



**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2021**

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(2)</sup> RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(2)</sup> RM'000
Revenue	27,522	N/A	52,340	N/A
Cost of sales	(22,557)	N/A	(42,394)	N/A
<b>Gross profit</b>	<b>4,965</b>	<b>N/A</b>	<b>9,946</b>	<b>N/A</b>
Other income	216	N/A	528	N/A
Selling and distribution expenses	(319)	N/A	(624)	N/A
Administrative expenses <sup>(3)</sup>	(1,790)	N/A	(5,996)	N/A
Other expenses	(318)	N/A	(650)	N/A
<b>Profit from operations</b>	<b>2,754</b>	<b>N/A</b>	<b>3,204</b>	<b>N/A</b>
Finance costs	(39)	N/A	(67)	N/A
<b>Profit before tax</b>	<b>2,715</b>	<b>N/A</b>	<b>3,137</b>	<b>N/A</b>
Tax expense	(702)	N/A	(1,393)	N/A
<b>Profit after tax</b>	<b>2,013</b>	<b>N/A</b>	<b>1,744</b>	<b>N/A</b>
<b>Other comprehensive income: -</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	(28)	N/A	(28)	N/A
<b>Total comprehensive income for the financial period</b>	<b>1,985</b>	<b>N/A</b>	<b>1,716</b>	<b>N/A</b>
<b>Profit/(Loss) attributable to: -</b>				
Owners of the Company	2,051	N/A	1,669	N/A
Non-controlling interest	(38)	N/A	75	N/A
	<b>2,013</b>	<b>N/A</b>	<b>1,744</b>	<b>N/A</b>
<b>Total comprehensive income/(loss) attributable to: -</b>				
Owners of the Company	2,037	N/A	1,655	N/A
Non-controlling interest	(52)	N/A	61	N/A
<b>Total comprehensive income for the period</b>	<b>1,985</b>	<b>N/A</b>	<b>1,716</b>	<b>N/A</b>
<b>Earnings per share attributable to owners of the Company (sen): -</b>				
Basic <sup>(4)</sup>	0.72	N/A	0.67	N/A
Diluted <sup>(5)</sup>	0.72	N/A	0.67	N/A

## 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 financial statements of Flexidynamic Holdings Berhad (“**Flexidynamic**” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2020, the Accountants’ Report as disclosed in the Prospectus dated 9 March 2021 (“Prospectus”) and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report on the Group’s unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as such, there are no comparative figures for the preceding quarter and preceding year’s corresponding period.

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup> (Cont'd)**

(3) Administration expenses included one-off listing expenses of RM 2.44 million. For illustration purpose only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(2)</sup> RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(2)</sup> RM'000
Profit before tax	2,715	N/A	3,137	N/A
Add: Listing expenses	26	N/A	2,440	N/A
Adjusted profit before tax	<u>2,741</u>	<u>N/A</u>	<u>5,577</u>	<u>N/A</u>

(4) Basic earnings per share is based on the Company's weighted average number of ordinary shares 283,891,200 for the current quarter and 247,314,802 for the current period-to-date.

(5) The diluted earnings per share of the Company for the current quarter is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

*N/A – Not applicable*

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021<sup>(1)</sup>**

	Unaudited As At 30/06/2021 RM'000	Audited As At 31/12/2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,742	16,400
Deferred tax assets	3,755	2,164
Other receivables	107	181
<b>Total non-current assets</b>	<u>20,604</u>	<u>18,745</u>
<b>Current assets</b>		
Inventories	8,872	6,117
Trade receivables	24,839	13,793
Other receivables	3,725	4,747
Fixed deposits with a licensed financial institution	3,026	3,000
Cash and bank balances	30,020	15,344
<b>Total current assets</b>	<u>70,482</u>	<u>43,001</u>
<b>TOTAL ASSETS</b>	<u><u>91,086</u></u>	<u><u>61,746</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	35,354	20,866
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Foreign exchange reserve	(1)	13
Retained earnings	24,976	23,307
<b>Equity attributable to owners of the Company</b>	<u>40,529</u>	<u>24,386</u>
<b>Non-controlling interest</b>	<u>419</u>	<u>358</u>
<b>TOTAL EQUITY</b>	<u>40,948</u>	<u>24,744</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	9,357	9,218
Lease liabilities	907	1,081
<b>Total non-current liabilities</b>	<u>10,264</u>	<u>10,299</u>
<b>Current Liabilities</b>		
Trade payables	18,883	12,771
Other payables and accruals	809	1,342
Contract liabilities	16,213	10,087
Bank borrowings	1,724	918
Lease liabilities	429	370
Tax payable	1,816	1,215
<b>Total current liabilities</b>	<u>39,874</u>	<u>26,703</u>
<b>TOTAL LIABILITIES</b>	<u>50,138</u>	<u>37,002</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>91,086</u></u>	<u><u>61,746</u></u>
<b>Net assets per ordinary share (sen) <sup>(2)</sup></b>	0.14	0.12

**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 financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per ordinary share is calculated based on the number of ordinary shares in issue of 283,891,200 shares. (2020: 208,660,200).

