



FLEXIDYNAMIC HOLDINGS BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023**

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 2023⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Revenue	8,655	12,865	38,261	88,285
Cost of sales	(5,326)	(9,631)	(28,297)	(74,745)
Gross profit	3,329	3,234	9,964	13,540
Other income	95	696	838	1,862
Allowance of expected credit losses on trade receivables	-	(4,045)	-	(4,083)
Selling and distribution expenses	(120)	(354)	(614)	(1,522)
Administrative expenses	(1,765)	(2,489)	(6,466)	(8,341)
Other expenses	(275)	(1,304)	(1,610)	(2,660)
Profit/(Loss) from operations	1,264	(4,262)	2,112	(1,204)
Finance costs	(69)	(114)	(240)	(228)
Finance income	11	13	94	130
Profit/(Loss) before tax	1,206	(4,363)	1,966	(1,302)
Tax income/(expense)	78	1,548	(1,588)	(2,753)
Profit/(Loss) after tax	1,284	(2,815)	378	(4,055)
Other comprehensive income/(loss): -				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	-	47	22	22
Total comprehensive income/(loss) for the financial period/year	1,284	(2,768)	400	(4,033)
Profit/(Loss) attributable to: -				
Owners of the Company	1,397	(2,546)	910	(3,910)
Non-controlling interest	(113)	(269)	(532)	(145)
	1,284	(2,815)	378	(4,055)
Total comprehensive income/(loss) attributable to: -				
Owners of the Company	1,397	(2,523)	920	(3,899)
Non-controlling interest	(113)	(245)	(520)	(134)
Total comprehensive income/(loss) for the period/year	1,284	(2,768)	400	(4,033)
Earnings/(Loss) per share attributable to owners of the Company (sen): -				
Basic	0.49	(0.89)	0.32	(1.37)
Diluted	0.49	(0.88)	0.32	(1.36)

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 31 DECEMBER 2023⁽¹⁾

	Unaudited As At 31/12/2023 RM'000	Audited As At 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,347	14,691
Investment properties	13,063	9,140
Deferred tax assets	3,494	5,068
Total non-current assets	25,904	28,899
Current assets		
Inventories	4,547	6,384
Trade receivables	17,238	20,727
Other receivables	10,137	11,682
Tax recoverable	2,908	2,110
Fixed deposits with a licensed financial institution	439	2,490
Cash and bank balances	7,709	8,990
Total current assets	42,978	52,383
TOTAL ASSETS	68,882	81,282
EQUITY AND LIABILITIES		
EQUITY		
Share capital	35,623	35,623
Merge deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	1,398	1,114
Foreign exchange reserve	2	(8)
Retained earnings	20,816	19,738
Equity attributable to owners of the Company	38,039	36,667
Non-controlling interest	(175)	513
TOTAL EQUITY	37,864	37,180
LIABILITIES		
Non-current liabilities		
Bank borrowings	6,466	7,038
Lease liabilities	641	1,007
Employees' benefits	8	7
Total non-current liabilities	7,115	8,052
Current Liabilities		
Trade payables	7,342	10,627
Other payables and accruals	1,346	1,479
Contract liabilities	14,072	20,496
Bank borrowings	731	2,924
Lease liabilities	412	518
Tax payable	-	6
Total current liabilities	23,903	36,050
TOTAL LIABILITIES	31,018	44,102
TOTAL EQUITY AND LIABILITIES	68,882	81,282
Net assets per ordinary share (RM) ⁽²⁾	0.13	0.13

