

**POLYDAMIC GROUP BERHAD**  
**Company No: 201801037913 (1299943-W)**  
**(Incorporated in Malaysia)**

# **POLYDAMIC GROUP BERHAD**

(Incorporated in Malaysia)

Company No: 201801037913 (1299943-W)

**Unaudited combined financial statements for the**

**1<sup>st</sup> half-year ended 31 December 2019**

**UNAUDITED CONDENSED COMBINED STATEMENTS OF PROFIT OR LOSS <sup>(1)</sup>**

	INDIVIDUAL 6 MONTHS		CUMULATIVE PERIOD	
	Unaudited Current Year 6 Months	Preceding Year Corresponding 6 Months <sup>(2)</sup>	Unaudited Current Year To-Date	Preceding Year Corresponding Period <sup>(2)</sup>
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	6,833	N/A	6,833	N/A
Cost of sales	(3,953)	N/A	(3,953)	N/A
Gross profit	2,880	N/A	2,880	N/A
Other income	67	N/A	67	N/A
Administrative expenses	(2,250)	N/A	(2,250)	N/A
Selling and distribution expenses	(120)	N/A	(120)	N/A
Finance costs	(170)	N/A	(170)	N/A
Profit before tax	407	N/A	407	N/A
Income tax expense	(158)	N/A	(158)	N/A
<b>Profit for the financial period</b>	249	N/A	249	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income for the financial period	249	N/A	249	N/A
Profit for the financial period attributable:				
- Owners of the Company	249	N/A	249	N/A
Earnings per ordinary share (sen) <sup>*</sup>				
- Basic	0.33	N/A	0.33	N/A
- Diluted	N/A	N/A	N/A	N/A

\* Total number of shares, 75,000,002

**Notes:**

(1) The basis of preparation of the Unaudited Condensed Combined Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the financial year ended (“**FYE**”) 30 June 2018 as disclosed in the Information Memorandum dated 21 October 2019, the audited combined financial statements of the Group for the **FYE** 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) There are no comparative figures for the preceding 6-month financial period ended (“**FPE**”) 31 December 2018 year as this is the first interim financial report announced in compliance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

N/A Not applicable

**POLYDAMIC GROUP BERHAD**  
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**UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION <sup>(1)</sup>**

	<b>Unaudited As at 31.12.2019 RM'000</b>	<b>Audited As at 30.06.2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,964	7,024
Investment properties	418	425
	<u>7,382</u>	<u>7,449</u>
<b>Current assets</b>		
Inventories	1,616	1,101
Receivables	4,382	6,125
Deposits, cash and bank balances	4,100	3,731
	<u>10,098</u>	<u>10,957</u>
<b>TOTAL ASSETS</b>	<b><u>17,480</u></b>	<b><u>18,406</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	6,000	1,200
Retained profits	7,409	7,160
Merger reserve	(4,800)	-
<b>Total equity attributable to owners of the Group</b>	<b><u>8,609</u></b>	<b><u>8,360</u></b>
<b>Non-current liabilities</b>		
Borrowings	4,353	4,354
Deferred tax liabilities	171	155
	<u>4,524</u>	<u>4,509</u>
<b>Current liabilities</b>		
Payables	3,040	3,367
Tax liabilities	146	227
Borrowings	1,161	1,943
	<u>4,347</u>	<u>5,537</u>
<b>Total liabilities</b>	<b><u>8,871</u></b>	<b><u>10,046</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>17,480</u></b>	<b><u>18,406</u></b>
Net asset per share (RM) <sup>(2)</sup>	<u>0.11</u>	<u>N/A</u>

**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Combined Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 30 June 2018 as disclosed in the Information Memorandum dated 21 October 2019, the audited combined financial statements of the Group for the FYE 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Group's total number of issued shares as at the end of the respective financial reporting period; total number of shares, 75,000,002.

