



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 2022

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 2022**

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	31.12.2022 ⁽¹⁾	31.12.2021	31.12.2022 ⁽¹⁾	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	15,506	19,505	15,506	19,505
Cost of sales	(7,190)	(11,753)	(7,190)	(11,753)
Gross profit	8,316	7,752	8,316	7,752
Other operating income	364	137	364	137
Selling and distribution expenses	(192)	(379)	(192)	(379)
Administrative expenses	(2,560)	(2,150)	(2,560)	(2,150)
Finance costs	(121)	(85)	(121)	(85)
Profit before tax	5,807	5,275	5,807	5,275
Tax expense	(1,218)	(1,294)	(1,218)	(1,294)
Profit for the financial period	4,589	3,981	4,589	3,981
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	4,589	3,981	4,589	3,981
Profit for the financial period attributable to owners of the Group	4,589	3,981	4,589	3,981
Earnings per ordinary share (sen) ⁽²⁾				
- Basic	5.20	4.51	5.20	4.51
- Diluted	N/A	N/A	N/A	N/A

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

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 2022 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.
- (2) Earnings per share is computed based on the Company'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

[The rest of the page is intentionally left blank]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	UNAUDITED As at 31.12.2022 ⁽¹⁾	AUDITED As at 30.06.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,329	6,426
Investment properties	374	382
Right-of-use assets	50	97
Deferred tax assets	259	247
	<u>10,012</u>	<u>7,152</u>
Current assets		
Inventories	2,921	3,061
Receivables	11,029	11,412
Contract assets	1,456	981
Deposits, cash and bank balances	14,545	12,134
Tax assets	143	2
	<u>30,094</u>	<u>27,590</u>
TOTAL ASSETS	<u><u>40,106</u></u>	<u><u>34,742</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	8,382	8,382
Retained earnings	19,477	15,770
Merger reserve	(4,800)	(4,800)
Total equity attributable to owners of the Group	<u>23,059</u>	<u>19,352</u>
Non-current liabilities		
Borrowings	5,534	3,459
Lease liabilities	-	9
Deferred tax liabilities	81	83
	<u>5,615</u>	<u>3,551</u>
Current liabilities		
Payables	3,165	4,140
Contract liabilities	6,601	6,794
Borrowings	596	392
Lease liabilities	52	93
Tax liabilities	1,018	420
	<u>11,432</u>	<u>11,839</u>
Total liabilities	<u>17,047</u>	<u>15,390</u>
TOTAL EQUITY AND LIABILITIES	<u><u>40,106</u></u>	<u><u>34,742</u></u>
Net assets per share (RM) ⁽²⁾	<u>0.26</u>	<u>0.22</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 2022 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 2022

	<i>Non-distributable</i>		<i>Distributable</i>	Total Equity
	Share Capital	Merger Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited financial period ended 31 December 2022</u> ⁽¹⁾				
At 1 July 2022	8,382	(4,800)	15,770	19,352
Total comprehensive income for the financial period	-	-	4,589	4,589
Dividend paid	-	-	(882)	(882)
At 31 December 2022	8,382	(4,800)	19,477	23,059
<u>Audited financial year ended 30 June 2022</u>				
At 1 July 2021	8,382	(4,800)	9,671	13,253
Total comprehensive income for the financial year	-	-	7,581	7,581
Dividend paid	-	-	(1,482)	(1,482)
At 30 June 2022	8,382	(4,800)	15,770	19,352

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 2022 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.

[The rest of the page is intentionally left blank]

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	6 MONTHS ENDED	
	31.12.2022 ⁽¹⁾	31.12.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,807	5,275
Adjustments for:		
Allowance for impairment loss on trade receivables	-	-
Depreciation of property, plant and equipment	205	203
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	47	49
Property, plant and equipment written-off	-	2
Expenses relating to short term leases	20	-
Interest on lease liabilities	1	3
Interest expenses	120	82
Interest income	(92)	(35)
Unrealised loss/(gain) on foreign exchange	281	(66)
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)
Recovery of allowance for impairment loss on trade receivables	-	(1)
	<hr/>	<hr/>
Operating profit before working capital changes	6,396	5,515
Inventories	152	510
Receivables	367	(3,630)
Contract assets	(475)	(494)
Payables	(974)	(288)
Contract liabilities	(194)	(3,153)
	<hr/>	<hr/>
Cash generated from/(used in) operations	5,272	(1,540)
Interest received	92	35
Payment of interest on lease liabilities	(1)	(3)
Interest paid	(120)	(82)
Tax paid	(775)	(640)
Short-term lease payments	(20)	-
Net cash generated from/(used in) operating activities	<hr/> 4,448	<hr/> (2,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,108)	(80)
Proceed from disposal of property, plant and equipment	-	1
Net cash used in investing activities	<hr/> (3,108)	<hr/> (79)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in fixed deposit pledged to a licensed bank	27	(1)
Repayment of hire purchase creditor	-	(11)
Repayment of term loans	2,279	(187)
Payment of lease liabilities	(61)	(51)
Dividend paid	(882)	(882)
Net cash generated from/(used in) financing activities	<hr/> 1,363	<hr/> (1,132)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)

	6 MONTHS ENDED	
	31.12.2022 ⁽¹⁾	31.12.2021
	RM'000	RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,703	(3,441)
Effect of changes in foreign exchange rates	(265)	18
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>12,107</u>	<u>13,528</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>14,545</u></u>	<u><u>10,105</u></u>
 Cash and cash equivalents at end of the financial period comprise:		
Short-term deposits placed with a licensed bank	6,601	3,470
Cash and bank balances	<u>7,944</u>	<u>6,663</u>
	14,545	10,133
Less: Fixed deposit pledged to a licensed bank	-	(28)
	<u><u>14,545</u></u>	<u><u>10,105</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 2022 and the accompanying explanatory notes attached to this unaudited condensed consolidated financial report.

