

Cengild Medical Berhad

Registration No.: 202101004143 (1404442-P)
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Report
for the First Quarter Ended
30 September 2024**

Cengild Medical Berhad

Registration No.: 202101004143 (1404442-P)

(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 30 September 2024

	Note	Unaudited As at 30 September 2024 RM'000	Audited As at 30 June 2024 RM'000
Assets			
Non-current assets			
Investments in associates		2,501	921
Investments in joint ventures		10	3
Plant and equipment	A12	27,540	26,448
Right-of-use assets		3,417	3,753
Deferred tax assets		1,906	1,930
Total non-current assets		35,374	33,055
Current assets			
Inventories		2,057	1,716
Trade receivables		8,504	6,546
Other receivables, deposits and prepayments		2,139	1,588
Fixed deposits with licensed banks		85,913	87,621
Cash and bank balances		2,351	1,917
Total current assets		100,964	99,388
Total assets		136,338	132,443
Equity			
Share capital		87,487	87,487
Reserves		2,312	2,267
Retained profits		22,462	21,543
Total equity		112,261	111,297
Liabilities			
Non-current liabilities			
Lease liabilities	B7	4,946	5,665
Provision for restoration costs		723	716
Total non-current liabilities		5,669	6,381

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Unaudited condensed consolidated statement of financial position as at 30 September 2024 (cont'd)

		Unaudited As at 30 September 2024 RM'000	Audited As at 30 June 2024 RM'000
	Note		
Current liabilities			
Trade payables		4,983	3,669
Other payables and accruals		9,052	7,481
Amount owing to directors		190	154
Lease liabilities	B7	2,604	2,478
Current tax liabilities		1,579	983
Total current liabilities		18,408	14,765
Total liabilities		24,077	21,146
Total equity and liabilities		136,338	132,443

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 30 September 2024

		Unaudited Individual/Cumulative quarter ended 30 September	
	Note	2024 RM'000	2023 RM'000
Revenue		22,289	17,604
Cost of sales		(11,986)	(9,516)
Gross profit		10,303	8,088
Other income		1,088	1,110
		11,391	9,198
Administrative expenses		(5,670)	(4,283)
Finance costs		(90)	(175)
Profit from operations		5,631	4,740
Share of profit of equity accounted associate		18	-
Share of profit of equity accounted joint venture		7	-
Profit before taxation	B11	5,656	4,740
Income tax expense	B5	(1,655)	(1,141)
Profit after taxation		4,001	3,599
Other comprehensive income		-	-
Total comprehensive income for the financial period		4,001	3,599
Profit after taxation/Total comprehensive income for the financial period attributable to:-			
Owners of the Company		4,001	3,599
Earnings per ordinary share (sen)⁽¹⁾			
Basic		0.48	0.43
Diluted		0.48	0.43

⁽¹⁾ Earnings per ordinary share is calculated based on the weighted average number of ordinary shares referred to in Note B10.

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of changes in equity for the first quarter ended 30 September 2024

	Share Capital RM'000	Reorganisation Reserve RM'000	Long Term Incentive Plan Reserve RM'000	Retained Profits RM'000	Total RM'000
Unaudited					
At 1 July 2023	87,472	1,530 ⁽¹⁾	477 ⁽²⁾	16,629	106,108
Profit after taxation/Total comprehensive income for the financial period	-	-	-	3,599	3,599
Contribution by owners of the Company:					
Share options to executives	15	-	(2)	-	13
Share options to executives	-	-	65	-	65
Dividends to owners of the Company	-	-	-	(3,082)	(3,082)
At 30 September 2023	<u>87,487</u>	<u>1,530</u>	<u>540</u>	<u>17,146</u>	<u>106,703</u>

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Unaudited condensed consolidated statement of changes in equity for the first quarter ended 30 September 2024 (cont'd)

