

Cnergenz Berhad

(Registration No. 202101026123 (1426423-D))

(Incorporated in Malaysia under the Companies Act, 2016)

CNERGENZ

The Board of Directors of CNERGENZ BERHAD (“**Board**”) is pleased to announce the following unaudited consolidated results for the second quarter and financial period ended (“**FPE**”) 30 June 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE 30 JUNE 2023

	3 months ended		Cumulative 6 months ended	
	30.6.2023 RM'000 (Unaudited)	30.6.2022 RM'000 (Unaudited)	30.6.2023 RM'000 (Unaudited)	30.6.2022 RM'000 (Unaudited)
Revenue	38,903	76,581	98,837	113,484
Cost of sales and services	(29,525)	(61,341)	(79,217)	(91,028)
Gross profit	9,378	15,240	19,620	22,456
Other income	76	88	206	151
Selling and distribution expenses	(655)	(586)	(1,220)	(954)
General and administrative expenses	(1,908)	(2,168)	(3,465)	(4,131)
Other (losses)/gain– net	(528)	(331)	53	(402)
Operating profit	6,363	12,243	15,194	17,120
Finance income	802	118	1,629	129
Finance costs	(14)	(16)	(28)	(32)
Profit before tax	7,151	12,345	16,795	17,217
Tax expense	(1,717)	(3,048)	(4,115)	(4,280)
Net profit for the financial period	5,434	9,297	12,680	12,937
Other comprehensive income net of tax				
Currency translation differences	4,583	2,594	4,331	3,260
Total comprehensive income for the financial period	10,017	11,891	17,011	16,197
Basic earnings per ordinary share⁽¹⁾ (sen)	1.09	1.87	2.55	2.60

Note:-

(1) Basic earnings per ordinary share is calculated based on the share capital of the Company as at 30 June 2023 comprising 498,000,000 ordinary shares (30 June 2022: 498,000,000 ordinary shares).

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 (“**FYE**”) 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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CNERGENZ**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2023**

	As at 30.6.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	21,346	20,595
Right-of-use assets	3,145	67
Intangible assets	87	46
Prepayments	-	1,511
	24,578	22,219
CURRENT ASSETS		
Inventories	22,472	20,374
Receivables, deposits and prepayments	61,482	53,442
Investment in quoted shares	991	458
Current tax receivable	-	99
Deposits, cash and bank balances	121,283	105,571
	206,228	179,944
TOTAL ASSETS	230,806	202,163
CURRENT LIABILITIES		
Payables and accrued liabilities	57,492	49,506
Contract liabilities	8,958	2,396
Lease liabilities	30	35
Hire purchase liabilities	393	426
Current tax provision	1,393	194
	68,266	52,557
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	122,475	122,475
Capital reorganisation reserves	(65,820)	(65,820)
Currency translation reserves	8,247	3,916
Retained profits	96,564	87,868
TOTAL EQUITY	161,466	148,439
NON-CURRENT LIABILITIES		
Lease liabilities	-	15
Hire purchase liabilities	746	843
Deferred tax liabilities	328	309
	1,074	1,167
TOTAL EQUITY AND LIABILITIES	230,806	202,163
Net assets per ordinary share attributable to ordinary equity holders of the Company ⁽¹⁾ (RM)	0.32	0.30

Note:-

(1) Net assets per ordinary share attributable to ordinary equity holders of the Company is calculated based on the share capital of the Company as at 30 June 2023, comprising 498,000,000 ordinary shares.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FPE 30 JUNE 2023**

