



FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022**

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000
Revenue	18,129	22,781	75,420	75,121
Cost of sales	(14,669)	(19,228)	(65,114)	(61,622)
Gross profit	3,460	3,553	10,306	13,499
Other income	118	319	1,166	793
Selling and distribution expenses	(463)	(255)	(1,168)	(879)
Administrative expenses	(1,840)	(1,791)	(5,852)	(7,787)
Other expenses	(609)	(440)	(1,394)	(1,090)
Profit from operations	666	1,386	3,058	4,536
Finance costs	(49)	(17)	(114)	(84)
Finance income	27	54	117	108
Profit before tax	644	1,423	3,061	4,560
Tax expense	(1,601)	(314)	(4,301)	(1,707)
(Loss)/Profit after tax	(957)	1,109	(1,240)	2,853
Other comprehensive income: -				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	(30)	(51)	(25)	(79)
Total comprehensive (loss)/income for the financial period	(987)	1,058	(1,265)	2,774
(Loss)/Profit attributable to: -				
Owners of the Company	(1,168)	955	(1,364)	2,624
Non-controlling interest	211	154	124	229
	(957)	1,109	(1,240)	2,853
Total comprehensive (loss)/income attributable to: -				
Owners of the Company	(1,182)	930	(1,376)	2,585
Non-controlling interest	195	128	111	189
Total comprehensive (loss)/income for the period	(987)	1,058	(1,265)	2,774
(Loss)/Earning per share attributable to owners of the Company (sen): -				
Basic	(0.41)	0.34	(0.48)	1.01
Diluted	(0.40)	0.34	(0.47)	1.01

NOTE:

(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 SEPTEMBER 2022⁽¹⁾

	Unaudited As At 30/09/2022 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,880	17,398
Deferred tax assets	3,536	7,829
Other receivables	-	52
Total non-current assets	26,416	25,279
Current assets		
Inventories	7,723	11,659
Trade receivables	22,949	33,572
Other receivables	12,316	12,064
Tax recoverable	2,270	-
Fixed deposits with a licensed financial institution	3,519	3,459
Cash and bank balances	6,614	29,321
Total current assets	55,391	90,075
TOTAL ASSETS	81,807	115,354
EQUITY AND LIABILITIES		
EQUITY		
Share capital	35,623	35,354
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	996	693
Foreign exchange reserve	(31)	(19)
Retained earnings	22,284	26,492
Equity attributable to owners of the Company	39,072	42,720
Non-controlling interest	758	647
TOTAL EQUITY	39,830	43,367
LIABILITIES		
Non-current liabilities		
Bank borrowings	6,183	7,040
Lease liabilities	1,054	976
Employees' benefits	6	7
Total non-current liabilities	7,243	8,023
Current Liabilities		
Trade payables	14,060	23,130
Other payables and accruals	571	1,167
Contract liabilities	17,436	34,655
Bank borrowings	2,095	1,639
Lease liabilities	572	443
Tax payable	-	2,930
Total current liabilities	34,734	63,964
TOTAL LIABILITIES	41,977	71,987
TOTAL EQUITY AND LIABILITIES	81,807	115,354
Net assets per ordinary share (sen)⁽²⁾	0.14	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 284,679,925 shares. (2021: 283,891,200).

FLEXIDYNAMIC HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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
9 Months Ended									
30 September 2022									
Balance at 1 January 2022	35,354	(20,431)	631	693	(19)	26,492	42,720	647	43,367
Transactions with owners:									
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	-	-	-	352	-	-	352	-	352
Total transactions with owners	269	-	-	303	-	(2,844)	(2,272)	-	(2,272)
Loss after tax	-	-	-	-	-	(1,364)	(1,364)	124	(1,240)
Foreign currency translations differences	-	-	-	-	(12)	-	(12)	(13)	(25)
Total comprehensive (loss)/income for the period	-	-	-	-	(12)	(1,364)	(1,376)	111	(1,265)
Balance at 30 September 2022 (Unaudited)	35,623	(20,431)	631	996	(31)	22,284	39,072	758	39,830
9 Months Ended									
30 September 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
Profit after tax	-	-	-	-	-	2,624	2,624	229	2,853
Foreign currency translations differences	-	-	-	-	(39)	-	(39)	(40)	(79)
Total comprehensive (loss)/income for the period	-	-	-	-	(39)	2,624	2,585	189	2,774
Balance at 30 September 2021 (Unaudited)	35,354	(20,431)	631	-	(26)	25,931	41,459	547	42,006

NOTE:

