



FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000
Revenue	28,732	24,818	28,732	24,818
Cost of sales	(24,147)	(19,837)	(24,147)	(19,837)
Gross profit	4,585	4,981	4,585	4,981
Other income	603	298	603	298
Selling and distribution expenses	(304)	(305)	(304)	(305)
Administrative expenses	(2,170)	(4,206)	(2,170)	(4,206)
Other expenses	(594)	(332)	(594)	(332)
Profit from operations	2,120	436	2,120	436
Finance costs	(23)	(28)	(23)	(28)
Finance income	50	14	50	14
Profit before tax	2,147	422	2,147	422
Tax expense	(1,145)	(691)	(1,145)	(691)
Profit/(Loss) after tax	1,002	(269)	1,002	(269)
Other comprehensive income: -				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	17	*	17	*
Total comprehensive income/(loss) for the financial period	1,019	(269)	1,019	(269)
Profit/(Loss) attributable to: -				
Owners of the Company	1,076	(382)	1,076	(382)
Non-controlling interest	(74)	113	(74)	113
	1,002	(269)	1,002	(269)
Total comprehensive income/(loss) attributable to: -				
Owners of the Company	1,084	(382)	1,084	(382)
Non-controlling interest	(65)	113	(65)	113
Total comprehensive income/(loss) for the period	1,019	(269)	1,019	(269)
Earning/(Loss) per share attributable to owners of the Company (sen): -				
Basic	0.38	(0.18)	0.38	(0.18)
Diluted	0.37	(0.18)	0.37	(0.18)

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 2021 and the accompanying explanatory notes attached to this interim financial report.

*Negligible

FLEXIDYNAMIC HOLDINGS BERHAD
Registration No: 201901010656 (1319984–V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾

	Unaudited As At 31/03/2022 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,959	17,398
Deferred tax assets	6,696	7,829
Other receivables	15	52
Total non-current assets	24,670	25,279
Current assets		
Inventories	10,765	11,659
Trade receivables	27,460	33,572
Other receivables	16,141	12,064
Fixed deposits with a licensed financial institution	3,488	3,459
Cash and bank balances	22,418	29,321
Total current assets	80,272	90,075
TOTAL ASSETS	104,942	115,354
EQUITY AND LIABILITIES		
EQUITY		
Share capital	35,528	35,354
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	780	693
Foreign exchange reserve	(11)	(19)
Retained earnings	27,568	26,492
Equity attributable to owners of the Company	44,065	42,720
Non-controlling interest	582	647
TOTAL EQUITY	44,647	43,367
LIABILITIES		
Non-current liabilities		
Bank borrowings	3,200	7,040
Lease liabilities	853	976
Employees' benefits	6	7
Total non-current liabilities	4,059	8,023
Current Liabilities		
Trade payables	22,833	23,130
Other payables and accruals	823	1,167
Contract liabilities	29,635	34,655
Bank borrowings	1,507	1,639
Lease liabilities	463	443
Tax payable	975	2,930
Total current liabilities	56,236	63,964
TOTAL LIABILITIES	60,295	71,987
TOTAL EQUITY AND LIABILITIES	104,942	115,354
Net assets per ordinary share (sen) ⁽²⁾	0.16	0.15

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 2021 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 284,403,115 shares. (2021: 283,891,200).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	← Non Distributable				→ Distributable				
	Share Capital	Merger Deficit	Capital Reserve	Share Based Payment Reserve	Foreign Exchange Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 Months Ended 31 March 2022									
Balance at 1 January 2022	35,354	(20,431)	631	693	(19)	26,492	42,720	647	43,367
Transactions with owners:									
Issuance of ordinary shares pursuant to ESOS	143	-	-	-	-	-	143	-	143
Transfer from share based payment reserve upon exercise ESOS	31	-	-	(31)	-	-	-	-	-
Share based payment relating to ESOS	-	-	-	118	-	-	118	-	118
Total transactions with owners	174	-	-	87	-	-	261	-	261
Profit/(loss) after tax	-	-	-	-	-	1,076	1,076	(74)	1,002
Foreign currency translations differences	-	-	-	-	8	-	8	9	17
Total comprehensive income/(loss) for the period	-	-	-	-	8	1,076	1,084	(65)	1,019
Balance at 31 March 2022 (Unaudited)	35,528	(20,431)	631	780	(11)	27,568	44,065	582	44,647
3 Months Ended 31 March 2021									
Balance at 1 January 2021	20,866	(20,431)	631	-	13	23,307	24,386	358	24,744
Transactions with owners:									
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
(Loss)/Profit after tax	-	-	-	-	-	(382)	(382)	113	(269)
Foreign currency translations differences	-	-	-	-	*	-	*	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	*	(382)	(382)	113	(269)
Balance at 31 March 2021 (Unaudited)	35,354	(20,431)	631	-	13	22,925	38,492	471	38,963

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 2021 and the accompanying explanatory notes attached to this interim financial report.

