



POLYDAMIC

POLYDAMIC GROUP BERHAD

(Incorporated in Malaysia)

Company No: 201801037913 (1299943-W)

**Unaudited Condensed Consolidated Financial Statements for the
2nd Half-Year Ended 30 June 2023**

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 YEAR ENDED 30 JUNE 2023**

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	30.06.2023 ⁽¹⁾	30.06.2022	30.06.2023 ⁽¹⁾	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	12,898	16,175	28,404	35,680
Cost of sales	(6,232)	(8,686)	(13,422)	(20,439)
Gross profit	6,666	7,489	14,982	15,241
Other operating income	412	230	776	367
Selling and distribution expenses	(176)	(119)	(368)	(498)
Administrative expenses	(3,103)	(2,775)	(5,663)	(4,925)
Finance costs	(138)	(79)	(259)	(164)
Profit before tax	3,661	4,746	9,468	10,021
Tax expenses	(1,150)	(1,146)	(2,368)	(2,440)
Profit for the financial period/year	2,511	3,600	7,100	7,581
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period/year	2,511	3,600	7,100	7,581
Profit for the financial period/year attributable to owners of the Group	2,511	3,600	7,100	7,581
Earnings per ordinary share (sen) ⁽²⁾				
- Basic	2.85	4.08	8.05	8.59
- 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 year, 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 30 JUNE 2023

	UNAUDITED As at 30.06.2023 ⁽¹⁾	AUDITED As at 30.06.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,305	6,426
Investment properties	367	382
Right-of-use assets	111	97
Deferred tax assets	228	247
	<u>10,011</u>	<u>7,152</u>
Current assets		
Inventories	3,008	3,061
Receivables	9,748	11,412
Contract assets	1,278	981
Deposits, cash and bank balances	13,755	12,134
Tax assets	122	2
	<u>27,911</u>	<u>27,590</u>
TOTAL ASSETS	<u><u>37,922</u></u>	<u><u>34,742</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	8,382	8,382
Merger reserve	(4,800)	(4,800)
Retained earnings	21,547	15,770
Total equity attributable to owners of the Group	<u>25,129</u>	<u>19,352</u>
Non-current liabilities		
Borrowings	5,291	3,459
Lease liabilities	51	9
Deferred tax liabilities	89	83
	<u>5,431</u>	<u>3,551</u>
Current liabilities		
Payables	2,736	4,140
Contract liabilities	3,888	6,794
Borrowings	562	392
Lease liabilities	61	93
Tax liabilities	115	420
	<u>7,362</u>	<u>11,839</u>
Total liabilities	<u>12,793</u>	<u>15,390</u>
TOTAL EQUITY AND LIABILITIES	<u><u>37,922</u></u>	<u><u>34,742</u></u>
Net assets per share (RM) ⁽²⁾	<u>0.28</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 YEAR ENDED 30 JUNE 2023

	<i>Non-distributable</i>		<i>Distributable</i>	
	Share Capital	Merger Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited financial year ended 30 June 2023</u> ⁽¹⁾				
At 1 July 2022	8,382	(4,800)	15,770	19,352
Total comprehensive income for the financial year	-	-	7,100	7,100
Dividend paid	-	-	(1,323)	(1,323)
At 30 June 2023	8,382	(4,800)	21,547	25,129
<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]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	12 MONTHS ENDED	
	30.06.2023 ⁽¹⁾	30.06.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,468	10,021
Adjustments for:		
Allowance for impairment loss in trade receivables	282	529
Allowance for inventory obsolescence	118	427
Depreciation of investment properties	15	15
Depreciation of property, plant and equipment	486	403
Depreciation of right-of-use assets	94	98
Expenses relating to short-term leases	40	30
Gain on disposal of property, plant and equipment	-	(10)
Gain on remeasurement of right-of-use assets	-	(2)
Interest expenses	256	157
Interest on lease liabilities	3	6
Interest income	(282)	(76)
Inventories written-off	99	102
Property, plant and equipment written-off	-	2
Reversal of impairment loss on trade receivables	-	(1)
Unrealised gain on foreign exchange	(171)	(119)
Operating profit before working capital changes	<u>10,408</u>	<u>11,582</u>
Inventories	(163)	911
Receivables	1,419	(2,388)
Contract assets	(297)	(844)
Payables	(1,404)	(2,412)
Contract liabilities	(2,906)	(3,968)
Cash generated from operations	<u>7,057</u>	<u>2,881</u>
Interest received	282	76
Interest paid	(256)	(157)
Payment of interest on lease liabilities	(3)	(6)
Short-term lease payments	(40)	(30)
Tax paid	(2,768)	(2,201)
Net cash generated from operating activities	<u>4,272</u>	<u>563</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,366)	(132)
Proceed from disposal of property, plant and equipment	-	10
Net cash used in investing activities	<u>(3,366)</u>	<u>(122)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in a fixed deposit pledged to a licensed bank	27	(1)
Dividends paid	(1,323)	(1,482)
Drawdown/(Repayment) of term loans	2,002	(378)
Repayment of hire purchase creditors	-	(25)
Payment of lease liabilities	(97)	(97)
Net cash generated from/(used in) financing activities	<u>609</u>	<u>(1,983)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	12 MONTHS ENDED	
	30.06.2023 ⁽¹⁾	30.06.2022
	RM'000	RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,515	(1,542)
Effect of changes in foreign exchange rates	133	121
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>12,107</u>	<u>13,528</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>13,755</u></u>	<u><u>12,107</u></u>
 Cash and cash equivalents at end of the financial year comprise:		
Short-term deposits placed with licensed banks	8,352	3,669
Cash and bank balances	<u>5,403</u>	<u>8,465</u>
	13,755	12,134
Less: A fixed deposit pledged with a licensed bank	<u>-</u>	<u>(27)</u>
	<u><u>13,755</u></u>	<u><u>12,107</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 YEAR ENDED 30 JUNE 2023