- (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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	9 months ended Unaudited 30/09/2022 RM'000	9 months ended Unaudited 30/09/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,061	4,560
Adjustments for: -		
Allowance for expected credit losses on trade receivables	38	-
Depreciation of property, plant and equipment	933	695
Gain on disposal of property, plant and equipment	(78)	-
Interest expenses	114	84
Interest income	(117)	(108)
Property, plant and equipment written off	2	11
Share based payment expenses	352	-
Dividend income	(37)	-
Employees' benefits	(1)	-
Unrealised gain on foreign exchange	(954)	(733)
Operating profit before working capital changes	3,313	4,509
Decrease/(Increase) in inventories	3,936	(3,093)
Decrease/(Increase) in receivables	10,444	(11,368)
(Decrease)/Increase in payables	(26,901)	15,159
Cash (used in)/generated from operations	(9,208)	5,207
Tax paid	(5,208)	(3,093)
Net cash (used in)/from operating activities	(14,416)	2,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,333)	(597)
Interests received	114	98
Dividend received	37	-
Proceed from disposal of property, plant and equipment	103	-
Net cash used in investing activities	(2,079)	(499)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (Cont'd)

	9 months ended Unaudited 30/09/2022 RM'000	9 months ended Unaudited 30/09/2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,844)	(300)
Interests paid	(119)	(84)
Proceeds from issuance of ordinary shares	220	15,046
Share issuance expenses	-	(558)
Drawdown of bank borrowings	3,263	2,134
Repayments of bank borrowings	(7,188)	(2,340)
Repayments of lease liabilities	(409)	(297)
Net cash (used in)/from financing activities	<u>(7,077)</u>	<u>13,601</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(23,572)	15,216
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	32,781	18,344
EFFECT OF EXCHANGE RATES CHANGES	924	620
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>10,133</u>	<u>34,180</u>
Represented by: -		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,614	31,141
Fixed deposits with a licensed financial institution	3,519	3,039
	<u>10,133</u>	<u>34,180</u>

NOTE:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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, Paragraph 9.22 and Appendix 9B of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022

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.

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		9 months ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Local	11,452	14,639	41,181	44,312
Overseas ⁽¹⁾	6,677	8,142	34,239	30,809
	<u>18,129</u>	<u>22,781</u>	<u>75,420</u>	<u>75,121</u>

Note:

(1) Includes Vietnam, Thailand, Indonesia, Sri Lanka 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022**A12. CAPITAL COMMITMENTS**

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

	Unaudited As At 30/09/2022 RM'000	Unaudited As At 30/09/2021 RM'000
Authorised and contracted for: -		
Property, plant and equipment	904	456

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following are significant related party transactions: -

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000
Purchase of sawn timber	-	71	135	229
Rental expenses	17	17	50	50
Lease payment	6	4	18	19

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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			9 months ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	30/09/2022	30/09/2021	%	30/09/2022	30/09/2021	%
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	18,129	22,781	(20.42)	75,420	75,121	0.40
Operating Profit	1,275	1,827	(30.21)	4,452	5,627	(20.88)
Profit before interest and tax	666	1,386	(51.95)	3,058	4,536	(32.58)
Profit before tax	644	1,423	(54.74)	3,061	4,560	(32.87)
(Loss)/Profit after tax	(957)	1,109	(186.29)	(1,240)	2,853	(143.46)
(Loss)/Profit attributable to: -						
Owners of the Company	(1,168)	955	(222.30)	(1,364)	2,624	(151.98)

(a) Results for current quarter

The Group recorded revenue of RM18.13 million for the current financial quarter ended 30 September 2022, a decrease of RM4.65 million or 20.42% compared to RM22.78 million recorded in the previous year's corresponding quarter. The decrease in revenue was mainly due to slowdown in expansion by the 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 63.17% and 36.83% of the Group's revenue in the current financial quarter, respectively.

The Group recorded the profit before tax of RM0.64 million for the current financial quarter ended 30 September 2022, a decrease by approximately RM0.78 million or 54.74% from RM1.42 million in the previous year's corresponding quarter. The decrease in profit before tax was mainly due to decrease in unrealised gain on foreign exchange and increase in operating expenses such as depreciation, travelling expenses and carriage outwards.

Loss after tax of RM0.96 million for the current financial quarter ended 30 September 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, decrease in unrealised gain on foreign exchange and increase in operating expenses.

(b) Results for financial period-to date

The Group recorded revenue of RM75.42 million for the current financial period ended 30 September 2022, an increase of RM0.30 million or 0.40% compared to RM75.12 million recorded in the previous year's corresponding period. There were no significant movement as compare with the previous year's corresponding period.