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023⁽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 2023, as previously reported	35,623	(20,431)	631	1,114	(8)	19,738	36,667	513	37,180
Impact on correction of error, net of tax	-	-	-	-	-	168	168	(168)	-
As at 1 January 2023, restated	35,623	(20,431)	631	1,114	(8)	19,906	36,835	345	37,180
Transactions with owners:									
Share based payment relating to ESOS	-	-	-	284	-	-	284	-	284
Total transactions with owners	-	-	-	284	-	-	284	-	284
Profit/(Loss) after tax	-	-	-	-	-	910	910	(532)	378
Foreign currency translations differences	-	-	-	-	10	-	10	12	22
Total comprehensive income/(loss) for the year	-	-	-	-	10	910	920	(520)	400
Balance at 31 December 2023 (Unaudited)	35,623	(20,431)	631	1,398	2	20,816	38,039	(175)	37,864
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	-	-	-	-	-	(3,910)	(3,910)	(145)	(4,055)
Foreign currency translations differences	-	-	-	-	11	-	11	11	22
Total comprehensive income/(loss) for the year	-	-	-	-	11	(3,910)	(3,899)	(134)	(4,033)
Balance at 31 December 2022 (Audited)	35,623	(20,431)	631	1,114	(8)	19,738	36,667	513	37,180

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.

FLEXIDYNAMIC HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	12 months ended Unaudited 31/12/2023 RM'000	12 months ended Audited 31/12/2022 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,966	(1,302)
Adjustments for: -		
Allowance for expected credit losses on trade receivables	-	4,083
Depreciation of property, plant and equipment	1,305	1,266
Depreciation of investment properties	111	46
Gain on disposal of property, plant and equipment	(167)	(93)
Interest expenses	240	228
Interest income	(94)	(130)
Property, plant and equipment written off	43	2
Share based payment expenses	284	470
Dividend income	(75)	(47)
Employees' benefits	*	1
Unrealised gain on foreign exchange	(60)	1,440
	<hr/>	<hr/>
Operating profit before working capital changes	3,553	5,964
Decrease in inventories	1,837	5,275
Decrease in receivables	5,031	9,200
Decrease in payables	(9,819)	(26,375)
	<hr/>	<hr/>
Cash generated from/(used in) operations	602	(5,936)
Tax paid	(818)	(5,025)
Net cash used in operating activities	<hr/> (216) <hr/>	<hr/> (10,961) <hr/>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(119)	(1,927)
Purchase of investment properties	-	(767)
Interests received	94	127
Dividend received	75	47
Proceed from disposal of property, plant and equipment	450	103
Net cash from/(used in) investing activities	<hr/> 500 <hr/>	<hr/> (2,417) <hr/>

FLEXIDYNAMIC HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023⁽¹⁾ (Cont'd)

	12 months ended Unaudited 31/12/2023 RM'000	12 months ended Audited 31/12/2022 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid	-	(2,844)
Interests paid	(240)	(238)
Employee benefit paid	-	(1)
Proceeds from issuance of ordinary shares	-	220
Drawdown of bank borrowings	11,580	4,912
Repayments of bank borrowings	(14,344)	(8,057)
Repayments of lease liabilities	(658)	(510)
Net cash used in financing activities	<u>(3,662)</u>	<u>(6,518)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,378)	(19,896)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	11,480	32,781
EFFECT OF EXCHANGE RATES CHANGES	46	(1,405)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>8,148</u>	<u>11,480</u>
Represented by: -		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,709	8,990
Fixed deposits with a licensed financial institution	439	2,490
	<u>8,148</u>	<u>11,480</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.

**Negligible*

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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.

Standards	Effective for financial period beginning on or after
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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

A2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

Standards	Effective for financial period beginning on or after
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
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
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 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 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.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023**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 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Local	3,830	5,242	14,615	46,423
Overseas ⁽¹⁾	4,825	7,623	23,646	41,862
	<u>8,655</u>	<u>12,865</u>	<u>38,261</u>	<u>88,285</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 31 December 2023 is as follow: -

	Unaudited As At 31/12/2023 RM'000	Audited As At 31/12/2022 RM'000
Authorised and contracted for: - Property, plant and equipment	<u>17</u>	<u>-</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The following are significant related party transactions: -