**FLEXIDYNAMIC HOLDINGS BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>**

	← Non Distributable			→ Distributable		Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000			
<b>Balance at 1 January 2021</b>	20,866	(20,431)	631	13	23,307	24,386	358	24,744
<b>Transactions with owners:</b>								
Additional shares subscription	15,046	-	-	-	-	15,046	-	15,046
Share issuance expenses	(558)	-	-	-	-	(558)	-	(558)
Total transactions with owners	14,488	-	-	-	-	14,488	-	14,488
Profit after tax	-	-	-	-	1,669	1,669	75	1,744
Foreign currency translations differences	-	-	-	(14)	-	(14)	(14)	(28)
Total comprehensive income for the period	-	-	-	(14)	1,669	1,655	61	1,716
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>35,354</b>	<b>(20,431)</b>	<b>631</b>	<b>(1)</b>	<b>24,976</b>	<b>40,529</b>	<b>419</b>	<b>40,948</b>

## NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding quarter's corresponding period.

**FLEXIDYNAMIC HOLDINGS BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup>**

	<b>6 months ended Unaudited 30/06/2021 RM'000</b>	<b>6 months ended Unaudited 30/06/2020<sup>(2)</sup> RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,137	N/A
Adjustments for: -		
Depreciation of property, plant and equipment	460	N/A
Interest expenses	67	N/A
Interest income	(27)	N/A
Property, plant and equipment written off	3	N/A
Unrealised gain on foreign exchange	(436)	N/A
	<hr/>	<hr/>
Operating profit before working capital changes	3,204	N/A
Increase in inventories	(2,755)	N/A
Increase in receivables	(9,908)	N/A
Increase in payables	12,004	N/A
	<hr/>	<hr/>
Cash generated from operations	2,545	N/A
Tax paid	(2,382)	N/A
Net cash from operating activities	<hr/> <u>163</u>	<hr/> <u>N/A</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(270)	N/A
Interests received	27	N/A
Net cash used in investing activities	<hr/> <u>(243)</u>	<hr/> <u>N/A</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021<sup>(1)</sup> (Cont'd)**

	<b>6 months ended Unaudited 30/06/2021 RM'000</b>	<b>6 months ended Unaudited 30/06/2020<sup>(2)</sup> RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(300)	N/A
Interests paid	(67)	N/A
Proceeds from issuance of ordinary shares	15,046	N/A
Share issuance expenses	(558)	N/A
Drawdown of bank borrowings	1,901	N/A
Repayments of bank borrowings	(1,411)	N/A
Repayments of lease liabilities	(206)	N/A
Net cash generated from financing activities	14,405	N/A
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	14,325	N/A
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	18,344	N/A
<b>EFFECT OF EXCHANGE RATES CHANGES</b>	377	N/A
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	33,046	N/A
<b>Represented by: -</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	30,020	N/A
Fixed deposits with a licensed bank	3,026	N/A
	33,046	N/A

## NOTES:

(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 financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding quarter and preceding year's corresponding period.

N/A – Not applicable

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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

### PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

#### A1. BASIS OF PREPARATION

The interim financial report of Flexidynamic Holdings Berhad (“Flexidynamic” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards and Paragraph 9.22 and Appendix 9B of the Listing Requirements.

This is the third interim financial report on the Group’s unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding quarter.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

#### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s audited financial statements for the financial year ended 31 December 2020, except for the adoption of MFRS 7 Insurance Contracts. The adoption of this standard did not have any material impact on the Group’s financial statements.

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2021 reporting period are as below and have not been early adopted by the Group.

<b>Standards</b>	<b>Effective for financial period beginning on or after</b>
Amendments to MFRSs – Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023



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### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**

#### **A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2021 reporting period are as below and have not been early adopted by the Group.

<b>Standards</b>	<b>Effective for financial period beginning on or after</b>
Amendment to MFRS 10 and MFRS128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred to a date to be determined and announced
* Not applicable to the Group's operation	

The directors do not expect that the adoption of the standards and amendment listed above will have a material impact on the financial statements of the Group in the future periods.

#### **A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report for the preceding financial year ended 31 December 2020 was issued without any qualification.

#### **A4. SEASONAL OR CYCLICAL FACTORS**

The nature of the Group's business was not subject to any significant seasonal and cyclical factors during the current financial quarter and period-to-date under review.

#### **A5. MATERIAL AND UNSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

There were no material and unusual items affecting assets, liabilities, equity, net income or cashflows during the financial quarter under review.

