



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the third quarter ended 30 September 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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 September 2021 RM'000	Comparative Quarter ended 30 September 2020 RM'000	9 Months Current Cumulative ended 30 September 2021 RM'000	9 Months Comparative Cumulative ended 30 September 2020 RM'000
<u>Segment revenue</u>				
Investment holdings and others	1,482	1,513	4,564	1,513
Manufacturing	16,691	28,606	60,003	55,775
	18,173	30,119	64,567	57,288
<u>Segment results</u>				
Investment holdings and others	445	40	848	(1,123)
Manufacturing	(2,316)	4,046	(1,589)	5,820
	(1,871)	4,086	(741)	4,697

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 Quarter ended 30 September 2021	Comparative Quarter ended 30 September 2020	9 Months Current Cumulative ended 30 September 2021	9 Months Comparative Cumulative ended 30 September 2020
	RM'000	RM'000	RM'000	RM'000
Brazil	312	5,323	4,831	10,736
India	4,671	4,081	240	9,997
Malaysia	3,703	4,306	10,649	12,620
MiddleEast	4,936	4,405	22,641	7,503
USA	2,279	3,621	11,841	8,642
Europe	-	702	5,136	6,365
Others	790	6,167	4,665	1,425
	<u>16,691</u>	<u>28,605</u>	<u>60,003</u>	<u>57,288</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 September 2021 RM'000	Comparative Quarter ended 30 September 2020 RM'000	9 months Current Cumulative ended 30 September 2021 RM'000	9 months Comparative Cumulative ended 30 September 2020 RM'000
<u>Revenue</u>				
Manufacturing	16,691	28,606	60,003	56,775
Investment holdings and others	1,483	1,513	4,564	1,513
	<u>18,173</u>	<u>30,119</u>	<u>64,567</u>	<u>57,288</u>
 <u>Profit / (Loss) before tax</u>				
Manufacturing	(2,546)	5,349	(1,589)	7,215
Investment holdings and others	450	40	862	(1,089)
	<u>(2,096)</u>	<u>5,389</u>	<u>(727)</u>	<u>6,126</u>



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a) Current quarter against previous year corresponding quarter

Group recorded revenue of RM18.173 million and loss before tax of RM2.096 million as compared to revenue of RM30.119 million and profit before tax of RM5.389 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 RM16.691 million, was 41.7% less than the revenue of RM28.606 million recorded in the corresponding quarter 2020. The decrease in revenue was mainly due to the lockdown implementation in Q3 2021 and therefore operations was affected.

During the quarter under review, this sector posted a loss before tax of RM2.546 million as compared to RM5.349 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 and also affected by the lockdown implementation in Q3 2021.

2. Investment holdings and others

The Renewable Energy segment contributed revenue of RM1.483 million during the quarter under review compare to revenue of 1.513 million recorded in the corresponding quarter 2020. The decrease in revenue was mainly due to shutdown of the Dengkil biogas plant due to lockdown implementation.

The investment holdings and others sector recorded a profit before tax of RM0.450 million as compared to a profit before tax of RM0.040 million in the corresponding quarter 2020.

b) Current cumulative period against previous year cumulative period

Group recorded revenue of RM64.567 million and loss before tax of RM0.727 million as compared to revenue of RM57.288 million and profit before tax of RM6.126 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 RM60.003 million was 5.7% more than the revenue of RM56.775 million recorded in the corresponding cumulative period 2020. The increase in revenue was mainly due to increase in selling price due to higher raw material cost.

During the period under review, this sector posted a loss before tax of RM1.589 million as compared to RM7.215 million profit before tax in previous cumulative corresponding period. This was mainly affected by the lockdown implementation in year 2021 whereas last year from July 2020 onwards, our production was running at optimum level.

2. Investment holdings and others

The Renewable Energy segment contributed revenue of RM4.564 million during the period under review as compared to RM1.513 Million recorded in the corresponding cumulative period 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 RM0.862 million as compared to a loss before tax of RM1.089 million in the corresponding period 2020. This was mainly due to gain on investment on quoted shares

17 Variation of result against preceding quarter

	Individual Quarter	
	3rd	2nd
	Quarter	Quarter
	ended 30	ended
	September	30 June
	2021	2021
	RM'000	RM'000
Revenue	18,173	22,914
Profit / (Loss) for the period	<u>(2,096)</u>	<u>1,008</u>



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18 Realised and Unrealised Profits / (Losses)

	As at 30 September 2021 RM'000	As at 30 September 2020 RM'000
Total retained earnings/(loss)		
Realised	16,160	1,505
Unrealised	20	20
Total retained earnings as per statements of financial position	16,180	1,525

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 September 2021 RM'000	Comparative Quarter ended 30 September 2020 RM'000	Current Cumulative ended 30 September 2021 RM'000	Comparative Cumulative ended 30 September 2020 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(1,871)	4,077	(741)	4,688
Weighted average number of ordinary shares in issue ('000)	872,784	571,035	591,086	497,098
Basic earnings/(loss) per share (sen)	<u>(0.21)</u>	<u>0.71</u>	<u>(0.13)</u>	<u>0.94</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 2021 RM'000	Comparative Quarter ended 30 September 2020 RM'000	Current Cumulative ended 30 September 2021 RM'000	Comparative Cumulative ended 30 September 2020 RM'000
Profit / (loss) attributable to equity holders of the Company (RM'000)	(1,871)	4,077	(741)	4,688
Weighted average number of ordinary shares in issue ('000)	1,084,053	777,782	732,981	585,580
Diluted earnings/(loss) per share (sen)	<u>(0.17)</u>	<u>0.52</u>	<u>(0.10)</u>	<u>0.80</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 25 November 2021.

By order of the Board of Directors

Dato' Yeo Boon Leong

Executive Chairman

25 November 2021