*Negligible

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾

	3 months ended Unaudited 31/03/2022 RM'000	3 months ended Unaudited 31/03/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,147	422
Adjustments for: -		
Depreciation of property, plant and equipment	270	228
Loss on disposal of property, plant and equipment	10	-
Interest expenses	23	28
Interest income	(50)	(14)
Property, plant and equipment written off	-	4
Share based payment expenses	118	-
Dividend income	(15)	-
Employees' benefits	(1)	-
Unrealised gain on foreign exchange	(543)	(284)
	<hr/>	<hr/>
Operating profit before working capital changes	1,959	384
Decrease/(Increase) in inventories	894	(1,481)
Decrease/(Increase) in receivables	2,142	(6,829)
(Decrease)/Increase in payables	(5,673)	3,098
	<hr/>	<hr/>
Cash used in operations	(678)	(4,828)
Tax paid	(1,966)	(1,726)
Net cash used in operating activities	<hr/> <u>(2,644)</u>	<hr/> <u>(6,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(581)	(131)
Interests received	47	14
Dividend received	15	-
Net cash used in investing activities	<hr/> <u>(519)</u>	<hr/> <u>(117)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022⁽¹⁾ (Cont'd)

	3 months ended Unaudited 31/03/2022 RM'000	3 months ended Unaudited 31/03/2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(300)
Interests paid	(28)	(28)
Proceeds from issuance of ordinary shares	-	3,690
Share issuance expenses	-	(558)
Proceed from issuance of shares pursuant to exercise of ESOS	143	-
Drawdown of bank borrowings	587	853
Repayments of bank borrowings	(4,786)	(653)
Repayments of lease liabilities	(165)	(115)
Net cash (used in)/from financing activities	<u>(4,249)</u>	<u>2,889</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,412)	(3,782)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	32,781	18,344
EFFECT OF EXCHANGE RATES CHANGES	537	193
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>25,906</u>	<u>14,755</u>
Represented by: -		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	22,418	11,741
Fixed deposits with a licensed financial institution	3,488	3,014
	<u>25,906</u>	<u>14,755</u>

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 2021 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

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 2021.

On 1 January 2022, the Group adopted the following new and amended Malaysian Financial Reporting Standards (“MFRSs”) mandatory for annual financial periods beginning on or after 1 January 2022.

- Amendments to MFRS 16: Leases – Covid-19-Related Concessions beyond 30 June 2021
- Amendments to MFRSs – Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3: Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract

The adoption of the above standards 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 2022 reporting period are as below and have not been early adopted by the Group.

Standards	Effective for financial period beginning on or after
Amendments to MFRS 17: Insurance Contracts*	1 January 2023
Amendments to MFRS 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*	1 January 2023

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2022 reporting period are as below and have not been early adopted by the Group.

Standards	Effective for financial period beginning on or after
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 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 17: Insurance Contracts*	1 January 2023
Amendment to MFRS 10 and MFRS128: Consolidated Financial Statements & Investments In Associates and Joint Ventures – 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 2021 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 current financial quarter under review.

A6. MATERIAL SUBSEQUENT EVENT

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**A7. DEBT AND EQUITY SECURITIES**

During the current financial period under review, the Company issued 511,915 ordinary shares at the price of RM0.28 arising from the exercise of the Employees' Share Option Scheme.

Other than the above, there was no other 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.

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		Cumulative Quarter	
	3 months ended		3 months ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Local	14,972	15,010	14,972	15,010
Overseas ⁽¹⁾	13,760	9,808	13,760	9,808
	<u>28,732</u>	<u>24,818</u>	<u>28,732</u>	<u>24,818</u>

Notes:

(1) Includes Vietnam, Thailand, Sri Lanka, Indonesia and United States of America.

