</u>	<u>58,153</u>
<u>Segment results</u>				
Investment holdings and others	367	68	(432)	(233)
Manufacturing	282	1,169	413	4,337
Trading	76	3	597	12
	<u>725</u>	<u>1,240</u>	<u>578</u>	<u>4,116</u>

10 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment during the current financial quarter under review.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

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Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter under review.

12 Changes in the composition of Group

There are no changes in the composition of Company during the current financial quarter under review.

13 Contingent liabilities

The company has given unsecured corporate guarantees to certain licensed banks for credit facilities granted for the subsidiary company.

14 Capital commitment

There was no capital commitment during the current financial quarter under review.

15 Significant related party transactions

There were no significant related party transactions during the current financial quarter under review.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

16 Review of performance

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31 December 2017 RM'000	Comparative Quarter ended 31 December 2016 RM'000	12 months Current Cumulative ended 31 December 2017 RM'000	12 months Comparative Cumulative ended 31 December 2016 RM'000
Revenue	25,781	13,640	83,245	58,153
Profit / (loss) before tax	473	1,237	951	5,740

For the financial quarter ended 31 December 2017, the Group recorded a revenue of RM25.781 million and a profit before taxation of RM0.473 million compared with a revenue of RM13.64 million and a profit before tax of RM1.237 million for the previous corresponding quarter

17 Variation of result against preceding quarter

	Individual Quarter	
	4th Quarter ended 31 December 2017 RM'000	3rd Quarter ended 30 September 2017 RM'000
Revenue	25,781	21,455
Profit for the period	725	(487)



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

18 Realised and Unrealised Profits / (Losses)

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings		
Realised	11,274	10,461
Unrealised	20	20
	<hr/>	<hr/>
Consolidation adjustments	11,254	10,481
	872	872
	<hr/>	<hr/>
Total retained earnings as per statements of financial position	<u>10,382</u>	<u>11,353</u>

19 Business prospects

We expect the financial year ending 31 December 2018 to be challenging in view of the volatile environment of the current global economy.

20 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcement made.

21 Taxation

Income tax on the profit for the period comprise of deferred tax.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

22 Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report:

(a) On 25 January 2017 and 21 February 2017, TA Securities, on behalf of the Board, announced that the Company proposes to undertake the following proposals and revisions, respectively:

- (i) proposed renounceable rights issue of up to 395,675,253 new irredeemable convertible preference shares in Asia Poly (“**ICPS**”) on the basis of 1 ICPS for every 1 existing Asia Poly Share held, together with up to 98,918,813 free detachable warrants (“**Warrants**”) on the basis of 1 Warrant for every 4 ICPS (“**Proposed Rights Issue of ICPS with Warrants**”);

Note:

* *The number of ICPS and Warrants to be issued have been revised downwards to 390,023,853 ICPS and 97,505,963 Warrants.*

- (ii) proposed acquisition of 500,000 ordinary shares in High Reserve Land Sdn Bhd (“**HRLSB Shares**” or “**Sale Shares**”) (“**HRLSB**”), representing the entire equity interest in HRLSB for a purchase consideration of RM14,800,000 (“**Purchase Consideration**”) to be satisfied via a combination of RM8,000,000 in cash (“**Cash Consideration**”) and the issuance of 42,027,194 new Asia Poly Shares (“**Consideration Shares**”) at an issue price of RM0.1618 each (“**Proposed Acquisition**”);
- (iii) proposed variation of the utilisation of proceeds raised from the two-call rights issue of shares with warrants of Asia Poly which was completed on 21 December 2015 (“**Proposed Variation**”);
- (iv) proposed diversification of the existing business of Asia Poly and its subsidiaries (“**Asia Poly Group**” or “**Group**”) to include property development (“**Proposed Diversification**”); and
- (v) proposed amendments to the Memorandum and Articles of Association of Asia Poly (“**M&A**”) to facilitate the issuance of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants (“**Proposed Amendments**”).

(Collectively referred to as the “**Proposals**”)



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

- (b) On 24 March 2017, TA Securities, on behalf of the Board, announced that the additional listing application in relation to the Proposals has been submitted to Bursa Securities.
- (c) On 7 July 2017, TA Securities, on behalf of the Board, announced that Bursa Malaysia Securities Berhad has, vide its letter dated 6 July 2017, approved the following:
 - (i) admission to the Official List and the initial listing and quotation of:
 - (1) up to 390,023,853 ICPS to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants; and
 - (2) up to 97,505,963 Warrants to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants.
 - (ii) listing of:
 - (1) 42,027,194 Consideration Shares to be issued pursuant to the Proposed Acquisition;
 - (2) up to 390,023,853 new Asia Poly Shares to be issued pursuant to the conversion of the ICPS;
 - (3) up to 97,505,963 new Asia Poly Shares to be issued pursuant to the exercise of the Warrants;
 - (4) 8,244,956 Adjustment Warrants to be issued arising from the adjustments pursuant to the Proposed Rights Issue of ICPS with Warrants; and
 - (5) up to 8,244,956 new Asia Poly Shares to be issued pursuant to the exercise of the Adjustment Warrants.
- (d) On 27 July 2017, the circular to shareholders in relation to the Proposals was despatched to the shareholders of Asia Poly.
- (e) On 25 August 2017, the shareholders of Asia Poly approved the Proposals.
- (f) The Abridged Prospectus in relation to the Rights Issue of ICPS with Warrants was issued on 17 November 2017.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

- (g) On 19 December 2017, the Rights Issue of ICPS with Warrants was completed with the listing of 333,559,880 together with 83,389,970 Warrants as well as 8,237,314 Adjustment Warrants on the Ace Market of Bursa Securities.
- (h) On 19 December 2017, the notice to holders of outstanding Warrants 2015/2020 was despatched to the holders of the outstanding Warrants 2015/2020.

23 Unsecured borrowings and debt securities

There were no unsecured borrowings and debt securities for the quarter under review.

24 Material litigation

There was no material litigation pending at the date of this report.

25 Dividends

There was no dividend declared during the financial quarter under review.

26 Earnings per share

(a) Basic

Basic earnings per share figures are computed by dividing profits for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31 December 2017 RM'000	Comparative Quarter ended 31 December 2016 RM'000	Current Cumulative ended 31 December 2017 RM'000	Comparative Cumulative ended 31 December 2016 RM'000
Profit /(loss) attributable to equity holders of the Company (RM'000)	725	1,240	578	4,608
Weighted average number of ordinary shares in issue ('000)	333,560	279,434	333,560	271,817
Basic earnings per share (sen)	<u>0.22</u>	<u>0.44</u>	<u>0.17</u>	<u>1.69</u>

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period adjusted for potential dilutive ordinary shares from the exercise of Warrants.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31 December 2017 RM'000	Comparative Quarter ended 31 December 2016 RM'000	Current Cumulative ended 31 December 2017 RM'000	Comparative Cumulative ended 31 December 2016 RM'000
Profit /(loss) attributable to equity holders of the Company (RM'000)	725	1,240	578	4,116
Weighted average number of ordinary shares in issue ('000)	333,560	309,611	333,560	309,611
Diluted earnings per share (sen)	<u>0.22</u>	<u>0.40</u>	<u>0.17</u>	<u>1.33</u>



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Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the fourth quarter ended 31 December 2017

27 Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2018.

By order of the Board of Directors

**Dato' Yeo Boon Leong
Executive Chairman
28 February 2018**