



**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 2022**

**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 2022<sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000
Revenue	28,559	27,522	57,291	52,340
Cost of sales	(26,298)	(22,557)	(50,445)	(42,394)
<b>Gross profit</b>	<b>2,261</b>	<b>4,965</b>	<b>6,846</b>	<b>9,946</b>
Other income	445	176	1,048	474
Selling and distribution expenses	(401)	(319)	(705)	(624)
Administrative expenses	(1,842)	(1,790)	(4,012)	(5,996)
Other expenses	(191)	(318)	(785)	(650)
<b>Profit from operations</b>	<b>272</b>	<b>2,714</b>	<b>2,392</b>	<b>3,150</b>
Finance costs	(42)	(39)	(65)	(67)
Finance income	40	40	90	54
<b>Profit before tax</b>	<b>270</b>	<b>2,715</b>	<b>2,417</b>	<b>3,137</b>
Tax expense	(1,555)	(702)	(2,700)	(1,393)
<b>(Loss)/Profit after tax</b>	<b>(1,285)</b>	<b>2,013</b>	<b>(283)</b>	<b>1,744</b>
<b>Other comprehensive income: -</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	(12)	(28)	5	(28)
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(1,297)</b>	<b>1,985</b>	<b>(278)</b>	<b>1,716</b>
<b>(Loss)/Profit attributable to: -</b>				
Owners of the Company	(1,272)	2,051	(196)	1,669
Non-controlling interest	(13)	(38)	(87)	75
	(1,285)	2,013	(283)	1,744
<b>Total comprehensive (loss)/income attributable to: -</b>				
Owners of the Company	(1,278)	2,037	(194)	1,655
Non-controlling interest	(19)	(52)	(84)	61
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,297)</b>	<b>1,985</b>	<b>(278)</b>	<b>1,716</b>
<b>(Loss)/Earning per share attributable to owners of the Company (sen): -</b>				
Basic	(0.45)	0.72	(0.07)	0.67
Diluted	(0.44)	0.72	(0.07)	0.67

## 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.

**FLEXIDYNAMIC HOLDINGS BERHAD**  
**Registration No: 201901010656 (1319984-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022<sup>(1)</sup>**

	<b>Unaudited As At 30/06/2022 RM'000</b>	<b>Audited As At 31/12/2021 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,419	17,398
Deferred tax assets	5,155	7,829
Other receivables	-	52
<b>Total non-current assets</b>	<b>23,574</b>	<b>25,279</b>
<b>Current assets</b>		
Inventories	12,153	11,659
Trade receivables	25,742	33,572
Other receivables	10,443	12,064
Tax recoverable	440	-
Fixed deposits with a licensed financial institution	3,502	3,459
Cash and bank balances	17,111	29,321
<b>Total current assets</b>	<b>69,391</b>	<b>90,075</b>
<b>TOTAL ASSETS</b>	<b>92,965</b>	<b>115,354</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	35,623	35,354
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	879	693
Foreign exchange reserve	(17)	(19)
Retained earnings	23,452	26,492
<b>Equity attributable to owners of the Company</b>	<b>40,137</b>	<b>42,720</b>
<b>Non-controlling interest</b>	<b>563</b>	<b>647</b>
<b>TOTAL EQUITY</b>	<b>40,700</b>	<b>43,367</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	3,104	7,040
Lease liabilities	1,173	976
Employees' benefits	6	7
<b>Total non-current liabilities</b>	<b>4,283</b>	<b>8,023</b>
<b>Current Liabilities</b>		
Trade payables	20,689	23,130
Other payables and accruals	564	1,167
Contract liabilities	23,760	34,655
Bank borrowings	2,390	1,639
Lease liabilities	579	443
Tax payable	-	2,930
<b>Total current liabilities</b>	<b>47,982</b>	<b>63,964</b>
<b>TOTAL LIABILITIES</b>	<b>52,265</b>	<b>71,987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92,965</b>	<b>115,354</b>
<b>Net assets per ordinary share (sen)<sup>(2)</sup></b>	<b>0.14</b>	<b>0.15</b>

