POLYMER LINK HOLDINGS BERHAD

Company No: 201301011960 (1041798-A)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Company Act, 2016)

FINANCIAL STATEMENTS FOR THE 2nd HALF-YEAR ENDED 30 SEPTEMBER 2019

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 EXCERCISES 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

Company No: 201301011960 (1041798-A)

(Incorporated in Malaysia under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Unaudited as at 30 September 2019 RM'000	Audited as at 30 September 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	25,593	9,284
Investment in an associate company	157	-
Total non-current assets	**25,750**	**9,284**
CURRENT ASSETS		
Inventories	10,601	7,080
Trade receivables	4,764	2,483
Other receivables, deposit and prepayments	2,952	5,372
Tax recoverable	97	-
Fixed deposit with a licensed bank	1,270	1,254
Cash and bank balances	7,097	2,930
Total current assets	**26,781**	**19,119**
TOTAL ASSETS	**52,531**	**28,403**
EQUITY		
Share Capital	18,052	18,052
Merger deficit	(11,967)	(11,967)
Foreign currency translation reserve	353	20
Retained earnings	23,139	14,474
Non-controlling Interest	24	-
TOTAL EQUITY	**29,601**	**20,579**
LIABILITIES		
NON-CURRENT LIABILITIES		
Finance lease liabilities	695	281
Deferred tax liabilities	259	329
Bank borrowings	12,015	-
Total non-current liabilities	**12,969**	**610**
CURRENT LIABILITIES		
Trade payables	605	1,414
Other payables and accruals	2,598	1,729
Amount due to directors	12	8
Contract liabilities	3,445	2,263
Finance lease liabilities	621	561
Bank borrowings	2,659	1,032
Tax payable	-	207
Total current liabilities	**9,961**	**7,214**
TOTAL LIABILITIES	**22,930**	**7,824**
TOTAL EQUITY AND LIABILITIES	**52,531**	**28,403**
Net assets per ordinary share (sen)*(1)*	6.40	4.45

The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

Notes:

1. *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.*

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POLYMER LINK HOLDINGS BERHAD

Company No: 201301011960 (1041798-A)

(Incorporated in Malaysia under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2nd HALF-YEAR ENDED 30 SEPTEMBER 2019

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.9.2019 RM'000	**30.9.2018 RM'000**	**30.9.2019 RM'000**	**30.9.2018 RM'000**
Revenue	34,665	32,868	71,711	47,798
Cost of sales	(27,030)	(26,447)	(55,706)	(37,595)
Gross Profit	7,635	6,421	16,005	10,203
Interest Income	43	39	59	42
Other Income	596	(536)	792	19
Administrative expenses	(3,573)	(1,159)	(5,048)	(2,916)
Distribution expenses	(227)	(88)	(374)	(109)
Other expenses	214	(650)	(298)	(1,578)
Finance costs	(150)	(154)	(282)	(242)
Share of loss in an associate company	(42)	-	(42)	-
Profit before taxation	4,496	3,873	10,812	5,419
Taxation	(305)	(940)	(1,241)	(1,415)
Profit after taxation	4,191	2,933	9,571	4,004
Other comprehensive income	363	16	333	1
Total comprehensive income	4,554	2,949	9,904	4,005
Profit attributable to equity holders of the parent	4,192	2,933	9,591	4,004
Non-controlling interest	(1)	-	(20)	-
Total	4,191	2,933	9,571	4,004
Total comprehensive income attributable to equity holders of the parent	4,555	2,949	9,924	4,005
Non-controlling interest	(1)	-	(20)	-
Total	4,554	2,949	9,904	4,005
Attributable to equity holders of the parent:				
- Basic earnings per share (sen) *(1)*	0.91	0.64	2.07	0.87
- Diluted earnings per share (sen) *(2)*	0.91	0.64	2.07	0.87

The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

Notes:

1. Basic earnings per share is calculated based on the Company's number of ordinary shares of 462,854,370 as at the reporting date.

