



**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 2023**

**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 2023<sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000
Revenue	13,300	28,559	24,103	57,291
Cost of sales	(10,237)	(26,298)	(18,288)	(50,445)
<b>Gross profit</b>	<b>3,063</b>	<b>2,261</b>	<b>5,815</b>	<b>6,846</b>
Other income	213	445	500	1,048
Selling and distribution expenses	(175)	(401)	(344)	(705)
Administrative expenses	(1,560)	(1,842)	(3,193)	(4,012)
Other expenses	(597)	(191)	(1,020)	(785)
<b>Profit from operations</b>	<b>944</b>	<b>272</b>	<b>1,758</b>	<b>2,392</b>
Finance costs	(32)	(42)	(116)	(65)
Finance income	22	40	68	90
<b>Profit before tax</b>	<b>934</b>	<b>270</b>	<b>1,710</b>	<b>2,417</b>
Tax expense	(1,488)	(1,555)	(1,705)	(2,700)
<b>(Loss)/Profit after tax</b>	<b>(554)</b>	<b>(1,285)</b>	<b>5</b>	<b>(283)</b>
<b>Other comprehensive income/(loss): -</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	13	(12)	27	5
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(541)</b>	<b>(1,297)</b>	<b>32</b>	<b>(278)</b>
<b>(Loss)/Profit attributable to: -</b>				
Owners of the Company	(396)	(1,272)	337	(196)
Non-controlling interest	(158)	(13)	(332)	(87)
	(554)	(1,285)	5	(283)
<b>Total comprehensive (loss)/income attributable to: -</b>				
Owners of the Company	(390)	(1,278)	350	(194)
Non-controlling interest	(151)	(19)	(318)	(84)
<b>Total comprehensive (loss)/income for the period</b>	<b>(541)</b>	<b>(1,297)</b>	<b>32</b>	<b>(278)</b>
<b>(Loss)/Earning per share attributable to owners of the Company (sen): -</b>				
Basic	(0.14)	(0.45)	0.12	(0.07)
Diluted	(0.14)	(0.45)	0.12	(0.07)

## 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 2022 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 2023<sup>(1)</sup>**

	<b>Unaudited As At 30/06/2023 RM'000</b>	<b>Audited As At 31/12/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13,984	14,691
Investment properties	9,090	9,140
Deferred tax assets	3,364	5,068
<b>Total non-current assets</b>	<b>26,438</b>	<b>28,899</b>
<b>Current assets</b>		
Inventories	5,398	6,384
Trade receivables	12,002	20,727
Other receivables	11,039	11,682
Tax recoverable	2,897	2,110
Fixed deposits with a licensed financial institution	433	2,490
Cash and bank balances	19,011	8,990
<b>Total current assets</b>	<b>50,780</b>	<b>52,383</b>
<b>TOTAL ASSETS</b>	<b>77,218</b>	<b>81,282</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	35,623	35,623
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	1,269	1,114
Foreign exchange reserve	5	(8)
Retained earnings	20,075	19,738
<b>Equity attributable to owners of the Company</b>	<b>37,172</b>	<b>36,667</b>
<b>Non-controlling interest</b>	<b>195</b>	<b>513</b>
<b>TOTAL EQUITY</b>	<b>37,367</b>	<b>37,180</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	11,977	7,038
Lease liabilities	857	1,007
Employees' benefits	8	7
<b>Total non-current liabilities</b>	<b>12,842</b>	<b>8,052</b>
<b>Current Liabilities</b>		
Trade payables	9,440	10,627
Other payables and accruals	670	1,479
Contract liabilities	15,162	20,496
Bank borrowings	1,316	2,924
Lease liabilities	421	518
Tax payable	-	6
<b>Total current liabilities</b>	<b>27,009</b>	<b>36,050</b>
<b>TOTAL LIABILITIES</b>	<b>39,851</b>	<b>44,102</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,218</b>	<b>81,282</b>
<b>Net assets per ordinary share (RM) <sup>(2)</sup></b>	<b>0.13</b>	<b>0.13</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 2022 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. (2022: 284,679,925).

# 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 2023<sup>(1)</sup>

	← 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
<b>6 Months Ended 30 June 2023</b>									
Balance at 1 January 2023	35,623	(20,431)	631	1,114	(8)	19,738	36,667	513	37,180
<b>Transactions with owners:</b>									
Share based payment relating to ESOS	-	-	-	155	-	-	155	-	155
Total transactions with owners	-	-	-	155	-	-	155	-	155
Profit/(Loss) after tax	-	-	-	-	-	337	337	(332)	5
Foreign currency translations differences	-	-	-	-	13	-	13	14	27
Total comprehensive income/(loss) for the period	-	-	-	-	13	337	350	(318)	32
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>35,623</b>	<b>(20,431)</b>	<b>631</b>	<b>1,269</b>	<b>5</b>	<b>20,075</b>	<b>37,172</b>	<b>195</b>	<b>37,367</b>
<b>6 Months Ended 30 June 2022</b>									
Balance at 1 January 2022	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
Total transactions with owners	269	-	-	186	-	(2,844)	(2,389)	-	(2,389)
Loss after tax	-	-	-	-	-	(196)	(196)	(87)	(283)
Foreign currency translations differences	-	-	-	-	2	-	2	3	5
Total comprehensive income/(loss) for the period	-	-	-	-	2	(196)	(194)	(84)	(278)
<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>