A1 Basis of Preparation

Polydamic Group Berhad (“**PGB**” 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 Kuala Lumpur, Malaysia. PGB 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 30 June 2023 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 new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group’s financial year beginning on or after 1st July 2022 are as follows:

- Amendments to MFRS 9 “Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)”;
- Amendments to MFRS 16 “Covid-19 - Related Rent Concessions beyond 30th June 2021”;
- Amendments to MFRS 116 “Property, Plant and Equipment - Proceeds before Intended Use”; and
- Amendments to MFRS 137 “Onerous Contracts - Cost of Fulfilling a Contract”.

The adoption of amendments listed above did not have any impact on the current financial year or any prior financial year and is not likely to affect future financial years.

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:

Amendments to MFRSs	Effective Dates
Amendments to:	
- MFRS 16 Lease Liability in a Sale and Leaseback	1st January 2024
- MFRS 101 Classification of Liabilities as Current or Non-current	1st January 2024
- MFRS 101 Disclosure of Accounting Policies	1st January 2023
- MFRS 101 Non-current Liabilities with Covenants	1st January 2024

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

A2 Significant Accounting Policies (Cont'd)

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 (Cont'd):

Amendments to MFRSs (Cont'd)		Effective Dates
Amendments to (Cont'd):		
- MFRS 107 and MFRS 7	Supplier Finance Arrangements	1st January 2024
- MFRS 108	Disclosure of Accounting Estimates	1st January 2023
- MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
- MFRS 112	International Tax Reform - Pillar Two Model Rules	1st January 2023

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

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.

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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 first interim dividend of RM0.005 per share in respect of the financial year ended 30 June 2023. The first interim dividend amounting to RM441,180 (based on 88,236,002 units of the Group's ordinary shares) was paid on 9 May 2023.

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 sales 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 rest of the page is intentionally left blank]

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

A9 Segmental Reporting (Cont'd)

The reportable segments are summarised as follows:

- (i) Analysis of Revenue Breakdown by Product/Service Categories

	INDIVIDUAL 6 MONTHS ENDED				CUMULATIVE 12 MONTHS ENDED			
	30.06.2023		30.06.2022		30.06.2023		30.06.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Air pollution control systems	6,115	47.4	11,724	72.5	14,846	52.3	23,817	66.8
Air pollution control products and other related environmental engineering products	5,772	44.8	3,015	18.6	10,926	38.4	7,942	22.2
Technical consultation and maintenance services	1,011	7.8	1,436	8.9	2,632	9.3	3,921	11.0
Total revenue	12,898	100.0	16,175	100.0	28,404	100.0	35,680	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 YEAR ENDED 30 JUNE 2023 (CONT'D)

A9 Segmental Reporting (Cont'd)

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

(ii) Analysis of Revenue Breakdown by Geographical Locations

	INDIVIDUAL 6 MONTHS ENDED				CUMULATIVE 12 MONTHS ENDED			
	30.06.2023		30.06.2022		30.06.2023		30.06.2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Local Revenue</u>								
Malaysia	11,769	91.2	10,764	66.5	23,590	83.0	25,551	71.6
Total local revenue	11,769	91.2	10,764	66.5	23,590	83.0	25,551	71.6
<u>Overseas Revenue</u>								
United States of America ("USA")	-	-	237	1.5	189	0.7	669	1.9
Vietnam	852	6.6	4,926	30.5	3,558	12.5	8,751	24.5
Singapore	145	1.1	55	0.3	898	3.2	60	0.2
Philippines	-	-	168	1.0	18	0.1	168	0.5
China	-	-	-	-	-	-	251	0.7
Australia	117	0.9	-	-	118	0.4	-	-
Saudi Arabia	-	-	7	-	1	-	136	0.4
Others ⁽¹⁾	15	0.2	18	0.2	32	0.1	94	0.2
Total overseas revenue	1,129	8.8	5,411	33.5	4,814	17.0	10,129	28.4
Total revenue	12,898	100.0	16,175	100.0	28,404	100.0	35,680	100.0

⁽¹⁾ Others comprise countries such as Indonesia, United Arab Emirates ("UAE"), Ecuador and India.