2. 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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POLYMER LINK HOLDINGS BERHAD

Company No: 201301011960 (1041798-A)

(Incorporated in Malaysia under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 2ND HALF-YEAR ENDED 30 SEPTEMBER 2019

	Share Capital RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Minority Interest 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**
Issuance of ordinary shares	-	-	-	-	44	44
Net profit for the financial year	-	-	-	9,591	(20)	9,571
Currency translation differences	-	-	333	-	-	333
Total comprehensive income for the financial year	-	-	333	9,591	(20)	9,904
Dividend paid	-	-	-	(926)	-	(926)
As at 30.9.2019	**18,052**	**(11,967)**	**353**	**23,139**	**24**	**29,601**

** Represents an amount of RM2*

The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

POLYMER LINK HOLDINGS BERHAD

Company No: 201301011960 (1041798-A)

(Incorporated in Malaysia under the Companies Act, 1965)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2nd HALF-YEAR ENDED 30 SEPTEMBER 2019

	12 months ended 30 September 2019 RM'000	12 months ended 30 September 2018 RM'000
Cash flows from operating activities		
Profit before income tax	10,812	5,419
Adjustment for:		
Depreciation	1,209	1,078
Interest Income	(59)	(42)
Interest Expenses	282	242
Unrealised foreign currency exchange loss	(589)	334
Operating profit before working capital changes	11,655	7,031
Inventories	(3,364)	(2,073)
Receivables	340	(6,391)
Payables	159	(1,424)
Contract liabilities	1,182	2,263
Cash generated from/(used in) operations	9,972	(594)
Tax paid	(1,620)	(1,477)
Interest Paid	(297)	(242)
Net cash from/(used in) operating activities	8,055	(2,313)
Cash flows from investing activities		
Interest received	59	42
Placement of fixed deposits with licensed banks	(27)	(588)
Purchase of Property, Plant & Equipment	(3,618)	(436)
Acquisition of subsidiary - Non-controlling interest	44	-
Acquisition of an associate company	(157)	-
Net cash used in investing activities	(3,699)	(982)
Cash flows from financial activities		
Dividend paid	(926)	-
Advances from/(repayment to) Directors	4	(1,538)
Repayment of finance lease liabilities	(852)	(602)
Net drawdown of bank borrowings	1,435	990
Proceeds from issuance of share capital	-	5,555
Net cash (used in)/from financing activities	(339)	4,405
Net increase in cash and cash equivalents	4,017	1,110
Cash and cash equivalents at beginning of period	2,930	1,815
Effect of foreign currency translation differences on cash and cash equivalents	150	5
Cash and cash equivalents at end of period	**7,097**	**2,930**

The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

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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 2019. The interim report should be read in conjunction with the Audited Financial Statements for the financial year ended ("**FYE**") 30 September 2018 and the accompanying explanatory notes attached to the interim financial report.

A2. Significant Accounting Policies

Except for the changes due to the adoption of MFRS 15 and MFRS 9 described below, the accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the most recent audited financial statements for the FYE 30 September 2018.

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 current financial period.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The effect of the transition was not material to the financial statements.

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 October 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. There were no material differences arising from the adoption of MFRS 9 other than all of the Group's financial assets previously classified and measured as loans and receivables under MFRS 139 are classified and measured as amortised cost under MFRS 9 as at 1 October 2018 based on the business model assessment done.

The Group has not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group: -

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2019:

MFRS 16	Leases
Amendments to **MFRS 9**	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to **MFRS 119**	Post-employment Benefits: Defined Benefit Plans
Amendments to **MFRS 128**	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty Over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle*

MFRS, Amendments to MFRSs and IC Interpretation effective 1 January 2020:

Amendments to **MFRS 3**	Business Combinations
Amendments to **MFRS 101**	Presentation of Financial Statements
Amendments to **MFRS 108**	Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to References to the Conceptual Framework on MFRS Standards (**MFRS 2, 3, 6, 14, 101, 108, 134, 137, 138** and IC Interpretation 12, 19, 20, 22 and 132)

MFRS effective 1 January 2021:

MFRS 17	Insurance Contracts

Amendments to MFRSs - effective date deferred indefinitely:

MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Transition to MFRS 16

The Group plans to adopt MFRS 16 retrospectively to each prior reporting period presented with the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group has performed a detailed impact assessment of MFRS 16 and is currently quantifying the impact.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

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.

