



POLYDAMIC

POLYDAMIC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 201801037913 (1299943-W)

**Unaudited Condensed Consolidated Financial Statements for the
1st Half-Year Ended 31 December 2021**

**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 AND 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 US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	31.12.2021 ⁽¹⁾	31.12.2020	31.12.2021 ⁽¹⁾	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	19,505	10,136	19,505	10,136
Cost of sales	(11,753)	(6,189)	(11,753)	(6,189)
Gross profit	7,752	3,947	7,752	3,947
Other operating income	137	108	137	108
Selling and distribution expenses	(379)	(111)	(379)	(111)
Administrative expenses	(2,150)	(2,411)	(2,150)	(2,411)
Finance costs	(85)	(128)	(85)	(128)
Profit before tax	5,275	1,405	5,275	1,405
Tax expense	(1,294)	(455)	(1,294)	(455)
Profit for the financial period	3,981	950	3,981	950
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	3,981	950	3,981	950
Profit for the financial period attributable to owners of the Group	3,981	950	3,981	950
Earnings per ordinary share (sen) ⁽²⁾				
- Basic	4.51	1.08	4.51	1.08
- Diluted	N/A	N/A	N/A	N/A

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Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended ("FYE") 30 June 2021 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.
- (2) Earnings per share is computed based on the Company's s total number of issued shares of 88,236,002 as at the end of the respective reporting period. During the financial period, there were no shares in issuance which would have a dilutive effect on the earnings per share of the Group.
- N/A Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	UNAUDITED As at 31.12.2021⁽¹⁾	AUDITED As at 30.06.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,575	6,699
Investment properties	389	396
Right-of-use assets	119	124
Deferred tax assets	49	157
	<u>7,132</u>	<u>7,376</u>
Current assets		
Inventories	3,992	4,502
Receivables	13,220	9,554
Contract assets	631	137
Deposits, cash and bank balances	10,133	13,555
Tax assets	-	157
	<u>27,976</u>	<u>27,905</u>
TOTAL ASSETS	<u><u>35,108</u></u>	<u><u>35,281</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	8,382	8,382
Retained earnings	12,770	9,671
Merger reserve	(4,800)	(4,800)
Total equity attributable to owners of the Group	<u>16,352</u>	<u>13,253</u>
Non-current liabilities		
Borrowings	3,659	3,856
Lease liabilities	33	44
Deferred tax liabilities	225	177
	<u>3,917</u>	<u>4,077</u>
Current liabilities		
Payables	6,264	6,552
Contract liabilities	7,610	10,763
Borrowings	398	398
Lease liabilities	89	85
Tax liabilities	478	153
	<u>14,839</u>	<u>17,951</u>
Total liabilities	<u>18,756</u>	<u>22,028</u>
TOTAL EQUITY AND LIABILITIES	<u><u>35,108</u></u>	<u><u>35,281</u></u>
Net assets per share (RM) ⁽²⁾	<u>0.19</u>	<u>0.15</u>

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the FYE 30 June 2021 and the accompanying explanatory notes attached to this unaudited condensed consolidated 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 of 88,236,002.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	<i>Non-distributable</i>		<i>Distributable</i>	Total Equity
	Share Capital	Merger Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000
Unaudited financial period ended 31 December 2021⁽¹⁾				
At 1 July 2021	8,382	(4,800)	9,671	13,253
Total comprehensive income for the financial period	-	-	3,981	3,981
Dividend paid	-	-	(882)	(882)
At 31 December 2021	8,382	(4,800)	12,770	16,352

Audited financial year ended 30 June 2021

At 1 July 2020	8,382	(4,800)	6,122	9,704
Total comprehensive income for the financial year	-	-	3,948	3,948
Dividend paid	-	-	(399)	(399)
At 30 June 2021	8,382	(4,800)	9,671	13,253