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

A10 Profit Before Taxation

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

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- current year	27	24	54	47
- under provision in prior year	-	-	7	5
Allowance for impairment loss on trade receivables	282	529	282	529
Allowance for inventory obsolescence	118	427	118	427
Depreciation of property, plant and equipment	282	187	486	403
Depreciation of investment properties	7	7	15	15
Depreciation of right-of-use assets	46	(52)	94	98
Directors' fees	15	15	30	30
Directors' remuneration:				
- Salaries, bonuses and allowances	470	399	924	951
- Employees' Provident Fund	75	68	166	166
- Other emoluments	12	2	18	7
Gain on disposal of property, plant and equipment	-	(9)	-	(10)
Gain on remeasurement of right-of-use assets	-	(2)	-	(2)
Loss/(Gain) on foreign exchange:				
- Realised	265	(107)	35	(76)
- Unrealised	(452)	(101)	(171)	(119)
Interest expenses	137	53	259	163
Interest income	(174)	(41)	(282)	(76)
Inventories written-off	99	102	99	102
Listing expenses	3	3	5	5
Property, plant and equipment written-off	-	-	-	2
Reversal of impairment loss on trade receivables	-	-	-	(1)

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

A10 Profit Before Taxation (Cont'd)

Profit before taxation is arrived at after charging/(crediting) (Cont'd):-

	INDIVIDUAL 6 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Rental income	(24)	(7)	(48)	(27)
Staff costs:				
- Salaries, bonuses and allowances	2,680	2,424	5,282	4,380
- Employees' Provident Fund	148	163	352	349
- Other employee benefits	157	116	272	209

A11 Valuation of Property, Plant and Equipment

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

A12 Material Events after the End of the Reporting Period

Save for Section C2, 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.

PART A – EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

A14 Capital Commitment

There was no material capital commitment 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 do 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 (“2H FYE 2023”) and the preceding year 6 months financial period (“2H FYE 2022”)

The Group’s revenue for 2H FYE 2023 declined RM3.28 million or 20.3% from RM16.18 million reported for 2H FYE 2022 to RM12.90 million.

The lower revenue for 2H FYE 2023 was primarily resulted from the decline in segmental revenue generated from air pollution control systems which decreased by RM5.60 million or 47.8% compared to RM11.72 million of 2H FYE 2022. The decrease in revenue from the segment of air pollution control systems was mainly due to lower commercial momentum of glove manufacturing industry and decelerating global growth in 2H FYE 2023.

On the other hand, the revenue from air pollution control products and other related environmental engineering products segment increased by RM2.76 million or 91.4% from RM3.02 million in 2H FYE 2022 to RM5.78 million in 2H FYE 2023 while the technical consultation and maintenance services segment contributed a RM0.43 million lower revenue in 2H FYE 2023 compared to RM1.44 million in 2H FYE 2022.

The slight drop of RM1.09 million or 22.9% in profit before tax (“PBT”) for 2H FYE 2023 compared to 2H FYE 2022 was in tandem with the Group’s revenue fall as mentioned above. Correspondingly, the profit after tax slipped RM1.09 million or 30.3% to RM2.51 million from the RM3.60 million recorded in 2H FYE 2022.

Comparison between current 12 months financial year (“FYE 2023”) and the preceding year 12 months financial year (“FYE 2022”)

For FYE 2023, the Group reported a RM7.28 million or 20.4% decline in revenue from RM35.68 million in last financial year to RM28.40 million reported for current financial year. Other than the downtrend of global economy and reduced demand from glove manufacturers, substantial completion of a few projects for foreign customers mainly from Vietnam and Singapore in FYE 2022 had also contributed to the higher overseas revenue of last financial year stood at RM10.13 million compared to RM4.81 million for FYE 2023.

In FYE 2023, air pollution control systems segment has continued to be the main revenue contributor which contributed 52.3% of the Group’s revenue as compared to 66.8% in FYE 2022 despite the contracted weightage. The revenue from this segment dropped by RM8.97 million or 37.7% from RM23.82 million of FYE 2022 to RM14.85 million of FYE 2023. By geographical regions, local customers contributed 83% of the Group’s revenue for FYE 2023 as compared to 71.6% of the Group’s revenue for FYE 2022. The overseas revenue for FYE 2023 was contributed mainly by foreign customers from Vietnam, Singapore, USA and Australia.