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

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A7. Segmental Information

Analysis of revenue segmentation

Our Group is principally involved in developing and manufacturing compounded and non-compounded plastic powder. As part of our business diversification strategy, our Group had expanded and commenced the business of trading and servicing of air compressor system via its wholly-owned subsidiary namely MAQQO Synergy Engineering Sdn Bhd ("**MSESB**") in the 3rd quarter of the FYE 2018. In addition, in the 1st quarter of the FYE 2019, the Company had incorporated a 60.00%-owned subsidiary, namely Polymer Link Synergy Sdn Bhd **("PLSSB")**. PLSSB is principally involved in trading of premium grade lubricants to various companies i.e. oil mills, palm mills, factories and logistics companies. In the same quarter, MSESB had incorporated a new 99.9995%-owned subsidiary, namely Maqqo Synergy (Phils) Inc. **("MSPI")** in the Philippines. MSPI is engaged in wholesale of industrial products, particularly trading of air compressor system for the Philippines market.

The analysis of revenue by business activities for the 2nd half-year ended 30 September 2019 and FYE 30 September 2019 is as follows:

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.9.2019 RM'000	**30.9.2018 RM'000**	**30.9.2019 RM'000**	**30.9.2018 RM'000**
Manufacturing of plastic compound and powder	33,657	32,804	70,474	47,734
Trading and servicing of air compressor system	814	64	978	64
Others	194	-	259	-
Total	**34,665**	**32,868**	**71,711**	**47,798**

Analysis of revenue by geographical location

	Individual 6 months ended		Cumulative 12 months ended	
	30.9.2019	**30.9.2018**	**30.9.2019**	**30.9.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Philippines	31,231	28,939	64,056	41,779
Malaysia	1,899	2,694	4,846	4,169
Others	1,535	1,235	2,809	1,850
Total	**34,665**	**32,868**	**71,711**	**47,798**

A8. Changes in the composition of the Group

The changes in the composition of the Group for the current financial period are as follows:

(1) On 19 June 2019, the Company had subscribed 44.82% equity shares of Maxpol Private Limited ("**Maxpol**") in India. Maxpol is engaged in manufacturing of plastic compound powder and providing contract manufacturing services for plastic compound and powder.

A9. Interest bearing loans and borrowings

	As at 30.9.2019 RM'000	**As at 30.9.2018 RM'000**
Long term borrowings – secured		
Term loan	12,015	-
Finance lease liabilities	695	281
Total long term borrowings	12,710	281
Short term borrowings - secured		
Term loan	244	-
Trust receipts	2,414	1,032
Finance lease liabilities	621	561
Total short term borrowings	3,279	1,593
Total interest bearing loans and borrowings	**15,989**	**1,874**

A10. Capital commitments

The capital commitments of the Group as at 30 September 2019 were as follows:

	As at 30.9.2019 RM'000
Authorised and contracted for:	
- property, plant and equipment	239

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 RM34.67 million for the 2nd half-year ended 30 September 2019, as compared to RM32.87 million recorded during the same period in preceding year, representing an increase of RM1.8 million or 5.48%. This is mainly due to the contribution of Group's sales from the other business activities such as the trading and servicing of air compressor system. In addition, the increase in Group's sales is also due to the commencement of commercial operation from one of the subsidiary company, MSPI in the 3rd quarter of FYE 2019.

The Group has recorded a profit before taxation ("PBT") of RM4.50 million for the 2nd half-year ended 30 September 2019 as compared to RM3.87 million for similar period in preceding year, representing an increase of RM0.63 million or 16.28%. The increase in PBT is in line with the increase in the revenue recorded during the financial period.

B2. PROSPECTS

The Group remains committed to continuously expanding the customers' base, attending industry conferences and events as well as the expanding the product range. The Group had penetrated into the India, United Kingdom and Australia Market, and also diversified into new activities which is servicing of air compressor system and trading of lubricants. Barring any unforeseen circumstances, the Board believes that the prospects of the Group's financial performance for the next financial year 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.

C2. MATERIAL LITIGATION

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

C3. DIVIDEND

The Board declared an interim dividend of 0.324 sen per Share on 462,854,370 Polymer Link Holdings Shares amounting to RM 1.5 million in respect of the FYE 30 September 2019. The entitlement date for the interim dividend is 9 December 2019 and will be paid on 20 December 2019.

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