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	Unaudited 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Purchase of sawn timber	-	-	-	135
Rental expenses	16	16	66	66
Lease payment	6	6	25	24
Sales of trading good	-	-	4	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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		Changes	12 months ended		Changes
	Unaudited 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000		Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000	
Revenue	8,655	12,865	(32.72)	38,261	88,285	(56.66)
Operating Profit	1,539	1,087	41.58	3,722	5,539	(32.80)
Profit/(Loss) before interest and tax	1,264	(4,262)	129.66	2,112	(1,204)	275.42
Profit/(Loss) before tax	1,206	(4,363)	127.64	1,966	(1,302)	251.00
Profit/(Loss) after tax	1,284	(2,815)	145.61	378	(4,055)	109.32
Profit/(Loss) attributable to: -						
Owners of the Company	1,397	(2,546)	154.87	910	(3,910)	123.27

(a) Results for current quarter

The Group recorded revenue of RM8.66 million for the current quarter ended 31 December 2023, representing a decrease of RM4.21 million or 32.72% as compared to RM12.87 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 38.20% and 61.80%, respectively, to the Group's revenue in the current quarter.

The Group recorded profit before tax of RM1.21 million for the current quarter ended 31 December 2023, representing an increase of approximately RM5.57 million or 127.64% as compared to loss before tax of RM4.36 million in the previous year's corresponding quarter. The increase in profit before tax was mainly due to provided allowance of expected credit losses on trade receivables of RM4.04 million and unrealised loss on foreign exchange of RM1.44 million incurred in the previous year's corresponding quarter.

(b) Results for financial year-to date

The Group recorded revenue of RM38.26 million for the current financial year ended 31 December 2023, representing a decrease of RM50.03 million or 56.66% as compared to RM88.29 million recorded in the previous year's corresponding year. The decrease in revenue was mainly due to the completion of certain projects.

The Group recorded the profit before tax of RM1.97 million for the current financial year ended 31 December 2023, representing an increase of approximately RM3.27 million or 251.00% as compared to loss before tax of RM1.30 million in the previous year's corresponding year. The increase in profit before tax was mainly due to provided allowance of expected credit losses on trade receivables of RM4.08 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 2023**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS**

	Individual Quarter		Change	
	3 months ended			
	Unaudited 31/12/2023 RM'000	Unaudited 30/09/2023 RM'000	RM'000	%
Revenue	8,655	5,503	3,152	57.28
Profit/(Loss) before tax	1,206	(950)	2,156	226.95
Profit/(Loss) after tax	1,284	(911)	2,195	240.94
Profit/(Loss) attributable to: -				
Owners of the Company	1,397	(824)	2,221	269.54

The Group's revenue for the current quarter ended 31 December 2023 increased by approximately RM3.15 million or 57.28% to approximately RM8.66 million as compared to RM5.50 million in the preceding quarter ended 30 September 2023. The increase in revenue was mainly due to additional order for upgrade existing tank for our local customers and progress billing to our oversea customers.

The Group recorded the profit before tax of RM1.21 million for the current financial quarter ended 31 December 2023, representing an increase of approximately RM2.16 million or 226.95% as compare to loss before tax of RM0.95 million in the immediate preceding quarter. The increase in profit before tax was mainly due to a higher gross profit on certain projects as a result of better cost management and fluctuation on foreign exchange.

B3. PROSPECT AND OUTLOOK

The global oversupply of gloves affecting our customers is expected to continue and no significant market recovery is expected to occur, due to excessive capacity expansion by glove manufacturers during the Covid-19 pandemic. Capacity rationalisation leading to a slowdown in glove manufacturers' expansion is expected to have a negative impact on 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 as awareness and use of gloves increases, especially in emerging markets with low glove consumption where gloves are essential, particularly in the healthcare sector.