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 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2022**A12. CAPITAL COMMITMENTS**

The capital commitment of the Group as at 31 March 2022 is as follow: -

	Unaudited As At 31/03/2022 RM'000	Unaudited As At 31/03/2021 RM'000
Authorised and contracted for: -		
Property, plant and equipment	5,072	911

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following are significant related party transactions: -

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000
Purchase of sawn timber	92	64	92	64
Rental expenses	17	17	17	17
Lease payment	6	6	6	6

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**PART B – EXPLANATORY NOTES PURSUANT TO CHARTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. PERFORMANCE REVIEW**

	Individual Quarter			Cumulative Quarter		
	3 months ended			3 months ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	31/03/2022	31/03/2021	%	31/03/2022	31/03/2021	%
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	28,732	24,818	15.77	28,732	24,818	15.77
Operating Profit	2,714	768	253.39	2,714	768	253.39
Profit before interest and tax	2,120	436	386.24	2,120	436	386.24
Profit before tax	2,147	422	408.77	2,147	422	408.77
Profit/(loss) after tax	1,002	(269)	472.49	1,002	(269)	472.49
Profit/(loss) attributable to: -						
Owners of the Company	1,076	(382)	381.68	1,076	(382)	381.68

(a) Results for current quarter and financial period-to date

The Group recorded revenue of RM28.73 million for the current financial quarter ended 31 March 2022, an increase of RM3.91 million or 15.77% compared to RM24.82 million recorded in the previous year's corresponding quarter. The increase in revenue was mainly due expansion to the new market share with new customers in the current financial quarter.

The Group's revenue is derived mainly from the design, engineering, installation, and commissioning of glove chlorination system. The local and overseas markets had contributed 52.11% and 47.89% of the Group's revenue in the current financial quarter, respectively.

The Group recorded the profit before tax of RM2.15 million for the current financial quarter ended 31 March 2022, an increase by approximately RM1.73 million or 408.77% from RM0.42 million in the previous year's corresponding quarter. The increase in profit before tax was mainly due to the one-off listing expenses of approximately RM2.41 million incurred in the previous year's corresponding quarter and partly offset by the increase in raw material costs.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	Individual Quarter		Change	
	3 months ended			
	Unaudited	Unaudited	RM'000	%
	31/03/2022	31/12/2021		
RM'000	RM'000			
Revenue	28,732	30,656	(1,924)	(6.28)
Profit before tax	2,147	1,123	1,024	91.18
Profit after tax	1,002	654	348	53.21
Profit attributable to: -				
Owners of the Company	1,076	561	515	91.80

The Group's revenue for the current financial quarter ended 31 March 2022 decreased by approximately RM1.92 million or 6.28% to approximately RM28.73 million compared to RM30.66 million in the preceding financial quarter ended 31 December 2021. The decrease in revenue was mainly due to implementation of the Enhanced Movement Control Order ("EMCO") caused by the outbreak of COVID-19 had resulted in delayed in our scheduled deliveries of products and had been rescheduled deliveries in the preceding financial quarter.

Despite lower revenue recorded for the current financial quarter ended 31 March 2022, the Group recorded a higher profit before tax for the current financial quarter, which increased by approximately RM1.02 million or 91.18% from RM1.12 million in the preceding financial quarter ended 31 December 2021 to RM2.15 million. The increase in profit before tax for the current financial quarter was mainly attributable to the Group's higher gross profit, primarily due to lower raw material costs resulting from the stringent control on the raw material prices. In addition, the lower share-based payment expenses of RM0.69 million for the Employees' Share Options Scheme implemented in December 2021 for the current financial quarter compared with the preceding financial quarter had also contributed to the increased profit before tax.

B3. PROSPECT AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The outlook for the glove manufacturing industry remains bright with an estimated total volume of rubber gloves needed globally to grow at 10-20% a year for the next few years. It is expected that the booming demand for rubber gloves is likely to continue, driven by ongoing mass vaccination programs for COVID-19 carried out globally.

The Group expects glove manufacturers will be strengthening their production capacity further to be well positioned to meet the global demand, and the Group aims to provide the solutions to cater to the glove manufacturers advancement. 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 and also strengthen our existing customer base while expanding market share with new customers.

Due to the significant price fluctuation of raw material prices caused by global supply chain issue, our Group's profit margin has been affected despite the Group's revenue growing as compared with FY2021. As such, our Group will closely monitor the price movement of the raw material and attempt to mitigate any negative impact on our Group's profitability.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**B3. PROSPECT AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR (Cont'd)**

The two new factories are handed over by the developer by the first quarter of FY2022, and will be renovated with the purchase of additional machinery and are expected to commence operations by 3rd quarter. By means of this, the Group will be able to operate with enhanced manufacturing capability and undertake in-house manufacturing works of parts and components of our on-line chlorination systems, which will allow the Group to reduce reliance on third-party subcontractors. With these strategies in place, the Group will be better positioned to reinforce our existing customer base and be able to service new customers as well. The Group are optimistic that are on the right track to successfully expanding the business to enhance the manufacturing capability.