**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 284,679,925 shares. (2021: 283,891,200).

**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 2022<sup>(1)</sup>**

	← 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
<b>6 Months Ended 30 June 2022</b>									
<b>Balance at 1 January 2022</b>	35,354	(20,431)	631	693	(19)	26,492	42,720	647	43,367
<b>Transactions with owners:</b>									
Dividend paid	-	-	-	-	-	(2,844)	(2,844)	-	(2,844)
Issuance of ordinary shares pursuant to ESOS	220	-	-	-	-	-	220	-	220
Transfer from share based payment reserve upon exercise ESOS	49	-	-	(49)	-	-	-	-	-
Share based payment relating to ESOS	-	-	-	235	-	-	235	-	235
<b>Total transactions with owners</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>(2,844)</b>	<b>(2,389)</b>	<b>-</b>	<b>(2,389)</b>
Loss after tax	-	-	-	-	-	(196)	(196)	(87)	(283)
Foreign currency translations differences	-	-	-	-	2	-	2	3	5
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(196)</b>	<b>(194)</b>	<b>(84)</b>	<b>(278)</b>
<b>Balance at 30 June 2022 (Unaudited)</b>	<b>35,623</b>	<b>(20,431)</b>	<b>631</b>	<b>879</b>	<b>(17)</b>	<b>23,452</b>	<b>40,137</b>	<b>563</b>	<b>40,700</b>
<b>6 Months Ended 30 June 2021</b>									
<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)
<b>Total transactions with owners</b>	<b>14,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,488</b>	<b>-</b>	<b>14,488</b>
Profit after tax	-	-	-	-	-	1,669	1,669	75	1,744
Foreign currency translations differences	-	-	-	-	(14)	-	(14)	(14)	(28)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>1,669</b>	<b>1,665</b>	<b>61</b>	<b>1,716</b>
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>35,354</b>	<b>(20,431)</b>	<b>631</b>	<b>-</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 2021 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	<b>6 months ended Unaudited 30/06/2022 RM'000</b>	<b>6 months ended Unaudited 30/06/2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,417	3,137
Adjustments for: -		
Depreciation of property, plant and equipment	591	460
Gain on disposal of property, plant and equipment	(83)	-
Interest expenses	65	67
Interest income	(90)	(54)
Property, plant and equipment written off	-	3
Share based payment expenses	235	-
Dividend income	(29)	-
Employees' benefits	(1)	-
Unrealised gain on foreign exchange	(865)	(436)
Operating profit before working capital changes	2,240	3,177
Increase in inventories	(495)	(2,755)
Decrease/(Increase) in receivables	9,615	(9,908)
(Decrease)/Increase in payables	(13,950)	12,004
Cash (used in)/generated from operations	(2,590)	2,518
Tax paid	(3,396)	(2,382)
Net cash (used in)/from operating activities	(5,986)	136
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(821)	(270)
Interests received	87	54
Dividend received	29	-
Proceed from disposal of property, plant and equipment	103	-
Net cash used in investing activities	(602)	(216)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022<sup>(1)</sup> (Cont'd)**

	<b>6 months ended Unaudited 30/06/2022 RM'000</b>	<b>6 months ended Unaudited 30/06/2021 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,844)	(300)
Interests paid	(69)	(67)
Proceeds from issuance of ordinary shares	220	15,046
Share issuance expenses	-	(558)
Drawdown of bank borrowings	2,231	1,901
Repayments of bank borrowings	(5,644)	(1,411)
Repayments of lease liabilities	(283)	(206)
Net cash (used in)/from financing activities	<u>(6,389)</u>	<u>14,405</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(12,977)	14,325
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	32,781	18,344
<b>EFFECT OF EXCHANGE RATES CHANGES</b>	809	377
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>20,613</u></u>	<u><u>33,046</u></u>
<b>Represented by: -</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	17,111	30,020
Fixed deposits with a licensed financial institution	3,502	3,026
	<u><u>20,613</u></u>	<u><u>33,046</u></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.

# **FLEXIDYNAMIC HOLDINGS BERHAD**

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

<b>Standards</b>	<b>Effective for financial period beginning on or after</b>
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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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.

<b>Standards</b>	<b>Effective for financial period beginning on or after</b>
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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022**

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

During the current financial period under review, the Company issued 276,810 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**

A final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2021 which was approved by the shareholders at the last Annual General Meeting held on 24 May 2022 and paid on 17 June 2022.

Other than the above, there were no other dividends paid in the current financial quarter and period-to-date 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: -

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Local	14,757	14,663	29,729	29,673
Overseas <sup>(1)</sup>	13,802	12,859	27,562	22,667
	<u>28,559</u>	<u>27,522</u>	<u>57,291</u>	<u>52,340</u>

Notes:

(1) Includes Vietnam, Thailand, 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022****A12. CAPITAL COMMITMENTS**

The capital commitment of the Group as at 30 June 2022 is as follow: -

	<b>Unaudited As At 30/06/2022 RM'000</b>	<b>Unaudited As At 30/06/2021 RM'000</b>
Authorised and contracted for: -		
Property, plant and equipment	4,983	506

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The following are significant related party transactions: -

