



**ASIA POLY HOLDINGS BERHAD**

**Company No. 619176-A**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report for the second quarter ended 30 June 2021**

## **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)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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:-

The Group has early adopted Amendments to MFRS 16 ‘Covid-19-Related Rent Concessions’ and ‘Covid-19-Related Rent Concessions beyond 30 June 2021’ which allow lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification when conditions are met.



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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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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.



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

There were no audit qualifications on the annual financial statements for the year ended 31 December 2020.

**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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**9 Segment information**

**Operating 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 June 2021 RM'000	Comparative Quarter ended 30 June 2020 RM'000	6 Months Current Cumulative ended 30 June 2021 RM'000	6 Months Comparative Cumulative ended 30 June 2020 RM'000
<u>Segment revenue</u>				
Investment holdings and others	1,628	-	3,082	-
Manufacturing	21,286	12,374	43,312	27,169
	<u>22,914</u>	<u>12,374</u>	<u>46,394</u>	<u>27,169</u>
<u>Segment results</u>				
Investment holdings and others	526	(513)	402	(1,163)
Manufacturing	522	1,369	727	1,774
	<u>1,048</u>	<u>856</u>	<u>1,129</u>	<u>611</u>

**Geographical Information**

The Group operates in Malaysia and generates revenue from the following geographical locations of customers: -



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	Individual Quarter		Cumulative Quarter	
	Current	Comparative	6 Months	6 Months
	Quarter ended 30 June 2021	Quarter ended 30 June 2020	Current Cumulative ended 30 June 2021	Comparative Cumulative ended 30 June 2020
	RM'000	RM'000	RM'000	RM'000
Brazil	2,586	2,481	4,519	5,413
India	2,015	1,070	5,977	5,692
Malaysia	9,950	2,726	18,938	6,701
MiddleEast	3,407	1,617	6,905	3,881
USA	1,987	2,105	2,386	2,475
Europe	1	2,040	240	2,285
Others	1,342	335	4,347	722
	<u>21,286</u>	<u>12,374</u>	<u>43,312</u>	<u>27,169</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.

**13 Contingent liabilities**

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



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**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 June 2021 RM'000	Comparative Quarter ended 30 June 2020 RM'000	6 months Current Cumulative ended 30 June 2021 RM'000	6 months Comparative Cumulative ended 30 June 2020 RM'000
<u>Revenue</u>				
Manufacturing	21,286	12,374	43,312	27,169
Investment holdings and others	1,628	-	3,082	-
	<u>22,914</u>	<u>12,374</u>	<u>46,394</u>	<u>27,169</u>
 <u>Profit / (Loss) before tax</u>				
Manufacturing	475	1,424	957	1,866
Investment holdings and others	532	(478)	412	(1,129)
	<u>1,007</u>	<u>946</u>	<u>1,369</u>	<u>737</u>



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a) Current quarter against previous year corresponding quarter

Group recorded revenue of RM22.914 million and profit before tax of RM1.007 million as compared to revenue of RM12.374 million and profit before tax of RM0.946 million recorded in the corresponding quarter 2020. Performance of the respective operating business segments is analysed as below:

1. Manufacturing

The manufacturing segment recorded a revenue of RM21.286 million, was 85.2% more than the revenue of RM12.374 million recorded in the corresponding quarter 2020. The increase in revenue was mainly due to higher demand from the local and export markets.

During the quarter under review, this sector posted a profit before tax of RM0.475 million as compared to RM1.424 million profit before tax in previous corresponding quarter. The decrease is mainly due to increase in main raw material price which resulted in lower profit margin.

2. Investment holdings and others

The Renewable Energy segment contributed revenue of RM1.628 million during the quarter under review compare to nil revenue recorded in the corresponding quarter 2020. The increase in revenue was mainly due to the biogas plant for billings of sale of electricity to TNB.

The investment holdings and others sector recorded a profit before tax of RM0.532 million as compared to a loss before tax of RM0.478 million in the corresponding quarter 2020.

b) Current cumulative period against previous year cumulative period

Group recorded revenue of RM46.394 million and profit before tax of RM1.369 million as compared to revenue of RM27.169 million and profit before tax of RM0.737 million recorded in the corresponding cumulative period 2020. Performance of the respective operating business segments is analysed as below:



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**1. Manufacturing**

The manufacturing segment recorded revenue of RM43.312 million was 59.4% more than the revenue of RM27.169 million recorded in the corresponding cumulative period 2020. The increase in revenue was mainly due to higher demand from the local and export markets.

During the period under review, this sector posted a profit before tax of RM0.957 million as compared to RM1.866 million profit before tax in previous cumulative corresponding period.

**2. Investment holdings and others**

The Renewable Energy segment contributed revenue of RM3.082 million during the period under review. The increase in revenue was mainly due to the biogas plant for billings of sale of electricity to TNB.

The investment holdings and others sector recorded a profit before tax of RM0.412 million as compared to a loss before tax of RM1.129 million in the corresponding period 2020.

**17 Variation of result against preceding quarter**

	<b>Individual Quarter</b>	
	<b>2nd Quarter ended 30 June 2021 RM'000</b>	<b>1st Quarter ended 31st March 2021 RM'000</b>
Revenue	22,914	23,480
Profit / (Loss) for the period	1,008	81





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

	<b>As at 30 June 2021 RM'000</b>	<b>As at 30 June 2020 RM'000</b>
Total retained earnings/(loss)		
Realised	18,030	1,505
Unrealised	20	20
Total retained earnings as per statements of financial position	<u>18,050</u>	<u>1,525</u>

**19 Business prospects**

The Group is primarily engaged in manufacturing of cast acrylic sheets. Cast acrylic sheets are used widely in sanitary wares, signage & displays, architectural designs, interior design, automotive & transportation, and other applications. Other applications include food, medical, industrial equipment, and sports. According to a research, the global cast acrylic sheet market is expected to grow 5% to 6% annually.

The outbreak of Covid-19 pandemic has caused major disruptions and significant levels of uncertainties to the global economy and our Malaysian economy was not spared as well. The Group will continue to be cautious and continue to take prudent measures to cushion the impact and adapt to the new environment resulted from the pandemic in order to sustain the business during this trying time. However, the demand for cast acrylic sheet from our oversea customers is expected to remain robust.

The Management is confident that, there will still be strong growth after this pandemic period.

**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.



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**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.



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	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 June 2021 RM'000	Comparative Quarter ended 30 June 2020 RM'000	Current Cumulative ended 30 June 2021 RM'000	Comparative Cumulative ended 30 June 2020 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	1,048	856	1,129	611
Weighted average number of ordinary shares in issue ('000)	810,797	460,252	570,108	460,188
Basic earnings/(loss) per share (sen)	<u>0.13</u>	<u>0.19</u>	<u>0.20</u>	<u>0.13</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 June 2021 RM'000	Comparative Quarter ended 30 June 2020 RM'000	Current Cumulative ended 30 June 2021 RM'000	Comparative Cumulative ended 30 June 2020 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	1,048	856	1,129	611
Weighted average number of ordinary shares in issue ('000)	887,363	537,907	722,762	537,844
Diluted earnings/(loss) per share (sen)	<u>0.12</u>	<u>0.16</u>	<u>0.16</u>	<u>0.11</u>



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**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 August 2021.

**By order of the Board of Directors**

**Dato' Yeo Boon Leong**  
**Executive Chairman**  
**27 August 2021**