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**UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup>**

	Non-distributable		Distributable	Total Equity RM'000
	Share Capital RM'000	Merger Reserve RM'000	Retained Profits RM'000	
<b><u>Unaudited financial period ended 31 December 2019</u></b>				
Balance as at 01.07.2019	- <sup>(2)</sup>	-	(57)	(57)
Acquisition of subsidiary companies	-	-	7,217	7,217
Total comprehensive income for the period	-	-	249	249
Effects arising from merger method of accounting	6,000	(4,800)	-	1,200
<b>Closing balance as at 31.12.2019</b>	<b>6,000</b>	<b>(4,800)</b>	<b>7,409</b>	<b>8,609</b>
<b><u>Audited financial year ended 30 June 2019</u></b>				
Balance as at 17.10.2018 (date of incorporation)	- <sup>(2)</sup>	-	-	- <sup>(2)</sup>
Total comprehensive loss for the year	-	-	(57)	(57)
<b>Closing balance as at 30.06.2019</b>	<b>- <sup>(2)</sup></b>	<b>-</b>	<b>(57)</b>	<b>(57)</b>

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 30 June 2018 as disclosed in the Information Memorandum dated 21 October 2019, the audited combined financial statements of the Group for the FYE 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Negligible, the issuance of share of RM2 arose from incorporation of Polydamic Group Berhad.

**POLYDAMIC GROUP BERHAD**  
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**UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS <sup>(1)</sup>**

	<b>Current Period Ended 31.12.2019</b>
	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	407
Adjustments for:	
Depreciation of property, plant and equipment	188
Depreciation of investment properties	7
Property, plant and equipment written off	5
Interest expenses	170
Interest income	(21)
Unrealised loss on foreign exchange	18
Operating profit before working capital changes	774
Inventories	(515)
Receivables	1,747
Payables	(327)
<b>Cash generated from operations</b>	<b>1,679</b>
Interest paid	(170)
Interest received	21
Tax paid	(223)
Net cash generated from operating activities	1,307
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(133)
Net cash used in investing activities	(133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Changes in deposits with maturity more than 90 days	(2)
Movement in short term borrowings	12
Repayment of hire purchase and lease obligations	(67)
Repayment of term loans	(153)
Net cash used in financing activities	(210)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>964</b>
Effects of exchange rate	(22)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>2,282</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>3,224</b>
<b>Cash and cash equivalents at end of the financial period comprises:</b>	
- Fixed deposits placed with a licensed bank	226
- Cash and bank balances	3,873
- Bank overdrafts	(849)
	3,250
Less: Deposits with maturity more than 90 days	(26)
	3,224

**Note:**

- (1) The basis of preparation of the Unaudited Condensed Combined Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 30 June 2018 as disclosed in the Information Memorandum dated 21 October 2019, the audited combined financial statements of the Group for the FYE 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

**PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 DECEMBER 2019**

**A1 Basis of Preparation**

Polydamic Group Berhad (“**Polydamic**” or the “**Company**”) was incorporated in Malaysia on 17 October 2018 as a public limited company under the Companies Act 2016 with an issued share capital of RM2 comprising two ordinary shares. The Company’s registered office is located at 3<sup>rd</sup> Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Wilayah Persekutuan.

On 3 October 2019, Polydamic has acquired the entire equity interest in Polydamic Sdn Bhd (“**PSB**”) and Polydamic Holdings Sdn Bhd (“**PHSB**”) with total purchase consideration of RM3,751,088 and RM2,248,912 respectively by the Company, which was satisfied in full by the issuance of 75,000,000 new ordinary shares of the Company. Upon completion of the acquisitions, the share capital of Polydamic is RM6,000,002 comprising 75,000,002 shares.

The interim financial statements of Polydamic Group Berhad and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the first interim financial report on the consolidated results for the half-year ended 31 December 2019 announced by the Company in compliance with Paragraph 6.12 of the LEAP Market’s Listing Requirements of Bursa Securities.

The unaudited interim financial statements for the 6-month FPE 31 December 2019 should be read in conjunction with the audited combined financial statements of the Group for the FYE 30 June 2018 as disclosed in the Information Memorandum dated 21 October 2019, the audited combined financial statements of the Group for the FYE 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

**A2 Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited combined financial statements for the FYE 30 June 2019 of the Company.

