



FLEXIDYNAMIC HOLDINGS BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2021 RM'000	Unaudited 31/12/2022 RM'000	Audited 31/12/2021 RM'000
Revenue	12,865	30,657	88,285	105,778
Cost of sales	(9,565)	(26,663)	(74,679)	(88,285)
Gross profit	3,300	3,994	13,606	17,493
Other income	690	795	1,856	1,588
Selling and distribution expenses	(354)	(283)	(1,522)	(1,162)
Administrative expenses	(2,427)	(2,716)	(8,279)	(10,503)
Other expenses	(5,390)	(658)	(6,784)	(1,748)
(Loss)/Profit from operations	(4,181)	1,132	(1,123)	5,668
Finance costs	(114)	(37)	(228)	(121)
Finance income	13	27	130	135
(Loss)/Profit before tax	(4,282)	1,122	(1,221)	5,682
Tax income/(expense)	1,548	(469)	(2,753)	(2,176)
(Loss)/Profit after tax	(2,734)	653	(3,974)	3,506
Other comprehensive income/(loss): -				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	48	14	23	(65)
Total comprehensive (loss)/income for the financial period/year	(2,686)	667	(3,951)	3,441
(Loss)/Profit attributable to: -				
Owners of the Company	(2,507)	560	(3,871)	3,184
Non-controlling interest	(227)	93	(103)	322
	(2,734)	653	(3,974)	3,506
Total comprehensive (loss)/income attributable to: -				
Owners of the Company	(2,484)	567	(3,860)	3,152
Non-controlling interest	(202)	100	(91)	289
Total comprehensive (loss)/income for the period/year	(2,686)	667	(3,951)	3,441
(Loss)/Earning per share attributable to owners of the Company (sen): -				
Basic	(0.88)	0.20	(1.36)	1.20
Diluted	(0.87)	0.20	(1.33)	1.20

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 31 DECEMBER 2022⁽¹⁾

	Unaudited As At 31/12/2022 RM'000	Audited As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	14,691	17,398
Investment properties	9,140	-
Deferred tax assets	5,068	7,829
Other receivables	-	52
Total non-current assets	28,899	25,279
Current assets		
Inventories	6,384	11,659
Trade receivables	20,686	33,572
Other receivables	11,642	12,064
Tax recoverable	2,161	-
Fixed deposits with a licensed financial institution	2,490	3,459
Cash and bank balances	8,990	29,321
Total current assets	52,353	90,075
TOTAL ASSETS	81,252	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	1,114	693
Foreign exchange reserve	(8)	(19)
Retained earnings	19,777	26,492
Equity attributable to owners of the Company	36,706	42,720
Non-controlling interest	556	647
TOTAL EQUITY	37,262	43,367
LIABILITIES		
Non-current liabilities		
Bank borrowings	7,048	7,040
Lease liabilities	998	976
Employees' benefits	6	7
Total non-current liabilities	8,052	8,023
Current Liabilities		
Trade payables	10,627	23,130
Other payables and accruals	1,371	1,167
Contract liabilities	20,496	34,655
Bank borrowings	2,914	1,639
Lease liabilities	524	443
Tax payable	6	2,930
Total current liabilities	35,938	63,964
TOTAL LIABILITIES	43,990	71,987
TOTAL EQUITY AND LIABILITIES	81,252	115,354
Net assets per ordinary share (sen) ⁽²⁾	0.13	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).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	← Non Distributable				→ Distributable				
	Share Capital RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Share Based Payment Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
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	-	-	-	470	-	-	470	-	470
Total transactions with owners	269	-	-	421	-	(2,844)	(2,154)	-	(2,154)
Loss after tax	-	-	-	-	-	(3,871)	(3,871)	(103)	(3,974)
Foreign currency translations differences	-	-	-	-	11	-	11	12	23
Total comprehensive income/(loss) for the year	-	-	-	-	11	(3,871)	(3,860)	(91)	(3,951)
Balance at 31 December 2022 (Unaudited)	35,623	(20,431)	631	1,114	(8)	19,777	36,706	556	37,262
Balance at 1 January 2021	20,866	(20,431)	631	-	13	23,308	24,387	358	24,745
Transactions with owners:									
Additional shares subscription	15,046	-	-	-	-	-	15,046	-	15,046
Share issuance expenses	(558)	-	-	-	-	-	(558)	-	(558)
Share based payment relating to ESOS	-	-	-	693	-	-	693	-	693
Total transactions with owners	14,488	-	-	693	-	-	15,181	-	15,181
Profit after tax	-	-	-	-	-	3,184	3,184	322	3,506
Foreign currency translations differences	-	-	-	-	(32)	-	(32)	(33)	(65)
Total comprehensive (loss)/income for the year	-	-	-	-	(32)	3,184	3,152	289	3,441
Balance at 31 December 2021 (Audited)	35,354	(20,431)	631	693	(19)	26,492	42,720	647	43,367

