



POLYMER LINK HOLDINGS BERHAD

(Company No: 1041798-A)

(Incorporated in Malaysia under the Companies Act, 1965)

**FINANCIAL STATEMENTS FOR THE 2ND HALF-YEAR
ENDED 30 SEPTEMBER 2018**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY POLYMER LINK HOLDINGS BERHAD ("POLYMER LINK HOLDINGS" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

POLYMER LINK HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018⁽¹⁾

	Unaudited as at 30 September 2018 RM'000	Audited as at 30 September 2017 ⁽²⁾ RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9,284	N/A
CURRENT ASSETS		
Inventories	7,080	N/A
Trade receivables	2,483	N/A
Other receivables, deposit and prepayments	5,372	N/A
Fixed deposit with a licensed bank	1,254	N/A
Cash and bank balances	2,930	N/A
Total current assets	19,119	N/A
TOTAL ASSETS	28,403	N/A
EQUITY		
Share Capital	18,052	N/A
Merger deficit	(11,967)	N/A
Foreign currency translation reserve	20	N/A
Retained earnings	14,474	N/A
TOTAL EQUITY	20,579	N/A
LIABILITIES		
NON-CURRENT LIABILITIES		
Finance lease liabilities	281	N/A
Deferred tax liabilities	329	N/A
Total non-current liabilities	610	N/A
CURRENT LIABILITIES		
Trade payables	1,414	N/A
Other payables and accruals	3,992	N/A
Amount due to directors	8	N/A
Finance lease liabilities	561	N/A
Bank Borrowing	1,032	N/A
Tax payable	207	N/A
Total current liabilities	7,214	N/A
TOTAL LIABILITIES	7,824	N/A
TOTAL EQUITY AND LIABILITIES	28,403	N/A
Net assets per ordinary share (sen) ⁽³⁾	4.45	N/A

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Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and should be read in conjunction with the Auditors' Report and Combined Financial Statements as disclosed in the Information Memorandum of the Company dated 30 March 2018 in relation to the placement of 46,290,000 ordinary shares in the Company at an issue price of RM0.12 per share ("**Placement**") in conjunction with its listing on the LEAP Market of Bursa Malaysia Securities Berhad ("**Listing**") ("**Information Memorandum**") and the accompanying explanatory notes attached to this interim financial report.*
2. *No comparative figures for the preceding year are available as this is the Company's first financial report on its consolidated results for the 2nd half-year ended 30 September 2018 announced in compliance with the LEAP Market Listing Requirements of Bursa Securities ("**Listing Requirements**").*
3. *Net assets per ordinary share is calculated based on the Company's number of ordinary shares at the end of the reporting period of 462,854,370 shares.*

N/A – Not Applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND HALF-YEAR ENDED 30 SEPTEMBER 2018⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	30.09.2018	30.09.2017 ⁽²⁾	30.09.2018	31.09.2017 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	32,868	N/A	47,798	N/A
Cost of sales	(26,447)	N/A	(37,595)	N/A
Gross Profit	6,421	N/A	10,203	N/A
Other Income	(497)	N/A	61	N/A
Administrative expenses	(1,159)	N/A	(2,916)	N/A
Distribution expenses	(88)	N/A	(109)	N/A
Other expenses	(650)	N/A	(1,578)	N/A
Finance costs	(154)	N/A	(242)	N/A
Profit before taxation	3,873	N/A	5,419	N/A
Taxation	(940)	N/A	(1,415)	N/A
Profit after taxation	2,933	N/A	4,004	N/A
Other Comprehensive Income	16	N/A	1	N/A
Total Comprehensive Income	2,949	N/A	4,005	N/A
Attributable to equity holders of the Company:				
- Basic earnings per share (sen) ⁽³⁾	0.64	N/A	0.87	N/A
- Diluted earnings per share (sen) ⁽⁴⁾	0.64	N/A	0.87	N/A

Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Auditors' Report and Combined Financial Statements as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim report.*
2. *No comparative figures for the preceding year are available as this is the Group's first financial report on its consolidated results for the 2nd half-year ended 30 September 2018 announced in compliance with the Listing Requirements.*
3. *Basic earnings per share is calculated based on the Company's share capital of 462,564,370 ordinary shares as at 30 September 2018.*
4. *Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 2ND HALF-YEAR ENDED 30 SEPTEMBER 2018⁽¹⁾