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>Unaudited 30/06/2022 RM'000</b>	<b>Unaudited 30/06/2021 RM'000</b>	<b>Unaudited 30/06/2022 RM'000</b>	<b>Unaudited 30/06/2021 RM'000</b>
Purchase of sawn timber	43	94	135	158
Rental expenses	16	17	33	33
Lease payment	6	8	12	15

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 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			6 months ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	30/06/2022	30/06/2021	%	30/06/2022	30/06/2021	%
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	28,559	27,522	3.77	57,291	52,340	9.46
Operating Profit	463	3,032	(84.73)	3,177	3,800	(16.39)
Profit before interest and tax	272	2,714	(89.98)	2,392	3,150	(24.06)
Profit before tax	270	2,715	(90.06)	2,417	3,137	(22.95)
(Loss)/Profit after tax	(1,285)	2,013	(163.84)	(283)	1,744	(116.23)
(Loss)/Profit attributable to: -						
Owners of the Company	(1,272)	2,051	(162.02)	(196)	1,669	(111.74)

**(a) Results for current quarter**

The Group recorded revenue of RM28.56 million for the current financial quarter ended 30 June 2022, an increase of RM1.04 million or 3.77% compared to RM27.52 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 51.67% and 48.33% of the Group's revenue in the current financial quarter, respectively.

The Group recorded the profit before tax of RM0.27 million for the current financial quarter ended 30 June 2022, a decrease by approximately RM2.45 million or 90.06% from RM2.72 million in the previous year's corresponding quarter. The decrease in profit before tax was mainly due to significant increase in raw material costs.

Loss after tax of RM1.28 million for the current financial quarter ended 30 June 2022 reported mainly due to the reversal of deferred tax assets arising from the recognition of contract liabilities in the consolidated statements of profit or loss and significant increase in raw material costs.

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

The Group recorded revenue of RM57.29 million for the current financial period ended 30 June 2022, an increase of RM4.95 million or 9.46% compared to RM52.34 million recorded in the previous year's corresponding period. The increase in revenue was mainly due expansion to the new market share with new customers in the current financial period.

Although the Group recorded higher revenue, the Group recorded a lower gross profit and profit before tax for the current financial period ended 30 June 2022, which gross profit decreased by approximately RM3.10 million or 31.17% from RM9.95 million in the previous year's corresponding period to RM6.85 million for the current financial period and profit before tax decreased by approximately RM0.72 million or 22.95% from RM3.14 million in the previous year's corresponding period to RM2.42 million for the current financial period. The said decrease in gross profit and profit before tax was mainly due to significant increase in raw material costs

Loss after tax of RM0.28 million for the current financial period ended 30 June 2022 reported mainly due to the reversal of deferred tax assets arising from the recognition of contract liabilities in the consolidated statements of profit or loss and significant increase in raw material costs.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022****B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	Individual Quarter		Change	
	3 months ended			
	Unaudited 30/06/2022 RM'000	Unaudited 31/03/2022 RM'000	RM'000	%
Revenue	28,559	28,732	(173)	(0.60)
Profit before tax	270	2,147	(1,877)	(87.42)
(Loss)/Profit after tax	(1,285)	1,002	(2,287)	(228.24)
(Loss)/Profit attributable to: -				
Owners of the Company	(1,272)	1,076	(2,348)	(218.22)

The Group's revenue for the current financial quarter ended 30 June 2022 decreased by approximately RM0.17 million or 0.60% to approximately RM28.56 million compared to RM28.73 million in the preceding financial quarter ended 31 March 2022. There were no significant movements as compared with the immediate preceding quarter.

The Group recorded the profit before tax of RM0.27 million for the current financial quarter ended 30 June 2022, a decrease by approximately RM1.88 million or 87.42% from RM2.15 million in the immediate preceding quarter. The decrease in profit before tax was mainly due to significant increase in raw material costs.

Loss after tax of RM1.28 million for the current financial quarter ended 30 June 2022 reported mainly due to significant increase in raw material costs.

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

As the overall glove sector in Malaysia is experiencing escalating market competition caused by continued oversupply situation, the slowdown in expansion by the glove manufacturers is expected to negatively impact our Group, as project-driven revenue remains our top revenue contributor.

Nevertheless, in the long term, the glove sector is expected to see a structural step-up in demand in tandem with the higher awareness of hygiene and health consciousness as a result of the pandemic, especially in the emerging markets with a low glove consumption base. As such, the prospects for glove chlorination manufacturers, including our Group, remain cautiously positive in tandem with the growth of our strong existing customer base, while also expanding market presence with new customers.