Despite there were no significant changes in revenue, the Group recorded a lower gross profit and profit before tax for the current financial period ended 30 September 2022, which gross profit decreased by approximately RM3.19 million or 23.63% from RM13.50 million in the previous year's corresponding period to RM10.31 million for the current financial period and profit before tax decreased by approximately RM1.50 million or 32.89% from RM4.56 million in the previous year's corresponding period to RM3.06 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 RM1.24 million for the current financial period ended 30 September 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	Individual Quarter		Change	
	3 months ended			
	Unaudited 30/09/2022 RM'000	Unaudited 30/06/2022 RM'000	RM'000	%
Revenue	18,129	28,559	(10,430)	(36.52)
Profit before tax	644	270	374	138.52
Loss after tax	(957)	(1,285)	328	25.53
Loss attributable to: -				
Owners of the Company	(1,168)	(1,272)	104	8.18

The Group's revenue for the current financial quarter ended 30 September 2022 decreased by approximately RM10.43 million or 36.52% to approximately RM18.13 million compared to RM28.56 million in the preceding financial quarter ended 30 June 2022. The decrease in revenue was mainly due to slowdown in expansion by the customers in the current financial quarter.

The Group recorded the profit before tax of RM0.64 million for the current financial quarter ended 30 September 2022, an increase by approximately RM0.37 million or 138.52% from RM0.27 million in the immediate preceding quarter. The increase in profit before tax was mainly due to lower 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, the glove sector is expected to see a structural step-up in demand in tandem with higher awareness of hygiene and health consciousness as a result of the pandemic, especially in the emerging markets with a low glove consumption base. Considering this, the prospect for glove chlorination manufacturers, including our Group, remain cautious in the long term.

Due to the significant price fluctuation of raw material prices caused by global supply chain issue, our Group's profit margin has been affected 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 fourth quarter of FY2022 to be challenging.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 9 months ended	
	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000
Income tax	(17)	827	8	3,811
Deferred tax	1,618	(513)	4,293	(2,104)
	<u>1,601</u>	<u>314</u>	<u>4,301</u>	<u>1,707</u>
Effective tax rate	248.60% ⁽¹⁾	22.07%	140.51% ⁽¹⁾	37.43%

Notes:

- (1) The Group's effective tax rate is higher than statutory tax rate for the current financial quarter and current financial period ended 30 September 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 and current financial period ended 30 September 2022.
- (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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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	Variation of Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceeds 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	⁽³⁾ (1,000)	630	-	Within 18 months
(4) Working capital	3,616	⁽³⁾ 1,000	4,616	-	Within 24 months
(5) Estimated listing expenses	3,000	-	3,000	-	Within 1 month
	<u>15,046</u>	<u>-</u>	<u>15,046</u>	<u>-</u>	

Notes:

- (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:

Details	No. of units	RM'000
(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 resolved to reallocate 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022

B8. BORROWINGS

	Unaudited As At 30/09/2022 RM'000	Unaudited As At 30/09/2021 RM'000
Current:		
Bank borrowings	2,095	984
Lease liabilities	572	389
	<u>2,667</u>	<u>1,373</u>
Non-current:		
Bank borrowings	6,183	9,401
Lease liabilities	1,054	903
	<u>7,237</u>	<u>10,304</u>
Total borrowings	<u>9,904</u>	<u>11,677</u>

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: -

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Unaudited 30/09/2022	Unaudited 30/09/2021	Unaudited 30/09/2022	Unaudited 30/09/2021
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,168)	955	(1,364)	2,624
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,389	259,641
Basic (loss)/earnings per share (sen)	<u>(0.41)</u>	<u>0.34</u>	<u>(0.48)</u>	<u>1.01</u>

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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		9 months ended	
	Unaudited 30/09/2022	Unaudited 30/09/2021	Unaudited 30/09/2022	Unaudited 30/09/2021
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,168)	955	(1,364)	2,624
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,389	259,641
Effect of dilutive potential ordinary share - ESOS ('000)	4,843	-	6,405	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	289,523	283,891	290,794	259,641
Diluted (loss)/earnings per share (sen) ⁽¹⁾	(0.40)	0.34	(0.47)	1.01

Note:

- (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 directors and 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		9 months ended	
	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000	Unaudited 30/09/2022 RM'000	Unaudited 30/09/2021 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Allowance for expected credit losses on trade receivables	38	-	38	-
Depreciation of property, plant and equipment	343	235	933	695
Interest expenses	49	17	114	84
Property, plant and equipment written off	2	8	2	11
Realised loss on foreign exchange	208	174	401	412
Loss/(Gain) on disposal of property, plant and equipment	5	-	(78)	-
Unrealised gain on foreign exchange	(89)	(297)	(954)	(733)
Interest income	(27)	(54)	(117)	(108)
Share based payment expenses	117	-	352	-

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 25 November 2022