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 2022 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 2023<sup>(1)</sup>**

	<b>6 months ended Unaudited 30/06/2023 RM'000</b>	<b>6 months ended Unaudited 30/06/2022 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	1,710	2,417
Adjustments for: -		
Depreciation of property, plant and equipment	674	591
Depreciation of investment properties	49	-
Loss/(Gain) on disposal of property, plant and equipment	19	(83)
Interest expenses	116	65
Interest income	(68)	(90)
Property, plant and equipment written off	12	-
Share based payment expenses	155	235
Dividend income	(24)	(29)
Employees' benefits	-	(1)
Unrealised gain on foreign exchange	(192)	(865)
Operating profit before working capital changes	2,451	2,240
Decrease/(Increase) in inventories	986	(495)
Decrease in receivables	9,365	9,615
Decrease in payables	(7,338)	(13,950)
Cash generated from/(used in) operations	5,464	(2,590)
Tax paid	(793)	(3,396)
Net cash from/(used in) operating activities	4,671	(5,986)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(27)	(821)
Interests received	69	87
Dividend received	24	29
Proceed from disposal of property, plant and equipment	40	103
Net cash from/(used in) investing activities	106	(602)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023<sup>(1)</sup> (Cont'd)**

	<b>6 months ended Unaudited 30/06/2023 RM'000</b>	<b>6 months ended Unaudited 30/06/2022 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	-	(2,844)
Interests paid	(116)	(69)
Proceeds from issuance of ordinary shares	-	220
Drawdown of bank borrowings	11,580	2,231
Repayments of bank borrowings	(8,249)	(5,644)
Repayments of lease liabilities	(247)	(283)
Net cash from/(used in) financing activities	<u>2,968</u>	<u>(6,389)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,745	(12,977)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	11,480	32,781
<b>EFFECT OF EXCHANGE RATES CHANGES</b>	219	809
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>19,444</u>	<u>20,613</u>
<b>Represented by: -</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	19,011	17,111
Fixed deposits with a licensed financial institution	433	3,502
	<u>19,444</u>	<u>20,613</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 2022 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 2023

### 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 2022. 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 2022.

#### 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 2022.

On 1 January 2023, the Group adopted the following new and amended Malaysian Financial Reporting Standards (“MFRSs”) mandatory for annual financial periods beginning on or after 1 January 2023.

- Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112: Income Taxes – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

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 2023 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>
MFRS 7: Financial Instruments: Disclosure – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16: Leases - Lease Liability in a Sale and Leaseback	1 January 2024

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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023

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

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2023 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 - Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107: Statement of Cash Flows – Supplier Finance Arrangements	1 January 2024
Amendment to MFRS 10 and MFRS 128: 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 2022 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 cash flows 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.

### DEBT AND EQUITY SECURITIES

#### A7.

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

### A8. DIVIDEND PAID

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



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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023****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 6 months ended	
	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000
Local	3,664	14,757	8,398	29,729
Overseas <sup>(1)</sup>	9,636	13,802	15,705	27,562
	<u>13,300</u>	<u>28,559</u>	<u>24,103</u>	<u>57,291</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.

**A12. CAPITAL COMMITMENTS**

The capital commitment of the Group as at 30 June 2023 is as follow: -

	Unaudited As At 30/06/2023 RM'000	Unaudited As At 30/06/2022 RM'000
Authorised and contracted for: - Property, plant and equipment	<u>155</u>	<u>4,983</u>

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023****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 30/06/2023 RM'000</b>	<b>Unaudited 30/06/2022 RM'000</b>	<b>Unaudited 30/06/2023 RM'000</b>	<b>Unaudited 30/06/2022 RM'000</b>
Purchase of sawn timber	-	43	-	135
Rental expenses	16	16	33	33
Lease payment	6	6	12	12

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023****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
	30/06/2023	30/06/2022		30/06/2023	30/06/2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	13,300	28,559	(53.43)	24,103	57,291	(57.93)
Operating Profit	1,541	463	232.83	2,778	3,177	(12.56)
Profit before interest and tax	944	272	247.06	1,758	2,392	(26.51)
Profit before tax	934	270	245.93	1,710	2,417	(29.25)
(Loss)/Profit after tax	(554)	(1,285)	(56.89)	5	(283)	101.77
(Loss)/Profit attributable to: -						
Owners of the Company	(396)	(1,272)	(68.87)	337	(196)	271.94

**(a) Results for current quarter**

The Group recorded revenue of RM13.30 million for the current quarter ended 30 June 2023, representing a decrease of RM15.26 million or 53.43% as compared to RM28.56 million in the previous year's corresponding quarter. The decrease in revenue was mainly due to the completion of certain projects.