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 3 months ended	
	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000
Income tax	12	990	12	990
Deferred tax	1,133	(299)	1,133	(299)
	<u>1,145</u>	<u>691</u>	<u>1,145</u>	<u>691</u>
Effective tax rate	53.33% ⁽¹⁾	163.36%	53.33% ⁽¹⁾	163.36%

Notes:

(1) The Group's effective tax rate is higher than statutory tax rate for the current financial quarter ended 31 March 2022, mainly due to the reversal of deferred tax assets arising from the recognition of contract liabilities in the consolidated statement profit or loss for the current financial quarter.

(2) Tax expense is recognised based on management's best estimate.

B6. STATUS OF CORPORATE PROPOSAL

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

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**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:

Detail of Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance to be Utilised RM'000	Estimate Timeframe for Utilisation Upon Listing⁽²⁾
(1) Repayment of bank borrowings drawn to fund the acquisition of new factories ⁽¹⁾	6,380	6,380	-	Within 18 months
(2) Renovation of new factories ⁽¹⁾	420	-	420	Within 18 months
(3) Acquisition of machinery and equipment ⁽¹⁾	1,630	-	1,630	Within 18 months
(4) Working capital	3,616	1,800	1,816	Within 24 months
(5) Estimated listing expenses	3,000	3,000	-	Within 1 month
	15,046	11,180	3,866	

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.

B8. BORROWINGS

	Unaudited As At 31/03/2022 RM'000	Unaudited As At 31/03/2021 RM'000
Current:		
Bank borrowings	1,507	1,392
Lease liabilities	463	389
	1,970	1,781
Non-current:		
Bank borrowings	3,200	8,988
Lease liabilities	853	1,018
	4,053	10,006
Total borrowings	6,023	11,787

FLEXIDYNAMIC HOLDINGS BERHAD

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**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 and proposed during the current financial quarter under review and for the financial period-to-date.

On 22 April 2022, the Board of Directors proposed a final single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2021 which was approved by the shareholders at the Annual General Meeting held on 24 May 2022. The final dividend will be paid on 17 June 2022 to the depositors registered in the Record of Depositors at the close of business on 31 May 2022.

B11. EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

The basic earnings/(loss) per share for the current financial quarter and financial period to-date are as follows: -

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	Unaudited 31/03/2022	Unaudited 31/03/2021	Unaudited 31/03/2022	Unaudited 31/03/2021
Profit/(loss) after tax attributable to owners of the Company (RM'000)	1,076	(382)	1,076	(382)
Weighted average number of ordinary shares in issue ('000)	283,936	210,332	283,936	210,332
Basic earnings/(loss) per share (sen)	<u>0.38</u>	<u>(0.18)</u>	<u>0.38</u>	<u>(0.18)</u>

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**B11. EARNINGS/(LOSS) PER SHARE (Cont'd)****(b) Diluted earnings/(loss) per share**

The diluted earnings/(loss) per share for the current financial quarter and financial period to-date are as follows: -

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31/03/2022	Unaudited 31/03/2021	Unaudited 31/03/2022	Unaudited 31/03/2021
Profit/(loss) after tax attributable to owners of the Company (RM'000)	1,076	(382)	1,076	(382)
Weighted average number of ordinary shares in issue ('000)	283,936	210,332	283,936	210,332
Effect of dilutive potential ordinary share - ESOS ('000)	6,440	-	6,440	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	290,376	210,332	290,376	210,332
Diluted earnings/(loss) per share (sen) ⁽¹⁾	0.37	(0.18)	0.37	(0.18)

Notes:

- (1) The diluted earnings/(loss) per share of the Company has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible employees on the assumption that the full exercise of the share options on the share options grant date.

B12. PROFIT BEFORE TAX

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000	Unaudited 31/03/2022 RM'000	Unaudited 31/03/2021 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	270	228	270	228
Interest expenses	23	28	23	28
Property, plant and equipment written off	-	4	-	4
Realised loss on foreign exchange	318	112	318	112
Loss on disposal of property, plant and equipment	10	-	10	-
Unrealised gain on foreign exchange	(543)	(284)	(543)	(284)
Interest income	(50)	(14)	(50)	(14)
Share based payment expenses	118	-	118	-

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 26 May 2022