#### **A6. MATERIAL SUBSEQUENT EVENT**

No material subsequent event to the end of the current financial quarter under review.

#### **A7. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

#### **A8. DIVIDEND PAID**

No dividends were paid during the current financial quarter under review.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021****A9. SEGMENTAL INFORMATION**

The Group is principally engaged in the business of design, engineering, installation and commissioning of glove chlorination systems, as well as design and installation of storage tanks and process tanks for glove manufacturing industry.

For management purposes, majority of the Group's operations involves in a single operating segment, i.e. the glove manufacturing industry. Accordingly, the information by business segment is not presented.

The following table provides an analysis of the Group's revenue by geographical segment: -

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(1)</sup> RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 RM'000
Local	14,663	N/A	29,673	N/A
Overseas <sup>(2)</sup>	12,859	N/A	22,667	N/A
	<u>27,522</u>	<u>N/A</u>	<u>52,340</u>	<u>N/A</u>

Notes:

(1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

(2) Includes Vietnam, Thailand and Sri Lanka.

*N/A – Not applicable*

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There has been no valuation made on any property, plant and equipment during the current financial quarter under review.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group for the current financial quarter under review.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**

**A12. CAPITAL COMMITMENTS**

The capital commitment of the Group as at 30 June 2021 is as follow: -

	<b>Unaudited As At 30/06/2021 RM'000</b>	<b>Unaudited As At 30/06/2020<sup>(1)</sup> RM'000</b>
Authorised and contracted for: - Property, plant and equipment	506	N/A

Note:

(1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

*N/A – Not applicable*

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

### PART B – EXPLANATORY NOTES PURSUANT TO CHARTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. PERFORMANCE REVIEW

##### (a) *Results for current quarter*

The Group recorded a revenue of RM27.52 million and profit before tax of RM2.72 million for the current financial quarter ended 30 June 2021. The Group had incurred listing expenses of approximately RM0.03 million for the current financial quarter.

The Group's revenue is mainly derived from the design, engineering, installation, and commissioning of glove chlorination system. The Group's revenue for the current quarter was derived locally and overseas, where is 53.28% and 46.72% of the Group's revenue in the current quarter.

##### (b) *Results for financial period-to-date*

The Group recorded a revenue of RM52.34 million and profit before tax of RM3.14 million for the current financial period ended 30 June 2021.

This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the current financial quarter ended 30 June 2021 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

#### B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

	Individual Quarter		Change	
	3 months ended			
	Unaudited 30/06/2021 RM'000	Unaudited 31/3/2021 RM'000	RM'000	%
Revenue	27,522	24,818	2,704	10.90
Profit before tax	2,715	422	2,293	543.36
Profit/(Loss) after tax	2,013	(269)	2,282	848.33
Profit/(Loss) attributable to: -				
Owners of the Company	2,051	(382)	2,433	636.91

The Group's revenue for the current financial quarter ended 30 June 2021 increased by approximately RM2.70 million or 10.90% to approximately RM27.52 million compared to RM24.82 million in the preceding financial quarter ended 31 March 2021. Overall, the increase in revenue was mainly attributed to the progress of projects works-on-site as our customers ramp up their expansion plans to meet increased glove demands.

The Group's profit before tax for the current financial quarter ended 30 June 2021 increased by approximately RM2.29 million from a profit before tax of RM0.42 million in the preceding financial quarter ended 31 March 2021 to a profit before tax of RM2.72 million. The increase in profit before tax was mainly due to the one-off listing expenses of RM2.41 million included in the preceding financial quarter.

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### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021

#### B3. PROSPECT AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

With the availability of vaccines for the Covid-19 virus, the usage of rubber gloves among healthcare professionals may gradually decrease from levels recorded in 2020 and 2021 at the peak of the pandemic. Nevertheless, the demand for rubber gloves are expected to remain high which is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination, especially in the near term as countries have made arrangements to procure Covid-19 vaccines and in the longer term, it will be continuously driven by heightened awareness of the usage of rubber gloves as a protection against virus and diseases due to the Covid-19 pandemic as well as the increase in demand for healthcare services due to various factors including growing accessibility to healthcare services, rising population and growing ageing population, and rising prevalence of chronic and other contagious diseases. With this anticipated growth in global demand, there will be continuous establishment of new and/or expansion and/or upgrading of glove manufacturing facilities, which creates demand for glove chlorination systems.

As such, the prospects for glove chlorination manufacturers, including our Group, remain positive in tandem with the growth in the glove manufacturing industry as a result of continuous growth in global demand for rubber gloves.

