



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 2019

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

1 Basis of preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2 Malaysian Financial Reporting Standards (“MFRSs”)

During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value



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The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019



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Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3 Auditors' report on preceding annual financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2018.

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.



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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.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 September 2019 RM'000	Comparative Quarter ended 30 September 2018 RM'000	9 Months Current Cumulative ended 30 September 2019 RM'000	9 Months Comparative Cumulative ended 30 September 2018 RM'000
<u>Segment revenue</u>				
Investment holdings and others	1,260	-	1,260	-
Manufacturing	18,365	18,560	51,711	50,426
Trading	582	1,346	1,674	2,301
	<u>20,207</u>	<u>19,906</u>	<u>54,645</u>	<u>52,727</u>
<u>Segment results</u>				
Investment holdings and others	(2,584)	(374)	(5,718)	(967)
Manufacturing	427	(689)	(1,000)	(237)
Trading	28	51	75	171
	<u>(2,129)</u>	<u>(1,012)</u>	<u>(6,643)</u>	<u>(1,033)</u>



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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.

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.



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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 2019	Comparative Quarter ended 30 September 2018	9 months Current Cumulative ended 30 September 2019	9 months Comparative Cumulative ended 30 September 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	20,207	19,906	54,644	52,727
Profit/(loss) before tax	(169)	(956)	(2,397)	(732)

For the financial quarter ended 30 September 2019, the Group recorded a revenue of RM20.207 million and a loss before taxation of RM0.169 million compared with a revenue of RM19.906 million and a profit before taxation of RM0.956 million for the previous corresponding quarter.

17 Variation of result against preceding quarter

	Individual Quarter	
	3rd Quarter ended 30 September 2019	2nd Quarter ended 30 June 2019
	RM'000	RM'000
Revenue	20,207	17,094
Profit / (Loss) for the period	(2,129)	(3,299)



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18 Realised and Unrealised Profits / (Losses)

	As at 30 September 2019 RM'000	As at 30 September 2018 RM'000
Total retained earnings/(loss)		
Realised	(2,765)	5,427
Unrealised	20	20
	<hr/>	<hr/>
	(2,745)	5,447
Consolidation adjustments	872	872
	<hr/>	<hr/>
Total retained earnings/(loss) as per statements of financial position	<u>(1,873)</u>	<u>6,319</u>

19 Business prospects

We expect the financial year ending 31 December 2019 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.

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.



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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.

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 September 2019 RM'000	Comparative Quarter ended 30 September 2018 RM'000	Current Cumulative ended 30 September 2019 RM'000	Comparative Cumulative ended 30 September 2018 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(2,129)	(1,012)	(6,643)	(1,033)
Weighted average number of ordinary shares in issue ('000)	455,602	443,778	455,602	443,778
Basic earnings/ (loss) per share (sen)	<u>(0.47)</u>	<u>(0.22)</u>	<u>(1.46)</u>	<u>(0.21)</u>



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(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	Comparative	Current	Comparative
	Quarter	Quarter	Cumulative	Cumulative
	ended 30	ended 30	ended 30	ended 30
	September	September	September	September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit /(loss) attributable to equity holders of the Company (RM'000)	(2,129)	(1,012)	(6,643)	(1,033)
Weighted average number of ordinary shares in issue ('000)	455,602	443,778	455,602	443,778
Diluted earnings/(loss) per share (sen)	<u>(0.47)</u>	<u>(0.22)</u>	<u>(1.46)</u>	<u>(0.21)</u>

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 27 November 2019.

By order of the Board of Directors

Dato' Yeo Boon Leong
Executive Chairman
27 November 2019