[The rest of the page is intentionally left blank]

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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 2022 should be read in conjunction with the audited consolidated financial statements of the Group for the FYE 30 June 2022 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 2022 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 16 <i>Lease Liability in a Sale and Leaseback</i>	1 st January 2024
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 101 <i>Non-current Liabilities with Covenants</i>	1 st January 2024
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 2022 (CONT'D)

A3 Auditors' Report

There was no qualification on the Group's audited consolidated financial statements for the financial year ended 30 June 2022.

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 2022. 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 2022.

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (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			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Air pollution control systems	8,071	52.0	12,093	62.0
Air pollution control products and other related environmental engineering products	5,859	37.8	4,927	25.3
Technical consultation and maintenance services	1,576	10.2	2,485	12.7
Total revenue	15,506	100.0	19,505	100.0

[The rest of the page is intentionally left blank]

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (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			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
<u>Local revenue</u>				
Malaysia	11,821	76.2	14,787	75.8
Total local revenue	11,821	76.2	14,787	75.8
<u>Overseas revenue</u>				
USA	-	-	433	2.2
Vietnam	2,706	17.5	3,826	19.6
China	-	-	251	1.3
Singapore	753	4.9	5	0.1
Dubai	195	1.2	-	-
Others ⁽¹⁾	31	0.2	203	1.0
Total overseas revenue	3,685	23.8	4,718	24.2
Total revenue	15,506	100.0	19,505	100.0

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

[The rest of the page is intentionally left blank]

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (CONT'D)

A10 Profit Before Taxation

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

	Unaudited	
	Individual 6 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Auditors' remuneration	34	28
Depreciation of property, plant and equipment	205	203
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	47	49
Directors' fees	15	15
Directors' remuneration	473	475
Gain on disposal of property, plant and equipment	-	(1)
Interest expenses	121	85
Interest income	(92)	(35)
Listing expenses	2	2
Property, plant and equipment written-off	-	2
Rental income	(24)	(20)
Staff costs:		
- Salaries, bonuses and allowances	2,772	2,239
- Employees' Provident Fund	296	202
- Other employee benefits	117	24
Recovery of allowance for impairment loss on trade receivables	-	(1)
Realised (gain)/loss on foreign exchange	(230)	32
Unrealised loss/(gain) on foreign exchange	281	(66)

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 (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.

[The rest of the page is intentionally left blank]

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 2023”) and the preceding year 6 months financial period (“1H FYE 2022”)

For the 6-month FPE 31 December 2022, the Group recorded revenue of RM15.51 million, a decrease of RM4.00 million or 20.5% as compared to RM19.51 million recorded in the same corresponding period of the preceding year. The decrease was mainly due to the drop in demand for air pollution control systems as a result of the slowdown in the glove manufacturing industry. The revenue contributed by the air pollution control systems segment has decreased by RM4.02 million or 33.3% as compared to RM12.09 million recorded in the same corresponding period of the preceding year.

In terms of revenue contribution by geographical location, the revenue generated from Malaysian customers continued to be the largest contributor, being 76.2% of the Group’s total revenue whereas the revenue generated from overseas customers contributed 23.8% of the Group’s total revenue, which is largely contributed by customers from Vietnam and Singapore.

For the 6-month FPE 31 December 2022, the Group recorded a profit after tax (“PAT”) of RM4.59 million, an increase of RM0.61 million or 15.3% as compared to RM3.98 million recorded in the same corresponding period of the preceding year. The increase in PAT was mainly due to the higher gross profit margin achieved during the period which were contributed by certain projects with higher gross profit margin as well as the cost saving initiatives undertaken by the Group in 1H FYE 2023.

B2 Commentary on Prospect

The second half of 2022 has been a challenging period for Malaysia and the global economy as soaring energy and food prices have caused widespread inflationary pressure. As a result of high inflation, countries around the world, including Malaysia, have begun tightening its monetary policy by increasing interest rates. This has resulted in increasingly challenging business environment and raising cost pressures to companies.

Despite the challenging macroeconomic factors and business environment, the Group has continued its efforts in expanding the business. During the financial period under review, the Group had completed the acquisition of a new production plant located at Ipoh, Perak to increase its production capacity and storage capacity. The Group has also increased its staff headcount to support its operational needs in the new production plant.

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 or profit guarantee in any form of public documentation and announcement.

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 RM0.005 per share on 88,236,002 shares amounting to RM441,180 in respect of the financial year ending 30 June 2023. The entitlement date for the first interim dividend is 12 April 2023 and will be paid on 9 May 2023.

[The rest of the page is intentionally left blank]