



ASIA POLY HOLDINGS BERHAD

Company No. 619176-A

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the second quarter ended 30 June 2023

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 2022 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
MFRS 17 Insurance Contracts	1 January 2023
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



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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
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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 2022.



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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 2023 RM'000	Comparative Quarter ended 30 June 2022 RM'000	6 Months Current Cumulative ended 30 June 2023 RM'000	6 Months Comparative Cumulative ended 30 June 2022 RM'000
<u>Segment revenue</u>				
Investment holdings and others	1,384	1,765	2,662	2,996
Manufacturing	25,930	21,625	54,067	44,161
	27,314	23,390	56,729	47,157
<u>Segment results</u>				
Investment holdings and others	4,499	(70)	3,346	(399)
Manufacturing	(2,163)	(545)	(3,307)	(802)
	2,336	(615)	39	(1,201)



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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 2023	Comparative Quarter ended 30 June 2022	6 Months Current Cumulative ended 30 June 2023	6 Months Comparative Cumulative ended 30 June 2022
	RM'000	RM'000	RM'000	RM'000
India	6,229	5,930	13,603	11,116
Malaysia	8,133	8,708	15,462	18,518
Middle East	5,085	5,746	12,755	11,971
USA	4,161	1,462	7,252	2,005
Europe	1,875	-	3,412	-
Others	1,831	1,544	4,245	3,547
	<u>27,314</u>	<u>23,390</u>	<u>56,729</u>	<u>47,157</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 2023 RM'000	Comparative Quarter ended 30 June 2022 RM'000	6 months Current Cumulative ended 30 June 2023 RM'000	6 months Comparative Cumulative ended 30 June 2022 RM'000
<u>Revenue</u>				
Manufacturing	25,930	21,625	54,067	44,161
Investment holdings and others	1,384	1,765	2,662	2,996
	<u>27,314</u>	<u>23,390</u>	<u>56,729</u>	<u>47,157</u>
<u>(Loss)/Profit before tax</u>				
Manufacturing	(2,163)	(1,015)	(3,307)	(1,272)
Investment holdings and others	4,574	(70)	3,533	(364)
	<u>2,411</u>	<u>(1,085)</u>	<u>226</u>	<u>(1,636)</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 RM27.314 million and profit before tax of RM2.411 million as compared to revenue of RM23.390 million and loss before tax of RM1.085 million recorded in the corresponding quarter of 2022. Performance of the respective operating business segments is analysed as below:

1. Manufacturing

The manufacturing segment's revenue increased by RM4.305 million to RM25.930 million, as compared with RM21.625 million recorded in the corresponding quarter of 2022. The increase was mainly attributed to the increase in sales volume.

During the quarter under review, this sector posted a loss before tax of RM2.163 million compared to RM1.015 million in the previous corresponding quarter. This was mainly due to lower average selling price and higher production costs which resulted in higher loss in the current quarter.

2. Investment holdings and others

The renewable energy segment recorded a revenue of RM1.384 million during the period under review compared to RM1.765 million in the corresponding quarter of 2022. The revenue was contributed from the biogas plant for the sale of electricity to TNB.

The investment holdings and other sectors recorded a profit before tax of RM4.574 million as compared to a loss before tax of RM0.07 million in the corresponding quarter of 2022. This was mainly due to gain on disposal of an associate.



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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 RM56.729 million and profit before tax of RM0.226 million as compared to revenue of RM47.157 million and loss before tax of RM1.636 million recorded in the corresponding cumulative period 2022. Performance of the respective operating business segments is analysed as below:

1. Manufacturing

The manufacturing segment's revenue increased by RM9.906 million to RM54.067 million, as compared with RM44.161 million recorded in the corresponding cumulative period of 2022. The increase was mainly attributed to the increase in sales volume.

During the period under review, this sector posted a loss before tax of RM3.307 million compared to RM1.272 million loss before tax in the previous corresponding period. This was mainly due to lower average selling price and higher production costs which resulted in higher loss.

2. Investment holdings and others

The renewable energy segment recorded a revenue of RM2.662 million during the period under review compared to RM2.996 million in the corresponding cumulative quarter of 2022. The revenue was contributed from the biogas plant for the sale of electricity to TNB.

The investment holdings and other sectors recorded a profit before tax of RM3.533 million as compared to a loss before tax of RM0.364 million in the corresponding cumulative 2022. This was mainly due to gain on disposal of an associate.

2 Variation of Result Against Preceding Quarter

	Individual Quarter	
	2nd	1st Quarter
	Quarter	ended 31
	ended 30	ended 31
	June 2023	March 2023
	RM'000	RM'000
Revenue	27,314	29,415
Profit/(Loss) for the period	2,336	(2,297)



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3 Realised and Unrealised Profits

	As at 30 June 2023 RM'000	As at 30 June 2022 RM'000
Total retained earnings		
Realised	3,502	12,195
Unrealised	20	20
Total retained earnings as per statements of financial position	<u>3,522</u>	<u>12,215</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, the global cast acrylic sheet market is expected to grow 5% to 6% annually. The demand for cast acrylic sheet will continue to see a gradual recovery from both emerging and developed economies.

The Group has introduced an eco-friendly cell-cast acrylic, a-castGreen readily replaces and is suitable for use in a broad range of indoor and outdoor applications. Its characteristics are comparable to virgin monomer produced acrylic especially in key areas such as light transmittance, surface characteristics, durable and easy fabrication, and machining.

The Group has also set up a joint venture company, Asia Poly Worldbizz Sdn. Bhd. which specialise in design, supply, fabrication (including thermoforming and on-site chemical bonding) and installation of acrylic panels.

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/(loss) per share figures are computed by dividing profits/(loss) 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 2023	Comparative Quarter ended 30 June 2022	Current Cumulative ended 30 June 2023	Comparative Cumulative ended 30 June 2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)	2,346	(635)	97	(1,169)
Weighted average number of ordinary shares in issue ('000)	958,503	874,306	958,503	873,885
Basic earnings/(loss) per share (sen)	<u>0.24</u>	<u>(0.07)</u>	<u>0.01</u>	<u>(0.13)</u>

(b) Diluted

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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 2023	Comparative Quarter ended 30 June 2022	Current Cumulative ended 30 June 2023	Comparative Cumulative ended 30 June 2022
Profit/(Loss) attributable to equity holders of the Company (RM'000)	2,346	(635)	97	(1,169)
Weighted average number of ordinary shares in issue ('000)	958,503	971,255	958,503	970,834
Diluted earning/(loss) per share (sen)	<u>0.24</u>	<u>(0.07)</u>	<u>0.01</u>	<u>(0.12)</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 28 August 2023.

By order of the Board of Directors

Dato' Yeo Boon Leong

Executive Chairman

28 August 2023