As a consequence of revenue drop, the group’s PBT for FYE 2023 decreased by RM0.55 million or 5.5% to RM9.47 million from RM10.02 million achieved in FYE 2022 whereas the Group’s PAT was compressed by RM0.48 million or 6.3% to RM7.10 million from RM7.58 million reported for FYE 2022. In spite of notable revenue drop, the overall financial impact on the Group’s profits was alleviated by certain higher margin projects delivered in FYE 2023 as well as the realisation of the Group’s undertaken cost saving initiatives.

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

B2 Commentary on Prospect

The first half of 2023 was a challenging period for Malaysia and the global economy since the Russia-Ukraine war has contributed a lasting impact to volatile and upraised commodity and energy prices, which compounded food shortages and stoked inflation in numerous regions across the world. Although the soaring world oil and gas prices had benefited Malaysian energy exports in 2022, the Malaysian economy has been forecasted to grow moderately in 2023 given considerable challenges from downtrend of global growth and slowdown of merchandise exports.

Therefore, during the financial period under review, the monetary policy stance remained tight for most central banks and for Malaysia, Bank Negara Malaysia (“BNM”) had decided to increase the Overnight Policy Rate (“OPR”) by 25 basis points to 3.00% per annum. The tightened monetary policy may result in higher risk aversion in financial market and potentially affect the corporates with increased challenging business environment owing to the widespread inflationary pressure and elevated tension on input costs.

Notwithstanding the global challenges and macroeconomic issues, the Group has continued its efforts in growing the business by gaining market penetration from Klang Valley and Southern region of Peninsular Malaysia. During the financial period under review, the Group had also acquired new machines as well as increasing manpower to support operational needs from different functions.

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.

[The rest of the page is intentionally left blank]

PART C – OTHER INFORMATION

C1 Status of Corporate Proposal

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

C2 Material Litigation

Save for the following, there was no material litigation involving the Group as at the date of this unaudited condensed consolidated financial report.

In the matter of Penang High Court, Civil Suit No.: PA-22NCC-50-07/2023 (“the Suit”)

Plaintiff: Polydamic Sdn Bhd (“Plaintiff”)
Defendant: 1. Aspen Glove Sdn Bhd (“1st Defendant”)
2. Aspen Vision Group Sdn Bhd (“2nd Defendant”)
3. Aspen Vision City Sdn Bhd (“3rd Defendant”)
(Collectively known as “Defendants” or “Aspen Group”)

Subsequent to the end of the financial period under review, Polydamic Sdn Bhd (“PSB”), a wholly-owned subsidiary of the Company initiated legal proceedings against Aspen Glove Sdn Bhd (“AGSB”), Aspen Vision Group Sdn Bhd (“AVG”) and Aspen Vision City Sdn Bhd (“AVC”) by filing to Penang High Court a Writ of Summon and a Statement of Claim dated 24 July 2023 for pursuing an outstanding debt by claiming, *inter alia*, as follows that:

- (i) Principal Sum
 - (a) 1st Defendant pays a sum of the original outstanding amount to Plaintiff immediately;
Alternatively
 - (b) Defendants shall jointly and severally pay a sum of the mutually agreed settlement amount to Plaintiff immediately;
Alternatively
 - (c) 2nd and/or 3rd Defendant shall transfer the 2 commercial property units developed by 2nd and/or 3rd Defendant (“the mutually agreed Properties”) to Plaintiff. If both units have been transferred to third party, other unit which is “free from encumbrances” and equivalent to the sum of mutually agreed settlement amount based on the valuation report by the licensed valuer appointed by Plaintiff shall be transferred to Plaintiff within 30 days from the date of judgment;
- (ii) Interests; and
- (iii) Costs

On 21 August 2023, the Defendants have filed in Memorandum of Appearance.

Pursuant to the Case Management by way of E-Review on 22 August 2023, the Honorable Court has given directions for 2nd and 3rd Defendant to file in Statement of Defense whereas the filing of Defense by 1st Defendant is kept in abeyance pending the disposal of the hearing voluntary winding up petition by 1st Defendant which has been fixed on 18 September 2023.

PART C – OTHER INFORMATION (CONT'D)

C2 Material Litigation (Cont'd)

Founded on the latest case development as well as all the available facts and circumstances arising to date, the Management has assessed and considered the necessary. To the best of their knowledge, the Management is of the opinion that the Suit is not expected to have significant impacts on the Group's financial statements and operational processes as a whole.

C3 Dividend

The Board declared second interim dividend of RM0.005 per share in respect of the financial year ended 30 June 2023. The second interim dividend amounting to RM441,180 (based on 88,236,002 units of the Group's ordinary shares) will be paid on 26 September 2023.

[The rest of the page is intentionally left blank]