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

In consideration of the glove industries has deferred their expansion plans, the Group expects the performance in the second half of FY2022 to be challenging.

**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 2022****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 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000
Income tax	13	1,993	25	2,984
Deferred tax	1,542	(1,291)	2,675	(1,591)
	<u>1,555</u>	<u>702</u>	<u>2,700</u>	<u>1,393</u>
Effective tax rate	575.93% <sup>(1)</sup>	25.86%	111.71% <sup>(1)</sup>	44.41%

Notes:

- (1) The Group's effective tax rate is higher than statutory tax rate for the current financial quarter ended 30 June 2022, mainly due to the reversal of deferred tax assets arising from the recognition of contract liabilities in the consolidated statements of 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.

**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 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:

<b>Detail of Utilisation of Proceeds</b>	<b>Proposed Utilisation RM'000</b>	<b>Variation of Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Unutilised Proceeds 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	-	71	349	Within 18 months
(3) Acquisition of machinery and equipment <sup>(1)</sup>	1,630	<sup>(3)</sup> (1,000)	378	252	Within 18 months
(4) Working capital	3,616	<sup>(3)</sup> 1,000	3,616	1,000	Within 24 months
(5) Estimated listing expenses	3,000	-	3,000	-	Within 1 month
	<u>15,046</u>	<u>-</u>	<u>13,445</u>	<u>1,601</u>	

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.
- (3) In the Prospectus dated 9 March 2021, the Company allocated RM1.63 million from gross proceeds for the acquisition of machinery and equipment in the following manner:

<b>Details</b>	<b>No. of units</b>	<b>RM'000</b>
(i) Discontinuous filament winding machine and mould	1	650
(ii) Pultrusion machine and moulds	1	350
(iii) Material handling equipment		
- Crane, winches and related accessories	1	130
- Lorry crane	1	400
- Forklift	1	100
		<u>1,630</u>

As at 30 June 2022, the Company had utilised RM0.38 million to acquire the discontinuous filament winding machine and mould; while RM0.25 million shall be utilised for the purchase of crane, winches and forklift within the next 3 months. In consideration of the slowdown in orders, the Board has resolved to defer the purchase of the pultrusion machine and moulds as well as lorry crane. As such, the Board proposes to reallocated the RM1.0 million to supplement the Group's working capital requirements where the proceeds shall be used for the purchase of raw materials such as plastic resins, FRP materials, PVC pipes and fittings and mild steel. The acquisition of the pultrusion machine, mould and lorry crane shall be carried out at a later date and shall depend on future market conditions.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2022**

**B8. BORROWINGS**

	<b>Unaudited As At 30/06/2022 RM'000</b>	<b>Unaudited As At 30/06/2021 RM'000</b>
<b>Current:</b>		
Bank borrowings	2,390	1,724
Lease liabilities	579	429
	2,969	2,153
<b>Non-current:</b>		
Bank borrowings	3,104	9,357
Lease liabilities	1,173	907
	4,277	10,264
<b>Total borrowings</b>	<b>7,246</b>	<b>12,417</b>

**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.

**B11. (LOSS)/EARNINGS PER SHARE**

**(a) Basic (loss)/earnings per share**

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

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>Unaudited 30/06/2022</b>	<b>Unaudited 30/06/2021</b>	<b>Unaudited 30/06/2022</b>	<b>Unaudited 30/06/2021</b>
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,272)	2,051	(196)	1,669
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,241	247,315
Basic (loss)/earnings per share (sen)	(0.45)	0.72	(0.07)	0.67

**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 2022****B11. (LOSS)/EARNINGS PER SHARE (Cont'd)****(b) Diluted (loss)/earnings per share**

The diluted (loss)/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 30/06/2022	Unaudited 30/06/2021	Unaudited 30/06/2022	Unaudited 30/06/2021
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,272)	2,051	(196)	1,669
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,241	247,315
Effect of dilutive potential ordinary share - ESOS ('000)	6,297	-	5,756	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	290,977	283,891	289,997	247,315
Diluted (loss)/earnings per share (sen) <sup>(1)</sup>	(0.44)	0.72	(0.07)	0.67

Notes:

- (1) The diluted (loss)/earnings 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		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2021 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	321	232	591	460
Interest expenses	42	39	65	67
Property, plant and equipment written off	-	-	-	3
Realised (gain)/loss on foreign exchange	(125)	126	193	238
Gain on disposal of property, plant and equipment	(93)	-	(83)	-
Unrealised gain on foreign exchange	(322)	(152)	(865)	(436)
Interest income	(40)	(40)	(90)	(54)
Share based payment expenses	117	-	235	-

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 25 August 2022