	Share Capital RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
As at 1.10.2017	*	(11,967)	19	10,470	(1,478)
Issuance of ordinary shares	18,052	-	-	-	18,052
Net profit for the financial year	-	-	-	4,004	4,004
Currency translation differences	-	-	1	-	1
Total comprehensive income for the financial year	-	-	1	4,004	4,005
As at 30.9.2018	18,052	(11,967)	20	14,474	20,579
* Represents an amount of RM2					

Note:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Auditors' Report and Combined Financial Statements as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2ND HALF-YEAR ENDED 30 SEPTEMBER 2018⁽¹⁾

	12 months ended 30 September 2018 RM'000	12 months ended 30 September 2017 RM'000
Net cash generated from operating activities		
Profit before income tax	5,420	N/A
Adjustment for:		
Depreciation	1,078	N/A
Interest Income	(42)	N/A
Interest Expenses	242	N/A
Translation reserve balancing	-	N/A
Unrealised foreign currency exchange loss	334	N/A
Operating profit before working capital changes	7,032	N/A
Inventories	(2,073)	N/A
Receivables	(6,392)	N/A
Payables	839	N/A
Director	-	N/A
Cash generated from operations	(594)	N/A
Tax paid	(1,477)	N/A
Interest Paid	(242)	N/A
Net cash from operating activities	(2,313)	N/A
Cashflow from investing activities		
Interest Received	42	N/A
Placement of FD with licensed bank	(588)	N/A
Purchase of PPE	(436)	N/A
Disposal of PPE	-	N/A
Net cash (used in) investing activities	(982)	N/A
Cashflow from financial activities		
Advances from related parties	(1,538)	N/A
Repayment of hire purchase	(602)	N/A
Borrowing	990	N/A
Proceeds from insurance of share capital	5,555	N/A
Net cash from financing activities	4,405	N/A
Net increase in cash and cash equivalents	1,110	N/A
Cash and cash equivalents at beginning of period	1,815	N/A
Effect of foreign currency translation differences on cash and cash equivalents	5	N/A
Cash and cash equivalents at end of period	2,930	N/A

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Note:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Auditors' Report and Combined Financial Statements as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.*

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND HALF-YEAR ENDED 30 SEPTEMBER 2018

A. NOTES TO THE FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of Polymer Link Holdings Berhad (“Polymer Link Holdings” or the “Company”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 6.12 and Appendix 6A of the Listing Requirements.

This is the interim financial report on the Company’s unaudited condensed consolidated financial results for the 2nd half-year ended 30 September 2018 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s correspondence period.

The interim report should be read in conjunction with the Auditors’ Report as disclosed in the Information Memorandum and the accompanying explanatory notes attached to the interim financial report.

A2. Significant Accounting Policies

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Auditors’ Report in the Information Memorandum.

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRS and the Issues Committee (“**IC**”) Interpretation which are mandatory for the financial periods beginning on or after 1 January 2017.

Initial application of the amendments/improvements to the standards did not have any material impact on the Group’s unaudited interim financial statements.

The Group has not applied the following new standards and amendments to standards that have been issued by MASB which are not yet effective for the Group.

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 7: Financial Instruments- Disclosure: Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018

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	Effective Date
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)	1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9: Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Employee Benefits	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to Reference to the Conceptual Framework on MFRS Standard (MFRS 2,3,6,14,101,128,134,137,138 and IC Interpretation 12,19,20,22,132)	1 January 2020
MFRS 17 Insurance Contract	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
MFRS 16 Leases	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on this unaudited financial statement of the Group upon their initial application except as follows:

- a) MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. MFRS 9 being together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group and the Company plan to adopt the new standard on the required effective date and will not restate comparative information. During the current financial year, the Group and the Company had performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may subject to changes arising from further reasonable and supportable information being made available to the Company in the next financial year when the Group and the Company will adopt MFRS 9. Overall, the Group and the Company expect no significant impact on their statements of financial position and equity.

- (i) Classification and measurement of financial assets

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet

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the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment of financial assets

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group and the Company have determined that the loss allowance is insignificant to the financial statements.

b) MFRS 15 established a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a retrospective application or a cumulative effect application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the cumulative effect method. During the financial year, the Group performed a detailed analysis of MFRS 15

(i) Sales of goods

For contracts with customers in which the sales of goods is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to adopt MFRS 15, the Group has considered variable consideration and rights of return and expects that the adoption of MFRS 15 will not have a significant impact to the financial statements.

(ii) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practise and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant.

(iii) Other adjustments

In addition to the major adjustments described above, the recognition and measurement requirements in MFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property, plant and equipment), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

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In summary, the Group expects no significant impact of MFRS 15 adoption other than additional disclosures.