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	12 months ended Unaudited 31/12/2022 RM'000	12 months ended Audited 31/12/2021 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,221)	5,682
Adjustments for: -		
Allowance for expected credit losses on trade receivables	4,124	-
Depreciation of property, plant and equipment	1,266	960
Depreciation of investment properties	46	-
Gain on disposal of property, plant and equipment	(93)	(155)
Interest expenses	228	121
Interest income	(130)	(135)
Property, plant and equipment written off	2	19
Share based payment expenses	470	693
Dividend income	(47)	(85)
Employees' benefits	(1)	1
Unrealised loss/(gain) on foreign exchange	1,441	(1,151)
Operating profit before working capital changes	6,085	5,950
Decrease/(Increase) in inventories	5,275	(5,541)
Decrease/(Increase) in receivables	9,240	(27,128)
(Decrease)/Increase in payables	(26,460)	35,163
Cash (used in)/generated from operations	(5,860)	8,444
Tax paid	(5,077)	(6,132)
Net cash (used in)/from operating activities	(10,937)	2,312
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,928)	(723)
Purchase of investment properties	(767)	-
Interests received	127	122
Dividend received	47	85
Proceed from disposal of property, plant and equipment	103	155
Net cash used in investing activities	(2,418)	(361)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾ (Cont'd)

	12 months ended Unaudited 31/12/2022 RM'000	12 months ended Audited 31/12/2021 RM'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Dividends paid	(2,844)	(300)
Interests paid	(239)	(303)
Proceeds from issuance of ordinary shares	220	15,046
Share issuance expenses	-	(558)
Drawdown of bank borrowings	4,912	3,401
Repayments of bank borrowings	(8,057)	(5,541)
Repayments of lease liabilities	(513)	(444)
Net cash (used in)/from financing activities	<u>(6,521)</u>	<u>11,301</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19,876)	13,252
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	32,780	18,344
EFFECT OF EXCHANGE RATES CHANGES	(1,424)	1,184
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>11,480</u>	<u>32,780</u>
Represented by: -		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,990	29,321
Fixed deposits with a licensed financial institution	2,490	3,459
	<u>11,480</u>	<u>32,780</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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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 year-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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 are involved in a single operating segment, i.e. the glove manufacturing industry. Accordingly, the information by business segment is not presented.

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2021 RM'000	Unaudited 31/12/2022 RM'000	Audited 31/12/2021 RM'000
Local	5,241	19,912	46,423	64,224
Overseas ⁽¹⁾	7,624	10,745	41,862	41,554
	<u>12,865</u>	<u>30,657</u>	<u>88,285</u>	<u>105,778</u>

Note:

(1) Includes Vietnam, Thailand, 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**A12. CAPITAL COMMITMENTS**

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

	Unaudited As At 31/12/2022 RM'000	Audited As At 31/12/2021 RM'000
Authorised and contracted for: - Property, plant and equipment	-	586

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The following are significant related party transactions: -

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2021 RM'000	Unaudited 31/12/2022 RM'000	Audited 31/12/2021 RM'000
Purchase of sawn timber	-	35	135	264
Rental expenses	16	15	66	66
Lease payment	6	5	24	23
Sales of motor vehicle	-	70	-	70