As disclosed in the Company's Prospectus, our Group has put in place a series of future plans as follows: -

- (i) We are in the process of acquiring 2 new factories and we intend to purchase additional machinery to enhance our manufacturing capability by undertaking the manufacturing of long and cylindrical products in house.
- (ii) In line with our business expansion plan, we had in September 2020 hired 2 sales engineers to carry out sales and marketing activities to continue expanding our customer base within the glove manufacturing and glove related industries.

#### B4. VARIANCE FROM PROFIT FORECAST

The Group did not publish any profit forecast for the current quarter under review in any public documents.

#### B5. TAX EXPENSE

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(1)</sup> RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(1)</sup> RM'000
Income tax	1,993	N/A	2,984	N/A
Deferred tax	(1,291)	N/A	(1,591)	N/A
	<u>702</u>	<u>N/A</u>	<u>1,393</u>	<u>N/A</u>
Effective tax rate <sup>(2)</sup>	25.86%	N/A	44.41%	N/A

Notes:

- (1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The Group's effective tax rate is higher than statutory tax rate to the incurrence of certain expenses that are not deductible for tax reporting purpose, which include one-off listing expenses and depreciation.
- (3) Tax expense is recognised based on management's best estimate.

N/A – Not applicable

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021****B6. STATUS OF CORPORATE PROPOSAL**

There were no other corporate proposals announced but not implemented as at the date of this report.

**B7. UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (“IPO”)**

The gross proceeds from the IPO amounting to RM15.05 million is intended to be utilised in the following manner:

<b>Detail of Utilisation of Proceeds</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance to be Utilised RM'000</b>	<b>Estimate Timeframe for Utilisation Upon Listing<sup>(2)</sup></b>
(1) Repayment of bank borrowings drawn to fund the acquisition of new factories <sup>(1)</sup>	6,380	-	6,380	Within 18 months
(2) Renovation of new factories <sup>(1)</sup>	420	-	420	Within 18 months
(3) Acquisition of machinery and equipment <sup>(1)</sup>	1,630	-	1,630	Within 18 months
(4) Working capital	3,616	-	3,616	Within 24 months
(5) Estimated listing expenses	3,000	3,000	-	Within 1 month
	<b>15,046</b>	<b>3,000</b>	<b>12,046</b>	

Note:

- (1) On 23 August 2021, the Company had announced that the Board has resolved to extend the timeframe for the utilisation of the proceeds raised from its IPO exercise in conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 30 March 2021. The Board has resolved to extend the timeframe for the utilisation of IPO proceeds earmarked for the repayment of bank borrowings drawn to fund the acquisition of new factories, renovation of new factories and acquisition of machinery and equipment from within 12 months to within 18 months.
- (2) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 9 March 2021 and the announcement for the extension for timeframe for the utilisation of IPO proceeds dated 23 August 2021.

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021****B8. BORROWINGS**

	<b>Unaudited As At 30/06/2021 RM'000</b>	<b>Unaudited As At 30/06/2020<sup>(1)</sup> RM'000</b>
<b>Current:</b>		
Bank borrowings	1,724	N/A
Lease liabilities	429	N/A
	2,153	N/A
<b>Non-current:</b>		
Bank borrowings	9,357	N/A
Lease liabilities	907	N/A
	10,264	N/A
<b>Total borrowings</b>	12,417	N/A

Note:

- (1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

*N/A – Not applicable*

**B9. MATERIAL LITIGATION**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B10. PROPOSED DIVIDEND**

No dividend has been declared or proposed during the current financial quarter under review and for the financial period-to-date.

**FLEXIDYNAMIC HOLDINGS BERHAD**

Registration No: 201901010656 (1319984-V)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021****B11. EARNINGS PER SHARE**

The basic and diluted earnings per share for the current financial quarter and financial period to-date are as follows: -

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2021	Unaudited 30/06/2020 <sup>(1)</sup>	Unaudited 30/06/2021	Unaudited 30/06/2020
Profit after tax attributable to owners of the Company (RM'000)	2,051	N/A	1,669	N/A
Weighted average number of ordinary shares in issue ('000)	283,891	N/A	247,315	N/A
Basic earnings per share (sen)	0.72	N/A	0.67	N/A
Diluted earnings per share (sen) <sup>(2)</sup>	0.72	N/A	0.67	N/A

Notes:

(1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

(2) The 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.

*N/A- Not applicable*

**B12. PROFIT BEFORE TAX**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(1)</sup> RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2020 <sup>(1)</sup> RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	232	N/A	460	N/A
Interest expenses	39	N/A	67	N/A
Property, plant and equipment written off	-	N/A	3	N/A
Realised loss on foreign exchange	126	N/A	238	N/A
Unrealised gain on foreign exchange	(152)	N/A	(436)	N/A
Interest income	(13)	N/A	(27)	N/A

Note:

(1) This is the third interim financial report on the Group's unaudited condensed consolidated financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

*N/A- Not applicable*

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 23 August 2021