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the FYE 30 June 2021 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	6 MONTHS ENDED	
	31.12.2021⁽¹⁾	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,275	1,405
Adjustments for:		
Allowance for impairment loss on trade receivables	-	209
Depreciation of property, plant and equipment	203	202
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	49	50
Property, plant and equipment written-off	2	1
Interest on lease liabilities	3	5
Interest expenses	82	123
Interest income	(35)	(10)
Unrealised (gain)/loss on foreign exchange	(66)	166
Gain on initial recognition of right-of-use assets	(2)	-
Gain on subsequent measurement of right-of-use assets	(1)	-
Gain on disposal of property, plant and equipment	(1)	(3)
Recovery of allowance for impairment loss on trade receivables	(1)	-
Operating profit before working capital changes	5,515	2,155
Inventories	510	(822)
Receivables	(3,630)	(1,633)
Contract assets	(494)	(146)
Payables	(288)	1,358
Contract liabilities	(3,153)	5,250
Cash (used in)/generated from operations	(1,540)	6,162
Interest received	35	10
Payment of interest on lease liabilities	(3)	(5)
Interest paid	(82)	(123)
Tax paid	(640)	(291)
Net cash (used in)/generated from operating activities	(2,230)	5,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(80)	(115)
Proceed from disposal of property, plant and equipment	1	3
Net cash used in investing activities	(79)	(112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in a fixed deposit pledged to a licensed bank	(1)	(1)
Net movements in short-term borrowings	-	(1,178)
Repayment of hire purchase creditors	(11)	(23)
Repayment of term loans	(187)	(4)
Payment of lease liabilities	(51)	(49)
Dividend paid	(882)	-
Net cash used in financing activities	(1,132)	(1,255)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

	6 MONTHS ENDED	
	<u>31.12.2021⁽¹⁾</u>	<u>31.12.2020</u>
	RM'000	RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,441)	4,386
Effect of changes in foreign exchange rates	18	(142)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>13,528</u>	<u>6,988</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>10,105</u></u>	<u><u>11,232</u></u>
 Cash and cash equivalents at end of the financial period comprises:		
Short-term deposits placed with a licensed bank	3,470	1,536
Cash and bank balances	<u>6,663</u>	<u>9,723</u>
	10,133	11,259
Less: Fixed deposit pledged with a licensed bank	<u>(28)</u>	<u>(27)</u>
	<u><u>10,105</u></u>	<u><u>11,232</u></u>

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the FYE 30 June 2021 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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. The Company’s registered office is located at 3rd Floor, No. 17 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Wilayah Persekutuan. Polydamic was listed on the LEAP Market on 23 March 2020.

The unaudited condensed consolidated 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.

The unaudited condensed consolidated financial statements for the 6-month FPE 31 December 2021 should be read in conjunction with the audited consolidated financial statements of the Group for the FYE 30 June 2021 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.

A2 Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this unaudited condensed consolidated financial report are consistent with those adopted in the audited consolidated financial statements for the FYE 30 June 2021 of the Group.

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

MFRSs and Amendments to MFRSs	Effective Dates
MFRS 3 <i>Reference to the Conceptual Framework</i>	1 st January 2022
MFRS 9 <i>Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)</i>	1 st January 2022
MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 st January 2023
MFRS 101 <i>Disclosure of Accounting Policies</i>	1 st January 2023
MFRS 108 <i>Definition of Accounting Estimates</i>	1 st January 2023
MFRS 112 <i>Deferred Tax Related to Assets and Liabilities arising from a Single Transaction</i>	1 st January 2023
MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 st January 2022
MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 st January 2022

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

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

A3 Auditors' Report

There was no qualification on the Group's audited consolidated financial statements for the financial year ended 30 June 2021.

A4 Seasonal and Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the financial period under review.

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 would have a material effect on the financial results for 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 financial period under review.

A8 Dividend Paid

The Board declared the second interim dividend of RM0.01 per share in respect of the financial year ended 30 June 2021. The second interim dividend amounting to RM882,360 (based on 88,236,002 units of the Group's ordinary shares) was paid on 30 September 2021.

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

A9 Segmental Reporting

The Group is principally engaged in the provision of air pollution control solutions. Through its subsidiaries, the Group is 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 categories

	Unaudited			
	Individual 6 months ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Air pollution control systems	12,093	62.0	6,505	64.2
Air pollution control products and other related environmental engineering products	4,927	25.3	2,267	22.4
Technical consultation and maintenance services	2,485	12.7	1,364	13.4
Total revenue	19,505	100.0	10,136	100.0

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PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

A9 Segmental Reporting (Cont'd)

The reportable segments are summarised as follows (Cont'd):

- (ii) Analysis of revenue breakdown by geographical locations

	Unaudited			
	Individual 6 months ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
<u>Local Revenue</u>				
Malaysia	14,792	75.8	8,213	81.0
Total local revenue	14,792	75.8	8,213	81.0
<u>Overseas Revenue</u>				
USA	433	2.2	576	5.7
Vietnam	3,826	19.6	-	-
China	251	1.3	1,053	10.4
India	-	-	131	1.3
Colombia	-	-	105	1.0
Others ⁽¹⁾	203	1.1	58	0.6
Total overseas revenue	4,713	24.2	1,923	19.0
Total revenue	19,505	100.0	10,136	100.0