	Share Capital RM'000	Reorganisation Reserve RM'000	Long Term Incentive Plan Reserve RM'000	Retained profits RM'000	Total RM'000
Unaudited					
At 1 July 2024	87,487	1,530 ⁽¹⁾	737 ⁽²⁾	21,543	111,297
Profit after taxation/Total comprehensive income for the financial period	-	-	-	4,001	4,001
Contribution by and distributions to owners of the Company:					
Share options to executives	-	-	45	-	45
Dividends to owners of the Company	-	-	-	(3,082)	(3,082)
At 30 September 2024	<u>87,487</u>	<u>1,530</u>	<u>782</u>	<u>22,462</u>	<u>112,261</u>

⁽¹⁾ The reorganisation reserve represents the difference between the carrying value of the investment and the nominal value of shares of Cengild Sdn Bhd upon consolidation under the pooling-of-interests method of accounting.

⁽²⁾ The share option reserves arise due to the Executive Share Option Scheme (ESOS) options granted on 15 April 2022.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of cash flows for the first quarter ended 30 September 2024

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit before taxation	5,656	4,740
<i>Adjustments for:</i>		
Depreciation of plant and equipment	1,200	424
Depreciation of right-of-use assets	336	326
Rent concessions	(17)	-
Interest expense	83	167
Unwinding of discount	7	8
Share options to executives	45	66
Share of net profit of equity accounted associate	(18)	-
Share of profit of equity accounted joint venture	(7)	-
Interest income	(815)	(916)
Operating profit before working capital changes	<u>6,470</u>	<u>4,815</u>
Increase in inventories	(341)	(119)
Increase in trade and other receivables	(2,509)	(1,060)
Increase in trade and other payables	2,885	1,710
Increase in amount owing to directors	36	36
Cash generated from operations	<u>6,541</u>	<u>5,382</u>
Tax paid	(1,035)	(700)
Net cash from operating activities	<u>5,506</u>	<u>4,682</u>
Cash flows (used in)/from investing activities		
Interest received	815	916
Investment in an associate	(1,562)	-
Investment in a joint venture	-	(25)
Purchase of plant and equipment	(2,292)	(650)
Net cash (used in)/from investing activities	<u>(3,039)</u>	<u>241</u>

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Unaudited condensed consolidated statement of cash flows for the first quarter ended 30 September 2024 (cont'd)

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024 RM'000	2023 RM'000
Cash flows used in financing activities		
Dividend paid	(3,082)	(3,082)
Interest paid	(83)	(167)
Share options exercised	-	13
Repayment of lease liabilities	(576)	(327)
Net cash used in financing activities	(3,741)	(3,563)
Net (decrease) /increase in cash and cash equivalents	(1,274)	1,360
Cash and cash equivalents at the beginning of financial period	23,364	98,308
Cash and cash equivalents at the end of financial period	22,090	99,668

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024 RM'000	2023 RM'000
Cash and bank balances	2,351	983
Fixed deposits with licensed banks	85,913	98,685
	88,264	99,668
Deposits with tenure of more than 3 months	(66,174)	-
	22,090	99,668

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

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A. NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

A1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The condensed consolidated interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

A2. Significant accounting policies

The accounting policies adopted by the Group in this interim financial report are the same as those applied by the Group in its audited consolidated financial statements for the financial year ended 30 June 2024 except for the adoption of those new Malaysian Financial Reporting Standards ("MFRS") and amendment to MFRS and Interpretations that are applicable to the Group for the financial period beginning 1 July 2024.

(a) As of 1 July 2024, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any).

MFRS and/or IC interpretations (including the consequential amendments):

- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above pronouncements did not have any material impact to the condensed consolidated interim financial report of the Group.

(b) The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121: Lack of Exchangeability

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A2. Significant accounting policies (cont'd)

Effective for financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards—Volume 11

Effective for financial periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements
MFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective date of these Standards have been deferred, and yet to be announced

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A3. Auditors' report

The auditors issued an unqualified audit opinion on the audited consolidated financial statements for the financial year ended 30 June 2024.

A4. Seasonal or cyclical factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5. Unusual item affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. Material changes in accounting estimates

There were no material changes in accounting estimates that have a material effect in the current financial quarter.

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A7. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the condensed consolidated interim financial report.

A8. Material changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A9. Debt and equity securities

There were no other issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review, except as disclosed in Note B7.