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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			12 months ended		
	Unaudited	Unaudited	Changes	Unaudited	Audited	Changes
	31/12/2022	31/12/2021	%	31/12/2022	31/12/2021	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	12,865	30,657	(58.04)	88,285	105,778	(16.54)
Operating Profit	1,209	1,790	(32.46)	5,661	7,416	(23.67)
(Loss)/Profit before interest and tax	(4,181)	1,132	(469.35)	(1,123)	5,668	(119.81)
(Loss)/Profit before tax	(4,282)	1,122	(481.64)	(1,221)	5,682	(121.49)
(Loss)/Profit after tax	(2,734)	653	(518.68)	(3,974)	3,506	(213.35)
(Loss)/Profit attributable to: - Owners of the Company	(2,507)	560	(547.68)	(3,871)	3,184	(221.58)

(a) Results for current quarter

The Group recorded revenue of RM12.87 million for the current financial quarter ended 31 December 2022, a decrease of RM17.79 million or 58.04% compared to RM30.66 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 40.74% and 59.26% of the Group's revenue in the current financial quarter, respectively.

The Group recorded the loss before tax of RM4.28 million for the current financial quarter ended 31 December 2022, a decrease by approximately RM5.40 million or 481.64% from RM1.12 million in the previous year's corresponding quarter. The decrease in profit before tax was mainly due to an increase in operating expenses such as allowance of expected credit losses on trade receivables of RM4.12 million and unrealised loss on foreign exchange of RM1.44 million resulted from the strengthening of RM against USD at the end of 2022.

(b) Results for financial year-to date

The Group recorded revenue of RM88.29 million for the current financial year ended 31 December 2022, a decrease of RM17.49 million or 16.54% compared to RM105.78 million recorded in the previous year's corresponding year. The decrease in revenue was mainly due to slowdown in expansion by Group's customers in the current financial year.

The Group recorded the loss before tax of RM1.22 million for the current financial year ended 31 December 2022, a decrease by approximately RM6.90 million or 121.49% from profit before tax of RM5.68 million in the previous year's corresponding year. The decrease in profit before tax was mainly due to an increase in raw material costs and an increase in operating expenses such as allowance of expected credit losses on trade receivables of RM4.12 million and unrealised loss on foreign exchange of RM1.44 million resulted from the strengthening of RM against USD at the end of 2022.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

B1. PERFORMANCE REVIEW (Cont'd)

(b) Results for financial year-to date (cont'd)

The Group recorded the loss after tax of RM3.97 million for the current financial year ended 31 December 2022, a decrease by approximately RM7.48 million or 213.35% from profit before tax of RM3.51 million in the previous year's corresponding year. The decrease in profit after tax was 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 operating expenses.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

	Individual Quarter		Change	
	3 months ended			
	Unaudited 31/12/2022 RM'000	Unaudited 30/09/2022 RM'000	RM'000	%
Revenue	12,865	18,129	(5,264)	(29.04)
(Loss)/Profit before tax	(4,282)	644	(4,926)	(764.91)
Loss after tax	(2,734)	(957)	(1,777)	185.68
Loss attributable to: -				
Owners of the Company	(2,507)	(1,168)	(1,339)	114.64

The Group's revenue for the current financial quarter ended 31 December 2022 decreased by approximately RM5.26 million or 29.04% to approximately RM12.87 million compared to RM18.13 million in the preceding financial quarter ended 30 September 2022. The decrease in revenue was mainly due to slowdown in expansion by Group's customers in the current financial quarter.

The Group recorded the loss before tax of RM4.28 million for the current financial quarter ended 31 December 2022, a decrease by approximately RM4.93 million or 764.91% from profit before tax of RM0.64 million in the immediate preceding quarter. The decrease in profit before tax was mainly due to an increase in operating expenses such as allowance of expected credit losses on trade receivables of RM4.09 million.