The Group's revenue was mainly derived from the design, engineering, installation and commissioning of glove chlorination system. The local and overseas markets contributed 27.55% and 72.45%, respectively, to the Group's revenue in the current quarter.

The Group recorded the profit before tax of RM0.93 million for the current quarter ended 30 June 2023, representing an increase of approximately RM0.66 million or 245.93% as compared to RM0.27 million in the previous year's corresponding quarter. The increase in profit before tax was mainly due to the stabilisation of material costs, better cost management and expenditure control.

The loss after tax of RM0.55 million for the current quarter ended 30 June 2023 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.

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

The Group recorded revenue of RM24.10 million for the current financial period ended 30 June 2023, representing a decrease of RM33.19 million or 57.93% as compared to RM57.29 million recorded in the previous year's corresponding period. The decrease in revenue was mainly due to the completion of certain projects.

The Group recorded the profit before tax of RM1.71 million for the current finance period ended 30 June 2023, representing a decrease of approximately RM0.71 million or 29.25% as compared to RM2.42 million in the previous year's corresponding period. The decrease in profit before tax was mainly due to lower gross profit, foreign exchange fluctuation and higher depreciation.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023****B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	Individual Quarter		Change	
	3 months ended			
	Unaudited 30/06/2023 RM'000	Unaudited 31/03/2023 RM'000	RM'000	%
Revenue	13,300	10,803	2,497	23.11
Profit before tax	934	776	158	20.36
(Loss)/Profit after tax	(554)	559	(1,113)	(199.11)
(Loss)/Profit attributable to: -				
Owners of the Company	(396)	733	(1,129)	(154.02)

The Group's revenue for the current quarter ended 30 June 2023 increased by approximately RM2.50 million or 23.11% to approximately RM13.30 million as compared to RM10.80 million in the preceding quarter ended 31 March 2023. The increase in revenue was mainly due to the fact that certain projects had issued the final billing in the current quarter.

The Group recorded the profit before tax of RM0.93 million for the current financial quarter ended 30 June 2023, representing an increase of approximately RM0.16 million or 20.36% as compare to RM0.78 million in the immediate preceding quarter. The increase in profit before tax was mainly due to better cost management and expenditure control.

The loss after tax of RM0.55 million for the current quarter ended 30 June 2023 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.

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2023****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 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000
Income tax	(46)	13	1	25
Deferred tax	1,534	1,542	1,704	2,675
	<u>1,488</u>	<u>1,555</u>	<u>1,705</u>	<u>2,700</u>
Effective tax rate	159.31% <sup>(1)</sup>	575.93%	99.71% <sup>(1)</sup>	111.71%

Notes:

- (1) The Group's effective tax rate is higher than statutory tax rate for the current financial quarter ended 30 June 2023, 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 ended 30 June 2023.
- (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 30/06/2023 RM'000	Unaudited As At 30/06/2022 RM'000
<b>Current:</b>		
Bank borrowings	1,316	2,390
Lease liabilities	421	579
	<u>1,737</u>	<u>2,969</u>
<b>Non-current:</b>		
Bank borrowings	11,977	3,104
Lease liabilities	857	1,173
	<u>12,834</u>	<u>4,277</u>
<b>Total borrowings</b>	<u>14,571</u>	<u>7,246</u>

**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 2023****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 period-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 period to-date are as follows: -

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2023	Unaudited 30/06/2022	Unaudited 30/06/2023	Unaudited 30/06/2022
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(396)	(1,272)	337	(196)
Weighted average number of ordinary shares in issue ('000)	284,680	284,680	284,680	284,241
Basic (loss)/earnings per share (sen)	<u>(0.14)</u>	<u>(0.45)</u>	<u>0.12</u>	<u>(0.07)</u>

**(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 30/06/2023	Unaudited 30/06/2022	Unaudited 30/06/2023	Unaudited 30/06/2022
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(396)	(1,272)	337	(196)
Weighted average number of ordinary shares in issue ('000)	284,680	284,680	284,680	284,241
Effect of dilutive potential ordinary share - ESOS ('000)	1,211	6,297	1,211	5,756
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>285,891</u>	<u>290,977</u>	<u>285,891</u>	<u>289,997</u>
Diluted (loss)/earnings per share (sen) <sup>(1)</sup>	<u>(0.14)</u>	<u>(0.44)</u>	<u>0.12</u>	<u>(0.07)</u>

**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 2023****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. PROFIT BEFORE TAX**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000	Unaudited 30/06/2023 RM'000	Unaudited 30/06/2022 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	336	321	674	591
Depreciation of investment properties	24	-	49	-
Interest expenses	32	42	116	65
Property, plant and equipment written off	9	-	12	-
Realised loss/(gain) on foreign exchange	233	(125)	308	193
Loss/(Gain) on disposal of property, plant and equipment	19	(93)	19	(83)
Unrealised gain on foreign exchange	(62)	(322)	(192)	(865)
Interest income	(22)	(40)	(68)	(90)
Share based payment expenses	77	117	155	235

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 22 August 2023