



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the first quarter ended 31 March 2020**

## **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 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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:-



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MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 44 to the financial statements.

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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 2019.



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**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.

**9 Segment information**

**Business segments**

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



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	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 31 March 2020 RM'000	Comparative Quarter ended 31 March 2019 RM'000	3 Months Current Cumulative ended 31 March 2020 RM'000	3 Months Comparative Cumulative ended 31 March 2019 RM'000
<u>Segment revenue</u>				
Investment holdings and others	-	-	-	-
Manufacturing	14,286	16,597	14,286	16,597
Trading	509	746	509	746
	<u>14,795</u>	<u>17,343</u>	<u>14,795</u>	<u>17,343</u>
<u>Segment results</u>				
Investment holdings and others	(650)	1	(650)	1
Manufacturing	376	(1,251)	376	(1,251)
Trading	29	35	29	35
	<u>(245)</u>	<u>(1,215)</u>	<u>(245)</u>	<u>(1,215)</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.



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**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 31 March 2020 RM'000	Comparative Quarter ended 31 March 2019 RM'000	3 months Current Cumulative ended 31 March 2020 RM'000	3 months Comparative Cumulative ended 31 March 2019 RM'000
Revenue	14,795	17,343	14,795	17,343
Profit/(loss) before tax	(208)	(1,187)	(208)	(1,187)

For the financial quarter ended 31 March 2020, the Group recorded a revenue of RM14.795 million and a loss before taxation of RM0.208 million compared with a revenue of RM17.343 million and a loss before taxation of RM1.187 million for the previous corresponding quarter.



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**17 Variation of result against preceding quarter**

	<b>Individual Quarter 1st Quarter ended 31 March 2020 RM'000</b>	<b>4th Quarter ended 31 December 2019 RM'000</b>
Revenue	14,795	18,468
Profit / (Loss) for the period	<u>(245)</u>	<u>(1,590)</u>

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

	<b>As at 31 March 2020 RM'000</b>	<b>As at 31 March 2019 RM'000</b>
Total retained earnings/(loss)		
Realised	648	3,535
Unrealised	<u>20</u>	<u>20</u>
Total retained earnings/(loss) as per statements of financial position	<u>668</u>	<u>3,555</u>

**19 Business prospects**

The global economy, having shown signs of slowing as a result of the US-China trade protectionism and geopolitical risks, has been further compounded by the devastating outbreak of the coronavirus disease 2019 (COVID-19). The International Monetary Fund (IMF) now forecasts a global recession in 2020, one that could be worse than the 2008-2009 global financial crisis, with a recovery only expected in 2021. The COVID-19 pandemic is expected to have a significant impact on the world economy including markets where the Company operates. The effect of the pandemic to our operations will have to be actively monitored and managed. Under these circumstances, however, the demand for cast acrylic sheet is expected to remain robust.



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Due to the effect of COVID-19 the demand for cast acrylic sheet has increased and with a supply shortage in the market, this has driven selling prices higher. Currently we have orders maximise up to end of the year. Our demand is expected to grow with increased usage in both medical and non-medical sectors, as well as heightened hygiene awareness. With the Group's continued improvements in operating efficiency, management is confident that FY2020 will be a strong growth year for the Group.

**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**

(a) On 31 January 2020, one of the wholly owned subsidiaries, APGE has entered into a conditional share sale agreement ("SSA") with Dolphin International Berhad ("DIB" or "Vendor") for the proposed acquisition of 4,500,000 ordinary shares in Dolphin Biogas Sdn. Bhd. ("DBSB"), representing 80% equity interest in DBSB for a purchase consideration of RM2,123,675 ("Purchase Consideration") and the assumption of liabilities comprising RM341,271 owing by DBSB to Dolphin Applications Sdn Bhd ("DASB"), a wholly-owned subsidiary of DIB, as well as any advances by DIB to DBSB and its subsidiary from the date of SSA. The proposed diversification of the principal activities of the Company and its subsidiaries to include renewable energy business and related activities.

Subsequently, on 26 March 2020, the Purchase Consideration was revised and shall be satisfied entirely via cash in the following manner: -

(i) APGESB shall pay to DIB the sum of RM212,367 upon execution of the SSA, which is deemed to be part payment of the Purchase Consideration of the DBSB shares;

(ii) APGESB shall pay to DIB the balance of the deposit amounting to RM1,249,200, which is deemed to be part payment of the Purchase Consideration of the DBSB shares in the following order:-



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Time period

- Upon the execution of the SSA RM416,400
- Upon the expiry of two months from the date of the SSA RM416,400
- Upon the expiry of four months from the date of the SSA RM416,400

(iii) APGESB shall pay the balance purchase consideration of RM662,108 to DIB on Completion Date where DIB shall sell and APGESB shall purchase the Sale Shares free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made.

(b) Proposed diversification of the principal activities of the Company and its subsidiaries (“Asia Poly Group”) to include renewable energy business and related activities.

The proposed diversification will enable Asia Poly Group to diversify into a new viable business which will provide an additional revenue stream and cash flow, which may in turn improve the financial results of Asia Poly Group.

The Board of Asia Poly are of the view that the proposed diversification is expected to have stable and strong growth prospects and will diversify Asia Poly Group's revenue and contribute positively to Asia Poly Group's future earnings. Consequently, the Proposed Diversification will reduce the dependency on the existing businesses.

(c) On 27 February 2020, the Company entered into a conditional sale of shares agreement with Uncle Don's Holdings Sdn Bhd (formerly known as Frontier Touch Holdings Sdn. Bhd.) and Dolphin International Berhad ("DIB" or "Purchaser") for the disposal by the Company of its entire 49% equity interest in Asia Poly Food and Beverage Sdn Bhd, a joint venture, to the Purchaser for a total disposal consideration of RM10.78 million to be satisfied via RM5.88 million in cash and issuance of 64,473,684 new ordinary shares in DIB at an issue price of RM 0.076 per DIB share.

**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.





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**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 31 March 2020 RM'000	Comparative Quarter ended 31 March 2019 RM'000	Current Cumulative ended 31 March 2020 RM'000	Comparative Cumulative ended 31 March 2019 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(245)	(1,215)	(245)	(1,215)
Weighted average number of ordinary shares in issue ('000)	457,869	449,141	457,869	449,141
Basic earnings/ (loss) per share (sen)	<u>(0.05)</u>	<u>(0.27)</u>	<u>(0.05)</u>	<u>(0.27)</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.



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	Current Quarter ended 31 March 2020 RM'000	Comparative Quarter ended 31 March 2019 RM'000	Current Cumulative ended 31 March 2020 RM'000	Comparative Cumulative ended 31 March 2019 RM'000
Profit /(loss) attributable to equity holders of the Company (RM'000)	(245)	(1,215)	(245)	(1,215)
Weighted average number of ordinary shares in issue ('000)	457,869	449,141	457,869	449,141
Diluted earnings/(loss) per share (sen)	<u>(0.05)</u>	<u>(0.27)</u>	<u>(0.05)</u>	<u>(0.27)</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 25 June 2020.

**By order of the Board of Directors**

**Dato' Yeo Boon Leong**  
**Executive Chairman**  
**25 June 2020**