A10. Dividends paid

On 27 September 2024, the Company paid an interim single-tier dividend of 0.37 sen per ordinary share in respect of the financial year ended 30 June 2024 amounting to RM3.08 million.

A11. Operating segments

No geographical segment information is presented as the Group's revenue and profit or loss are confined within Malaysia.

A12. Valuations of plant and equipment

The Group does not adopt a revaluation policy on its plant and equipment. All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

A13. Contingencies

There were no contingent assets and contingent liabilities as at the date of this condensed consolidated interim financial report.

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A14. Related party transactions

Identities of related parties

For the purposes of this condensed consolidated interim financial report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors and certain members of senior management of the Group.

The Group has related party relationship with its Directors, associates, joint ventures and key management personnel and entities within the same group of companies.

Significant related party transactions

Significant related party transactions of the Group are as follows:

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024 RM'000	2023 RM'000
Transactions		
External consultancy fee contributed by directors	(80)	(115)
External consultancy fee contributed by other key management personnel	(56)	(76)
Anciliary services paid to a joint venture	3	-
Consultant fee paid to a joint venture(s)	117	56
Hospital cost paid to joint venture(s)	56	34
Rental income charged to an associate	(34)	-
Management fee charged to an associate	(81)	-
Management fee charged to joint venture(s)	(6)	(3)

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A15. Fair value information

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

a) Review for the current financial quarter against preceding corresponding financial quarter

	Unaudited Individual quarter ended 30 September		Variance
	2024 RM'000	2023 RM'000	%
Revenue	22,289	17,604	26.61
Profit before taxation ("PBT")	<u>5,656</u>	<u>4,740</u>	19.32

The Group recorded revenue of RM22.29 million for the current financial quarter ended 30 September 2024, representing an increase of approximately 26.61% as compared to the preceding corresponding financial quarter ended 30 September 2023 of RM17.60 million. The increase is mainly due to patient volume and number of surgeries performed for the current quarter.

The Group's PBT increased by RM0.92 million or 19.32% mainly due to increase in revenue.

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B2. Variation of results against preceding quarter

	Unaudited		Variance %
	September 2024 RM'000	June 2024 RM'000	
Revenue	22,289	16,145	38.06
PBT	<u>5,656</u>	<u>2,698</u>	109.64

The Group recorded revenue of RM22.29 million for the current quarter ended 30 September 2024, representing an increase of RM6.15 million or 38.06% as compared to the preceding quarter ended 30 June 2024 of RM16.14 million. The increase in revenue was mainly due to the increase in patient volume and number of surgeries performed.

The Group's PBT increased by RM2.96 million or approximately 109.64% from RM2.70 million in the immediate preceding quarter to RM5.66 million in the current financial quarter. The increase was mainly due to the increase in revenue.

B3. Commentary on prospects

Given the performance of the Group 3-month financial period ended 30 September 2024, the Board of Directors expect the Group's prospects for the financial year ending 30 June 2025 to be favourable.

B4. Profit forecast

Not applicable as the Group does not publish any profit forecast.

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B5. Income tax expense

Income tax expense comprises the following:

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024 RM'000	2023 RM'000
<i>Recognised in profit or loss</i>		
Current financial period		
Current tax expense	1,631	1,367
Deferred tax	24	(226)
	<u>1,655</u>	<u>1,141</u>
Effective tax rate	29.26%	24.07%

The effective tax rates of 29.26% for individual quarter ended 30 September 2024 was slightly higher than the statutory tax rate due to the non-deductible expenses incurred.

Income tax expense in the form of provision is recognised based on management's estimate.

B6. Status of corporate proposals announced

There is no any corporate proposal announced but not completed as at the date of this report.

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B7. Loans and borrowings

Particulars of the Group's loans and borrowings are as follows:

	Note	Unaudited As at 30 September 2024 RM'000	Audited As at 30 June 2024 RM'000
Non-current			
Lease liabilities	B7.1	4,946	5,665
		<u>4,946</u>	<u>5,665</u>
Current			
Lease liabilities	B7.1	2,604	2,478
		<u>2,604</u>	<u>2,478</u>

The above borrowings are denominated in Ringgit Malaysia.

