



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 2018

## 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 2017. 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 2017.

#### 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 ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

##### **Adoption of revised Malaysian Financial Reporting Standards**

In the current financial year, the Group and the Company adopted all the following amendments to MFRSs issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2017:

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

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

Amendments to MFRSs Annual improvements to MFRSs 2014-2016 Cycle

The adoption of the above amendments did not have material effect on the financial statements of the Group.



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

**Standards, amendments and IC Interpretation in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards, amendments and IC Interpretation which were in issue but not yet effective and not early adopted by the Group as listed below.

MFRS 9 Financial Instruments<sup>1</sup>

MFRS 15 Revenue from Contracts with Customers<sup>1</sup>

MFRS 16 Leases<sup>2</sup>

MFRS 17 Insurance Contracts<sup>3</sup>

Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions<sup>1</sup>

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts<sup>1</sup>

Amendments to MFRS 9 Prepayment Features with Negative Compensation<sup>2</sup>

Amendments to MFRS 10 and 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup>

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures<sup>2</sup>

Amendments to MFRS 140 Transfers of Investment Property<sup>1</sup>

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration<sup>1</sup>

IC Interpretation 23 Uncertainty Over Income Tax Payments<sup>2</sup>

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014-2016 Cycle<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted

<sup>4</sup> Effective date deferred to a date to be determined and announced by MASB, with earlier application still permitted.

The directors anticipate that abovementioned Standards, amendments and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and amendments will have no material impact on the financial statements of the Group in the period of initial application except as disclosed below:

**MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 as amended by IASB to include requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013 to include the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued in July 2014, as amended by IASB mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

Key requirements of MFRS 9:

(a) All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

(c) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

(d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group complete a detailed review.



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

**MFRS 15 Revenue from Contracts with Customers**

In May 2016, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for 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 to 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Group anticipate that the application of MFRS 15 in the future to have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.

**3 Auditors' report on preceding annual financial statements**

There were no audit qualifications on the annual financial statements for the year ended 31 December 2017.

**4 Seasonal or cyclical factors**

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



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

**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.

**9 Segment information**

**Business segments**

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



**ASIA POLY HOLDINGS BERHAD**

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 2018

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 September 2018 RM'000	Comparative Quarter ended 30 September 2017 RM'000	9 Months Current Cumulative ended 30 September 2018 RM'000	9 Months Comparative Cumulative ended 30 September 2017 RM'000
<u>Segment revenue</u>				
Investment holdings and others	-	-	-	-
Manufacturing	18,560	20,359	50,426	54,003
Trading	1,346	1,096	2,301	3,461
	<u>19,906</u>	<u>21,455</u>	<u>52,727</u>	<u>57,464</u>
<u>Segment results</u>				
Investment holdings and others	(374)	(325)	(967)	(812)
Manufacturing	(689)	(313)	(237)	132
Trading	51	151	171	521
	<u>(1,012)</u>	<u>(487)</u>	<u>(1,033)</u>	<u>(159)</u>

**10 Valuation of property, plant and equipment**

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

**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.



**ASIA POLY HOLDINGS BERHAD**

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 2018

**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.

**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 30 September 2018 RM'000	Comparative Quarter ended 30 September 2017 RM'000	9 months Current Cumulative ended 30 September 2018 RM'000	9 months Comparative Cumulative ended 30 September 2017 RM'000
Revenue	19,906	21,455	52,727	57,464
Profit/(loss) before tax	(956)	(308)	(732)	465

For the financial quarter ended 30 September 2018, the Group recorded a revenue of RM19.906 million and a loss before taxation of RM0.956 million compared with a revenue of RM21.455 million and a loss before tax of RM0.308 million for the previous corresponding quarter.



**ASIA POLY HOLDINGS BERHAD**

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 2018

**17 Variation of result against preceding quarter**

	Individual Quarter 3rd Quarter ended 30 September 2018 RM'000	2nd Quarter ended 30 June 2018 RM'000
Revenue	19,906	16,445
Profit / (Loss) for the period	<u>(1,012)</u>	<u>53</u>

**18 Realised and Unrealised Profits / (Losses)**

	As at 30 September 2018 RM'000	As at 30 June 2018 RM'000
Total retained earnings		
Realised	5,427	4,591
Unrealised	<u>20</u>	<u>20</u>
	5,447	4,611
Consolidation adjustments	<u>872</u>	<u>872</u>
Total retained earnings as per statements of financial position	<u><u>6,319</u></u>	<u><u>5,483</u></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.





**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

**21 Taxation**

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

**22 Status of corporate proposals**

There were no corporate proposals undertaken or announced by the Group as at the date of this report.

**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 third quarter ended 30 September 2018

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 September 2018 RM'000	Comparative Quarter ended 30 September 2017 RM'000	Current Cumulative ended 30 September 2018 RM'000	Comparative Cumulative ended 30 September 2017 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(1,012)	(487)	(1,033)	(159)
Weighted average number of ordinary shares in issue ('000)	443,778	333,560	443,778	333,560
Basic earnings per share (sen)	<u>(0.22)</u>	<u>(0.15)</u>	<u>(0.21)</u>	<u>(0.05)</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 30 September 2018 RM'000	Comparative Quarter ended 30 September 2017 RM'000	Current Cumulative ended 30 September 2018 RM'000	Comparative Cumulative ended 30 September 2017 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(1,012)	(487)	(1,033)	(159)
Weighted average number of ordinary shares in issue ('000)	443,778	333,560	443,778	333,560
Diluted earnings per share (sen)	<u>(0.22)</u>	<u>(0.15)</u>	<u>(0.21)</u>	<u>(0.05)</u>



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the third quarter ended 30 September 2018**

**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 29 November 2018.

**By order of the Board of Directors**

**Dato' Yeo Boon Leong  
Executive Chairman  
29 November 2018**