The following are MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by Malaysian Accounting Standards Board (“**MASB**”) but are not yet effective and have not been adopted by the Group:

		<b>Effective dates</b>
Amendments to:		
- MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 <sup>st</sup> January 2020
- MFRS 101 and MFRS 108	Definition of Material	1 <sup>st</sup> January 2020
Amendments to:		
- IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 <sup>st</sup> January 2020
- IC Interpretation 22	Foreign Currency Transaction and Advance Consideration	1 <sup>st</sup> January 2020

It is anticipated that the adoption of the abovementioned amendments will not have significant impact on the financial statements of the Group.

**A3 Auditors' Report**

There was no qualification on the audited combined financial statements of the Group for the FYE 30 June 2019.

**A4 Seasonal and Cyclical Factors**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

**A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

**A6 Material changes in Estimates**

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

**A7 Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the 6-month FPE 31 December 2019.

**A8 Dividends Paid**

There were no dividends paid during the financial period under review.

**A9 Segmental Reporting**

Our Group is principally engaged in the provision of air pollution control solutions. Through our subsidiaries, we are primarily involved in:

- (i) designing, manufacturing, installation and commissioning of air pollution control systems;
- (ii) manufacturing and sale of air pollution control products and other related environmental engineering products; and
- (iii) provision of air pollution control services comprising technical consultation and maintenance services.

The reportable segments are summarised as follows:

- (i) Analysis of revenue breakdown by product/service category

	<b>Unaudited</b>	
	<b>6-month FPE</b>	
	<b>31 December 2019</b>	
	<b>RM'000</b>	<b>%</b>
Air pollution control systems	4,004	58.6
Air pollution control products and other related environmental engineering products	1,638	24.0
Technical consultation and maintenance services	1,191	17.4
<b>Total revenue</b>	<b>6,833</b>	<b>100.0</b>

**A9 Segmental Reporting (cont'd)**

(ii) Analysis of revenue breakdown by geographical locations

	<b>Unaudited</b>	
	<b>6-month FPE</b>	
	<b>31 December 2019</b>	
	<b>RM'000</b>	<b>%</b>
<u>Local Revenue</u>		
Malaysia	5,187	75.9
<b>Total Local Revenue</b>	<b>5,187</b>	<b>75.9</b>
<u>Overseas Revenue</u>		
Thailand	186	2.7
USA	324	4.7
China	976	14.3
Ecuador	113	1.7
Others <sup>(1)</sup>	47	0.7
<b>Total Overseas Revenue</b>	<b>1,646</b>	<b>24.1</b>
<b>Total revenue</b>	<b>6,833</b>	<b>100</b>

**Note:**

(1) Others comprise countries such as Saudi Arabia, Indonesia, Singapore and India.

**A10 Profit before taxation**

Profit before taxation for the 6-month FPE 31 December 2019 is arrived after charging/(crediting):-

	<b>Unaudited</b>
	<b>6-month FPE</b>
	<b>31 December 2019</b>
	<b>RM'000</b>
Auditors' remuneration	16
Depreciation of investment properties	7
Depreciation of property, plant and equipment	188
Directors' remuneration	416
Listing expenses	217
Property, plant and equipment written off	5
Rental income	(36)
Staff costs:	
- Salaries, allowances and bonus	1,938
- Employees' Provident Fund	154
- Other employee benefits	23
Unrealised loss on foreign exchange	18

**A11 Valuation of property, plant and equipment**

There was no valuation on property and equipment during the 6-month FPE 31 December 2019.



**A12 Material Events after the End of the Reporting Period**

Save as disclosed below, there were no other material events subsequent to the end of the current financial period.

On 19 March 2020, the Company had issued and allotted 13,236,000 new ordinary shares (“**Shares**”) at an issue price of RM0.18 per Share to the sophisticated investors pursuant to an excluded issue within the meaning of Section 230 of the Capital Markets and Services Act 2007 (“**Excluded Issue**”) in conjunction with the listing of the Company on the LEAP Market of Bursa Securities.