B7.1 Lease liabilities

Lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Unaudited 30.9.2024			
Less than one year	2,872	268	2,604
Between one to five years	5,132	186	4,946
Over 5 years	-	-	-
	<u>8,004</u>	<u>454</u>	<u>7,550</u>
Audited 30.6.2024			
Less than one year	2,773	294	2,478
Between one to five years	5,908	243	5,665
Over 5 years	-	-	-
	<u>8,681</u>	<u>537</u>	<u>8,143</u>

B8. Material litigation

There are no material litigations as at the date of this report.

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B9. Dividends

There were no any dividends declared under the financial quarter under review.

B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 30 September 2024 and 2023, was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Unaudited Individual/Cumulative quarter ended 30 September	
	2024	2023
Profit for the financial period attributable to owners of the Company (RM'000)	4,001	3,599
Based on weighted average number of ordinary shares - basic ('000)	832,913 ⁽¹⁾	832,881 ⁽²⁾
Effect of LTIP ('000)	-	2,640
Adjusted weighted average number of ordinary shares ('000)	832,913	835,521
Basic earnings per ordinary share (sen)	0.48	0.43
Diluted earnings per ordinary share (sen)	0.48	0.43

⁽¹⁾ Based on the weighted average number of issued share capital of 818,800,000 ordinary shares after the completion of the IPO, and with inclusion of number of ordinary shares from exercised ESOS and Special Issue shares.

⁽²⁾ Based on the weighted average number of issued share capital of 818,800,000 ordinary shares after the completion of the IPO, and with inclusion of number of ordinary shares from exercised ESOS and Special Issue shares.

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B11. Profit before taxation

	Unaudited	
	Individual/Cumulative quarter	
	ended 30 September	
	2024	2023
	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):-		
Depreciation:		
- plant and equipment	1,200	424
- right-of-use assets	336	326
Rent concessions	(17)	-
Plant and equipment written off	-	-
Directors' remuneration	1,828	2,000
Staff costs:		
- short-term employee benefits	4,637	4,312
- defined contribution benefits	502	486
- LTIP expenses	29	34
Interest expense:		
- lease liabilities	83	167
- unwinding of discount	7	8
- others	-	-
Total interest income on financial assets measured at amortised cost	<u>(815)</u>	<u>(915)</u>

The Group did not report any provision for and write off of inventories, receivables, gain or loss on disposal of quoted or unquoted investments or properties, foreign exchange gain or loss and gain or loss on derivatives for the financial period under review.

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B12. Utilisation of proceeds

The status of the utilisation of proceeds raised from the IPO of RM72.20 million and the variation of the use of proceeds is as follows:

<u>Details of utilisation</u>	<u>(A)</u>	<u>(B)</u>	<u>(C) = (A) - (B)</u>						
	Original intention for utilisation	Actual utilisation as at to date	Balance of proceeds as at to date	Variation	Balance of proceeds after variation	Actual utilisation as at to date	Balance of proceeds as at to date	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Expansion of existing medical centre	13,000	3,092	9,908	(9,908)	-	-	-	Within 36 months from the Listing Date	-
Establishing new medical centres	37,100	-	37,100	(18,550)	18,550	-	18,550	Within 36 months from the Listing Date	-
Acquisition of new stratified property forming part of a purpose-built private medical centre	-	-	-	36,258	36,258	(12,285)	23,973	-	Within 36 months from the unconditional date of the sale and purchase agreement
Working capital	17,404	4,153	13,251	(7,800)	5,451 ⁽¹⁾	-	5,451	Within 24 months from the Listing Date	Within 36 months from the Listing Date
Defraying the listing expenses	4,700	4,497	203 ⁽¹⁾	-	203	-	203	Within 1 month from the Listing Date	
Total	72,204	11,742	60,462	-	60,462	(12,285)	48,177		

Note:

⁽¹⁾ The balance proceeds from listing expenses of RM203,000 will be re-allocated for working capital purposes.