



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the second quarter ended 30 June 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING

1 Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“Listing Requirements”).

The interim financial report should be read in conjunction with the Group’s Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

2 Significant Accounting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial period:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022



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2 Significant Accounting Policies (Cont'd)

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 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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2021.



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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.



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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 2022 RM'000	Comparative Quarter ended 30 June 2021 RM'000	6 Months Current Cumulative ended 30 June 2022 RM'000	6 Months Comparative Cumulative ended 30 June 2021 RM'000
<u>Segment revenue</u>				
Investment holdings and others	1,765	1,628	2,996	3,082
Manufacturing	21,625	21,286	44,161	43,312
	23,390	22,914	47,157	46,394
<u>Segment results</u>				
Investment holdings and others	(70)	526	(399)	402
Manufacturing	(545)	522	(802)	727
	(615)	1,048	(1,201)	1,129



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9 Segment Information (Cont'd)

Geographical Information

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 June 2022	Comparative Quarter ended 30 June 2021	6 Months Current Cumulative ended 30 June 2022	6 Months Comparative Cumulative ended 30 June 2021
	RM'000	RM'000	RM'000	RM'000
Brazil	-	2,586	-	4,519
India	5,930	2,015	11,116	5,977
Malaysia	8,708	11,577	18,518	22,020
Middle East	5,746	3,407	11,971	6,905
USA	1,462	1,987	2,005	2,386
Europe	-	1	-	240
Others	1,544	1,341	3,547	4,347
	<u>23,390</u>	<u>22,914</u>	<u>47,157</u>	<u>46,394</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

1 Review of Performance

	Individual Quarter		Cumulative Quarter	
	Current Quarter ended 30 June 2022 RM'000	Comparative Quarter ended 30 June 2021 RM'000	6 months Current Cumulative ended 30 June 2022 RM'000	6 months Comparative Cumulative ended 30 June 2021 RM'000
<u>Revenue</u>				
Manufacturing	21,625	21,286	44,161	43,312
Investment holdings and others	1,765	1,628	2,996	3,082
	<u>23,390</u>	<u>22,914</u>	<u>47,157</u>	<u>46,394</u>
 <u>(Loss)/Profit before tax</u>				
Manufacturing	(1,015)	475	(1,272)	957
Investment holdings and others	(70)	532	(364)	412
	<u>(1,085)</u>	<u>1,007</u>	<u>(1,636)</u>	<u>1,369</u>



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1 Review of Performance (Cont'd)

(a) Performance of the current quarter against the preceding year corresponding quarter

The Group recorded revenue of RM23.390 million and loss before tax of RM1.085 million as compared to revenue of RM22.914 million and profit before tax of RM1.007 million recorded in the corresponding quarter of 2021. Performance of the respective operating business segments is analysed as below:

1. Manufacturing

The manufacturing segment's revenue increased by RM0.339 million to RM21.625 million, as compared with RM21.286 million recorded in the corresponding quarter of 2021. The increase was mainly attributed to the increase in selling price due to higher raw material cost.

During the quarter under review, this sector posted a loss before tax of RM1.015 million compared to RM0.475 million profit before tax in the previous corresponding quarter. This was mainly due to higher administrative expenses incurred for loan facilities which affected the profit.

2. Investment holdings and others

The renewable energy segment recorded a revenue of RM1.765 million during the period under review compared to RM1.628 million in the corresponding quarter of 2021. The revenue was contributed from the biogas plant for the sale of electricity to TNB.

The investment holdings and other sectors recorded a loss before tax of RM0.070 million as compared to a profit before tax of RM0.532 million in the corresponding quarter of 2021. This was mainly due to share of loss of an associate and loss on short-term investments.



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1 Review of Performance (Cont'd)

(b) Performance of the current cumulative period against previous year cumulative period

The Group recorded revenue of RM47.157 million and loss before tax of RM1.636 million as compared to revenue of RM46.394 million and profit before tax of RM1.369 million recorded in the corresponding cumulative period 2021. Performance of the respective operating business segments is analysed as below:

1. Manufacturing

The manufacturing segment's revenue increased by RM0.849 million to RM44.161 million, as compared with RM43.312 million recorded in the corresponding cumulative period of 2021. The increase was mainly attributed to the increase in selling price due to higher raw material costs.

During the period under review, this sector posted a loss before tax of RM1.272 million compared to RM0.957 million profit before tax in the previous corresponding period. This was mainly due to higher freight charges and raw material costs which affected the profit.

2. Investment holdings and others

The renewable energy segment recorded a revenue of RM2.996 million during the period under review compared to RM3.082 million in the corresponding cumulative quarter of 2021. The revenue was contributed from the biogas plant for the sale of electricity to TNB.

The investment holdings and other sectors recorded a loss before tax of RM0.364 million as compared to a profit before tax of RM0.412 million in the corresponding cumulative 2021. This was mainly due to loss on investment in short-term investments.

2 Variation of Result Against Preceding Quarter

	Individual Quarter	
	2nd	1st Quarter
	Quarter	ended 31
	ended 30	ended 31
	June 2022	March 2022
	RM'000	RM'000
Revenue	23,390	23,767
Loss for the period	(615)	(533)



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3 Realised and Unrealised Profits

	As at 30 June 2022 RM'000	As at 30 June 2021 RM'000
Total retained earnings		
Realised	12,195	18,030
Unrealised	20	20
Total retained earnings as per statements of financial position	<u>12,215</u>	<u>17,050</u>

4 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 research by Market Research Future, the global cast acrylic sheet market is expected to grow 5.83% annually. The demand for cast acrylic sheet will continue to see a gradual recovery from both emerging and developed economies.

Our third production line construction is completed in the middle of August 2022 and a pilot run will be implemented in September 2022. The third production capability especially in the production of thicker acrylic sheets and to achieve greater cost efficiency.

On 15th June 2022, the Group received the Feed-In Approval Certificate issued by Sustainable Energy Development Authority for the development of a small hydropower plant with a total capacity of 10.0 MW in Jerantut, Pahang.

The Management is optimistic that, these will drive the growth of the Group moving forward.



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5 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.

6 Taxation

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

7 Status of Corporate Proposals

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

8 Unsecured Borrowings and Debt Securities

There were no unsecured borrowings and debt securities for the quarter under review.

9 Material Litigation

There was no material litigation pending at the date of this report.

10 Dividends

There was no dividend declared during the financial quarter under review.



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11 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 June 2022	Comparative Quarter ended 30 June 2021	Current Cumulative ended 30 June 2022	Comparative Cumulative ended 31 March 2021
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(635)	1,048	(1,169)	1,129
Weighted average number of ordinary shares in issue ('000)	874,306	810,797	873,885	570,108
Basic (loss)/earnings per share (sen)	<u>(0.07)</u>	<u>0.13</u>	<u>(0.13)</u>	<u>0.20</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 2022	Comparative Quarter ended 30 June 2021	Current Cumulative ended 30 June 2022	Comparative Cumulative ended 30 June 2021
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(635)	1,048	(1,169)	1,129
Weighted average number of ordinary shares in issue ('000)	971,255	887,363	970,834	722,762
Diluted (loss)/earning per share (sen)	<u>(0.07)</u>	<u>0.12</u>	<u>(0.12)</u>	<u>0.16</u>



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12 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 26 August 2022.

By order of the Board of Directors

Dato' Yeo Boon Leong

Executive Chairman

26 August 2022