**A13 Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets as at the date of this unaudited interim report.

**A14 Capital Commitments**

There are no material capital commitments as at the date of this unaudited interim report.

**A15 Significant related party transactions**

There were no significant related party transactions in the financial period under review.

**A16 Financial Liabilities**

The Group has not entered into any derivatives and do not have any financial liabilities.

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**PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group recorded revenue of RM6.83 million and profit before tax of RM0.41 million for the current 6-month FPE 31 December 2019. The Group incurred one-off listing expenses of RM0.22 million which was charged out to the profit or loss during the current financial period under review.

No comparative figures for the preceding 6-month FPE 31 December 2019 are available as this is the first interim financial report announced in compliance with the Listing Requirements.

**B2 Commentary on Prospect**

As disclosed in Polydamic's Information Memorandum dated 21 October 2019, as part of the future plans and business strategies, the Group intend to expand the market presence by establishing an office and workshop in other states in Malaysia should the need arises. The Group will also continue to expand their business in the air pollution control solutions systems and other related environmental engineering products as well as provision of technical consultation and maintenance services in both local and overseas markets. Their effort can be supported by the Group's enhanced profile and reputation in the air pollution control industry after the listing of the Group on the LEAP Market.

Premised on the above and barring unforeseen circumstances, the Board of Directors of the Company expects the Group's financial performance for the current financial year to be satisfactory.

**B3 Profit Forecast, Profit Guarantee and Internal Targets**

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

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**PART C – OTHER INFORMATION**

**C1 Status of Corporate Proposal**

**(i) Proposed excluded issue**

On 21 October 2019, the Company issued the Information Memorandum and submitted an application for the Proposed Listing to Bursa Securities.

On 21 November 2019, Bursa Securities granted the Company the approval to list its entire enlarged issued share capital comprising 88,236,002 Shares on the LEAP Market of Bursa Securities, subject to the following conditions:

<b>Conditions</b>	<b>Status of compliance</b>
1) To submit the details of the placees in the manner as may be prescribed by the Exchange, as soon as practicable after the placement of securities and before the listing of such new issue of securities;	Complied
2) Submit the following information in respect of the moratorium on the shareholdings of promoters to Bursa Malaysia Depository Sdn Bhd: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium of each block of shares	Complied
3) To make the relevant announcements pursuant to Rules 3.09(2)(c) and 3.09(2)(f) of the LEAP LR. In any event, announcement pursuant to the Rule 3.09(2)(f) of the LEAP LR must be made at least 2 market days prior to the date of listing;	Complied
4) To furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the shareholding spread requirement based on the entire issued share capital of Polydamic on the first day of trading;	To be complied
5) To furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Polydamic to the Official List of the LEAP Market; and	To be complied
6) To ensure full compliance with all the requirements as provided under the LEAP LR at all times.	To be complied

**(ii) Proposed listing**

The Company's entire enlarged issued share capital of 88,236,002 Shares will be listed on the LEAP Market of Bursa Securities on 23 March 2020.

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**C2 Utilisation of Proceeds Raised from Proposed Listing**

The gross proceeds from the Proposed Listing amounting to RM2.38 million is intended to be utilised in the following manner:

Details of utilisation	Proposed utilisation	Actual utilisation <sup>(1)</sup>	Balance Unutilised	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Establishment of office and workshop to expand our physical presence to the Central Region of Malaysia	624	-	624	Within 12 months
Working capital	658	-	658	Within 12 months
Estimated listing expenses	1,100	-	1,100	Upon listing
<b>Total</b>	<b>2,382</b>	<b>-</b>	<b>2,382</b>	

Note:

(1) As at 31 December 2019, the Proposed Listing was pending completion.

The utilisation of proceeds as disclosed above should be read in conjunction with the Information Memorandum.

**C3 Material Litigation**

The Company was not engaged in any material litigation as at the date of this unaudited interim report.

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