(1) Others comprise mainly countries such as Saudi Arabia and Indonesia.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

A10 Profit Before Taxation

Profit before taxation is arrived after charging/(crediting):-

	Unaudited	
	Individual 6 months ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Auditors' remuneration	28	21
Allowance for impairment loss on trade receivables	-	209
Depreciation of property, plant and equipment	203	202
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	49	50
Directors' fees	15	-
Directors' remuneration	475	452
Gain on disposal of property, plant and equipment	1	3
Interest expenses	85	128
Interest income	(35)	(10)
Listing expenses	2	-
Property, plant and equipment written-off	2	1
Rental income	20	(36)
Staff costs:		
- Salaries, bonuses and allowances	2,239	2,224
- Employees' Provident Fund	202	153
- Other employee benefits	24	29
Prihatin wages subsidy programme	-	50
Recovery of allowance for impairment loss on trade receivables	(1)	-
Realised loss on foreign exchange	32	10
Unrealised (gain)/loss on foreign exchange	(66)	166

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (CONT'D)

A11 Valuation of Property, Plant and Equipment

There was no valuation on property, plant and equipment during the financial period under review.

A12 Material Events after the End of the Reporting Period

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

A13 Contingent Liabilities and Contingent Assets

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

A14 Capital Commitments

There were no material capital commitments as at the date of this unaudited condensed consolidated financial report.

A15 Significant Related Party Transactions

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

A16 Financial Liabilities

The Group has not entered into any derivatives and does not have any financial liabilities arising from it.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”)

B1 Review of Performance

Comparison between current 6 months financial period (“1H FYE 2022”) and the preceding year 6 months financial period (“1H FYE 2021”)

The Group achieved a total revenue of RM19.51 million which is 92.4% higher as compared to the total revenue of RM10.14 million achieved in 1H FYE 2021. The increase in revenue of RM9.37 million was due to the increase in all three segments of the Group, with air pollution control systems segment being the largest contributor to the increase in revenue. The air pollution control systems segment made up 62.0% of the Group’s total revenue whereas air pollution control systems and other related environmental engineering products constitutes 25.3% of the Group’s total revenue. The remaining 12.7% was from the provision of technical consultation and maintenance services.

In terms of geographical locations, the revenue generated from Malaysian customers continued to be the largest contributor, being 75.8% of the Group’s total revenue whereas the revenue generated from overseas customers contributed 24.2% of the Group’s total revenue, which is largely contributed by customers from Vietnam. The revenue contributed from overseas customers has increased by 5.2% as compared to 1H FYE 2021 of 19%.

As a result of the increase in the Group’s revenue for the 1H FYE 2022 as explained above and the Group’s improved net profit margin, the Group has achieved net profit of RM3.98 million in 1H FYE 2022, representing an increase of 319% as compared to RM0.95 million in the 1H FYE 2021. The net profit of RM3.98 million represents a net profit margin of 20.4% in 1H FYE 2022 which is higher as compared to the net profit margin of 9.4% in 1H FYE 2021.

B2 Commentary on Prospect

On 15th June 2021, the Malaysian Government announced the National Recovery Plan (NRP) as an exit strategy to assist Malaysia in recovering from the pandemic and had since then implemented the National COVID-19 Immunisation Programme (PICK). As a result, Malaysia had reached its set target to fully vaccinate 80% of the adult population in Malaysia by September 2021.

The Group anticipates that the economic outlook arising from the emergence and surge of COVID-19 Omicron variant cases worldwide will continue to be challenging in FYE 2022. Notwithstanding the above, the Malaysian Government has continued efforts to contain the COVID-19 pandemic in Malaysia and promote economic recovery through various measures.

Nevertheless, the Group will continue to monitor the impact of COVID-19 on the operations and financial performance of the Group and take appropriate and timely measures, where applicable, to minimise the impact of the pandemic on the Group’s operations.

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.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”) (CONT”D)

B3 Profit Forecast, Profit Guarantee and Internal Targets

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

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PART C – OTHER INFORMATION

C1 Status of Corporate Proposal

There were no corporate proposals announced but pending completion as at the date of this unaudited condensed consolidated financial report.

C2 Material Litigation

The Group was not engaged in any material litigation as at the date of this unaudited condensed consolidated financial report.

C3 Dividend

The Board declared a first interim dividend of 0.68 sen per share on 88,236,002 shares amounting to RM600,005 in respect of the financial year ending 30 June 2022. The entitlement date for the first interim dividend is 8 April 2022 and will be paid on 29 April 2022.

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