B3. PROSPECT AND OUTLOOK

The global glove oversupply situation affecting our customer base is expected to continue in 2023 due to the excessive capacity expansion by the glove manufacturers during the Covid-19 pandemic. As such, capacity rationalisation resulting in the slowdown in expansion by the glove manufacturers is expected to negatively impact the Group, as project-driven revenue remains the Group's top revenue contributor.

Notwithstanding the current negative sentiment, global glove consumption is expected to increase in the long term in tandem with increased awareness and glove usage, especially in emerging markets with low glove consumption base.

Nevertheless, as the business landscape remains challenging in the near term, the Group will focus on better cost management and operational efficiencies to mitigate the impact of the negative business environment. The Group expects performance in the FY2023 to be very challenging.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 12 months ended	
	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2021 RM'000	Unaudited 31/12/2022 RM'000	Audited 31/12/2021 RM'000
Income tax	(17)	4,032	(9)	7,842
Deferred tax	(1,531)	(3,563)	2,762	(5,666)
	<u>(1,548)</u>	<u>469</u>	<u>2,753</u>	<u>2,176</u>
Effective tax rate	36.15% ⁽¹⁾	41.80%	225.47% ⁽¹⁾	38.30%

Notes:

(1) The Group's effective tax rate is higher than statutory tax rate for the current financial quarter and current financial year ended 31 December 2022, mainly due to the reversal of deferred tax assets arising from the recognition of contract liabilities and allowance for expected credit losses on trade receivables in the consolidated statements of profit or loss for the current financial quarter and current financial year ended 31 December 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.

B7. BORROWINGS

	Unaudited As At 31/12/2022 RM'000	Audited As At 31/12/2021 RM'000
Current:		
Bank borrowings	2,914	1,639
Lease liabilities	524	443
	<u>3,438</u>	<u>2,082</u>
Non-current:		
Bank borrowings	7,048	7,040
Lease liabilities	998	976
	<u>8,046</u>	<u>8,016</u>
Total borrowings	<u>11,484</u>	<u>10,098</u>

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**B8. 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.

B9. PROPOSED DIVIDEND

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

B10. (LOSS)/EARNINGS PER SHARE**(a) Basic (loss)/earnings per share**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2022	Unaudited 31/12/2021	Unaudited 31/12/2022	Audited 31/12/2021
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(2,507)	560	(3,871)	3,184
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,462	265,753
Basic (loss)/earnings per share (sen)	<u>(0.88)</u>	<u>0.20</u>	<u>(1.36)</u>	<u>1.20</u>

(b) Diluted (loss)/earnings per share

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2022	Unaudited 31/12/2021	Unaudited 31/12/2022	Audited 31/12/2021
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(2,507)	560	(3,871)	3,184
Weighted average number of ordinary shares in issue ('000)	284,680	283,891	284,462	265,753
Effect of dilutive potential ordinary share - ESOS ('000)	3,512	1,082	6,108	273
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>288,191</u>	<u>284,973</u>	<u>290,570</u>	<u>266,026</u>
Diluted (loss)/earnings per share (sen) ⁽¹⁾	<u>(0.87)</u>	<u>0.20</u>	<u>(1.33)</u>	<u>1.20</u>

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**B10. (LOSS)/EARNINGS PER SHARE (Cont'd)****(b) Diluted (loss)/earnings per share (cont'd)**

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.

B11. (LOSS)/PROFIT BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2021 RM'000	Unaudited 31/12/2022 RM'000	Audited 31/12/2021 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting): -				
Allowance for expected credit losses on trade receivables	4,086	-	4,124	-
Depreciation of property, plant and equipment	333	265	1,266	960
Depreciation of investment properties	46	-	46	-
Interest expenses	114	37	228	121
Property, plant and equipment written off	-	8	2	19
Realised (gain)/loss on foreign exchange	(1,969)	446	(1,568)	858
Gain on disposal of property, plant and equipment	(15)	(155)	(93)	(155)
Unrealised loss/(gain) on foreign exchange	2,395	(418)	1,441	(1,151)
Interest income	(13)	(27)	(130)	(135)
Share based payment expenses	118	693	470	693

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 28 February 2023