However, as the business environment remains challenging in the near future, the Group will continue to focus on better cost management, operational efficiency and cash management to mitigate the impact of the negative business environment. The Group will continue to improve and innovate to weather this challenging period while implementing sustainable business practices.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 12 months ended	
	Unaudited 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Income tax	(1)	(16)	14	(8)
Deferred tax	(77)	(1,532)	1,574	2,761
	<u>(78)</u>	<u>(1,548)</u>	<u>1,588</u>	<u>2,753</u>
Effective tax rate	6.47% ⁽¹⁾	35.48%	80.77% ⁽²⁾	211.44%

Notes:

- (1) The Group's effective tax rate is lower than statutory tax rate for the current financial quarter ended 31 December 2023, mainly due to utilisation of unabsorbed tax losses in the current financial quarter.
- (2) The Group's effective tax rate is higher than statutory tax rate for the current financial year ended 31 December 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 year ended 31 December 2023.
- (3) Tax expense is recognised based on management's best estimate.

B6. STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there was no corporate proposal announced but not implemented as at the date of this report.

Private Placement

On 2 January 2024, the Company announced Proposed Private Placement of up to 28,467,900 new ordinary shares in the Company ("Flexidynamic Shares" or "Shares"), representing approximately 10% of the total number of issued Shares in the Company ("Proposed Private Placement"). The Proposed Private Placement currently pending completion.

B7. BORROWINGS

	Unaudited As At 31/12/2023 RM'000	Audited As At 31/12/2022 RM'000
Current:		
Bank borrowings	731	2,924
Lease liabilities	412	518
	<u>1,143</u>	<u>3,442</u>
Non-current:		
Bank borrowings	6,466	7,038
Lease liabilities	641	1,007
	<u>7,107</u>	<u>8,045</u>
Total borrowings	<u>8,250</u>	<u>11,487</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 year-to-date.

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

The basic earnings/(loss) 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 31/12/2023	Unaudited 31/12/2022	Unaudited 31/12/2023	Audited 31/12/2022
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	1,397	(2,546)	910	(3,910)
Weighted average number of ordinary shares in issue ('000)	284,680	284,680	284,680	284,462
Basic earnings/(loss) per share (sen)	<u>0.49</u>	<u>(0.89)</u>	<u>0.32</u>	<u>(1.37)</u>

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) 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 31/12/2023	Unaudited 31/12/2022	Unaudited 31/12/2023	Audited 31/12/2022
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	1,397	(2,546)	910	(3,910)
Weighted average number of ordinary shares in issue ('000)	284,680	284,680	284,680	284,462
Effect of dilutive potential ordinary share - ESOS ('000)	<u>_(2)</u>	<u>2,845</u>	<u>_(2)</u>	<u>2,845</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>284,680</u>	<u>287,525</u>	<u>284,680</u>	<u>287,307</u>
Diluted earnings/(loss) per share (sen) ⁽¹⁾	<u>0.49</u>	<u>(0.89)</u>	<u>0.32</u>	<u>(1.36)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

B10. EARNINGS/(LOSS) PER SHARE (Cont'd)

(b) Diluted earnings/(loss) per share (cont'd)

Note:

- (1) The diluted earnings/(loss) per share of the Company has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible Directors and employees on the assumption that the full exercise of the share options on the share options grant date.
- (2) Diluted earnings/(loss) per share of the Company for the individual and cumulative quarter 31 December 2023 was equivalent to the basic earnings per share as the share option had an anti-dilutive effect of the basic earnings per share and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

B11. PROFIT/(LOSS) BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	Unaudited 31/12/2023 RM'000	Unaudited 31/12/2022 RM'000	Unaudited 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting): -				
Allowance for expected credit losses on trade receivables	-	4,045	-	4,083
Depreciation of property, plant and equipment	318	333	1,305	1,266
Depreciation of investment properties	37	46	111	46
Interest expenses	69	114	240	228
Property, plant and equipment written off	31	-	43	2
Realised (gain)/loss on foreign exchange	(61)	(1,995)	262	(1,594)
Gain on disposal of property, plant and equipment	(108)	(15)	(167)	(93)
Unrealised loss/(gain) on foreign exchange	169	2,394	(60)	1,440
Interest income	(11)	(13)	(94)	(130)
Share based payment expenses	60	118	284	470