A3. Seasonal or Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial period under review and the financial year under review.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The board of directors of Polymer Link Holdings (“**Board**”) is not aware of any items or incidence of an unusual nature not otherwise dealt with us in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial period under review.

A5. Material Changes in Estimates

There were no changes in estimates that had a material effect in the current financial period under review.

A6. Debt and Equity Securities

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year:

On 7 December 2017, the Company entered into a conditional share sale agreement with the vendors of Polymer Link Sdn Bhd (“**Polymer Link**”) and Polymer Link (Phils.), Inc. (“**Polymer Link Philippines**”) to acquire the entire equity interest in the respective companies. The acquisition was completed on 27 February 2018.

- (i) Acquisition of the 500,000 ordinary shares of Polymer Link for a purchase consideration of RM12,496,925, which was satisfied via the issuance of 416,564,168 ordinary shares in the Company to the vendors of Polymer Link at an issue price of RM0.03 each; and
- (ii) Acquisition of 3,600 capital stock of Polymer Link Philippines for a purchase consideration of RM6, which was satisfied via the issuance of 200 shares to the vendors of Polymer Link Philippines at an issue price of RM0.03 each.

On 23 April 2018, the Company issued 46,290,000 new ordinary shares at an issue price of RM0.12 per share in conjunction with the Listing. Subsequently, on 27 April 2018, the Company’s entire enlarged issued share capital of RM18,051,733 comprising of 462,854,370 ordinary shares were listed on the LEAP Market of Bursa Securities.

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A7. Segmental Information

Analysis of revenue segmentation

No products and services segment information are presented as the Group is viewed as a single reportable segment.

Analysis of revenue by geographical location

	Individual 6 months ended		Cumulative 12 months ended	
	30.09.2018	31.09.2017	30.09.2018	30.09.2017 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Philippines	28,939	N/A	41,779	N/A
Malaysia	2,694	N/A	4,169	N/A
Others	1,235	N/A	1,850	N/A
Total	32,868	N/A	47,798	N/A

Note:

- This is the Group's first financial report on the Company's Unaudited Condensed Consolidated financial results for the 2nd half-year ended 30 September 2018 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.*

A8. Changes in the composition of the Group

Save as disclosed in Section 2.2 of the Information Memorandum and Note A6 above, there were no changes in the composition of the Group for the current financial period.

A9. Interest bearing loans and borrowings

	As at 30 September 2018 RM'000	As at 30 September 2017 RM
Minimum lease payments:		
- within 1 year	600	N/A
- after 1 year but less than 5 years	295	N/A
	895	N/A
Less: Interest in suspense	(53)	N/A
	842	N/A
Present value of lease payments:		
- within 1 year	561	N/A
- after 1 year but less than 5 years	281	N/A
	842	N/A

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A10. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the end of the financial period under review.

A11. Changes in contingent assets and contingent liabilities

There were no material changes in contingent liabilities and assets as at the end of the financial period under review.

A12. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period under review.

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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM32.87 million for the 2nd half-year ended 30 September 2018, as compared to RM14.93 million in the immediate preceding period, representing an increase of RM17.94 million or 120.16%. This is mainly due to the increase in the Group's sales to the Overseas market, where our key customer has ramped up its stock level.

The Group recorded a profit before taxation ("PBT") of RM3.87 million for the 2nd half-year ended 30 September 2018 as compared to RM1.55 million in the immediate preceding period, representing an increase of RM2.32 million or 149.68%. The increase in PBT is in line with the increase in the revenue recorded during the period.

B2. PROSPECTS

As disclosed in the Information Memorandum, the Group has started their plan in expanding the customers' base, attending industry conferences and events as well as the expanding the product range. Barring any unforeseen circumstances, the Board believes that the prospects of the Group's financial performance for the financial year ending 30 September 2019 will remain favourable.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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C. OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report, except for the Listing.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the Placement of RM5.55 million is as follows:

Purpose	Proposed Utilisation	Actual Utilisation ⁽¹⁾	Deviation	Balance	Estimated timeframe for utilisation upon Listing
General working capital	2,855	(2,855)	-	-	Within 12 months
Payment of shareholders advances	1,500	(1,500)	-	-	Within 6 months
Estimated Proposed Listing expenses	1,200	(1,200)	-	-	Immediate

Note:

1. Utilisation as at 30 September 2018.

C3. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

C4. DIVIDENDS

The Board declared a final dividend of 0.2 sen per Share on 462,854,370 POLYMER Shares amounting to RM 1.0 million in respect of the financial year ended 30 September 2018. The entitlement date for the final dividend is 5 December 2018 and will be paid on 12 December 2018.

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