← Attributable to owners of the Company →

	Share capital RM'000	Capital reorganisation reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2022	66,020	(65,820)	1,767	69,139	71,106
<u>Total comprehensive income</u>					
Net profit for the financial year	-	-	-	21,717	21,717
Other comprehensive income for the financial year, net of tax	-	-	2,149	-	2,149
<u>Transactions with owners, recognised directly in equity</u>					
Issuance of ordinary shares	58,000	-	-	-	58,000
Share issuance expenses	(1,545)	-	-	-	(1,545)
Dividends	-	-	-	(2,988)	(2,988)
Balance as at 31 December 2022	122,475	(65,820)	3,916	87,868	148,439
Balance as at 1 January 2023	122,475	(65,820)	3,916	87,868	148,439
<u>Total comprehensive income</u>					
Net profit for the financial period	-	-	-	12,680	12,680
Other comprehensive income for the financial period, net of tax	-	-	4,331	-	4,331
<u>Transactions with owners, recognised directly in equity</u>					
Dividends	-	-	-	(3,984)	(3,984)
Balance as at 30 June 2023	122,475	(65,820)	8,247	96,564	161,466

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 30 JUNE 2023**

	6 months ended 30.6.2023 RM'000	6 months ended 30.6.2022 RM'000
OPERATING CASH FLOWS		
Net profit for the financial period	12,680	12,937
Adjustments for:		
Property, plant and equipment (“PPE”):		
- depreciation	1,277	831
- written off	6	-
Gain on disposal of PPE	-	(181)
Depreciation of right-of-use assets	63	19
Amortisation of intangible assets	4	-
Interest income	(1,629)	(129)
Finance costs	28	32
Net unrealised foreign currency exchange (gain)/loss	(33)	484
Realised foreign currency exchange gain	-	(57)
Investment in quoted security:		
- gain on disposal	(163)	-
- fair value (gain)/loss	(224)	238
Tax expense	4,115	4,280
Operating profit before changes in working capital	16,124	18,454
Changes in working capital:		
- Inventories	(2,049)	(16,127)
- Receivables	(6,634)	(38,275)
- Payables	16,281	43,927
Cash generated from operations	23,722	7,979
Tax paid	(2,762)	(2,250)
Net operating cash flow	20,960	5,729
INVESTING CASH FLOWS		
Purchases of PPE	(1,773)	(11,884)
Proceed from disposal of PPE	-	181
Purchase of intangible assets	(39)	-
Purchase of right-of-use assets	(3,022)	-
Withdrawal of fixed deposits with a licensed bank which have maturity period of more than 3 months	-	2,245
Purchase of quoted security	(548)	-
Proceed from disposal of quoted security	403	-
Interest received	1,629	129
Net investing cash flow	(3,350)	(9,329)

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C N E R G E N Z**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 30 JUNE 2023**

	6 months ended 30.6.2023 RM'000	6 months ended 30.6.2022 RM'000
FINANCING CASH FLOWS		
Dividend paid	(3,984)	(10,000)
Repayment of principal portion of lease liabilities	(21)	(25)
Repayment of interest on lease liabilities	(1)	(1)
Repayment of principal portion of hire purchase liabilities	(157)	(215)
Repayment of interest on hire purchase liabilities	(27)	(31)
Increase of share capital	-	58,000
Net cash financing cash flow	(4,190)	47,728
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,420	44,128
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	104,300	56,516
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,335	2,252
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	120,055	102,896
Cash and cash equivalents comprise:		
Fixed deposits	111,450	84,244
Cash and bank balances	9,833	18,919
	121,283	103,163
Less: Fixed deposits pledged with licensed banks	(1,228)	(267)
	120,055	102,896

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”)

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with all the new Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs issued by the Malaysian Accounting Standards Board and Rule 9.22 and Appendix 9B of the Listing Requirements.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements. The explanatory notes attached to these unaudited condensed consolidated 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 Cnergenz Berhad and its subsidiaries (“Group”) since the FYE 31 December 2022.

A2 Significant Accounting Policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the Audited Financial Statement for the FYE 31 December 2022, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2023:

Effective for annual periods commencing on or after 1 January 2023

Amendments to MFRS 101 ‘Presentation of Financial Statements’ and MFRS Practice Statement 2 on ‘Disclosure of Accounting Policies’

Amendments to MFRS 108 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ on ‘Definition of Accounting Estimates’

Amendments to MFRS 112 ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

New Standards and amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

Effective for annual periods commencing on or after 1 January 2024

Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current Liabilities and Deferral of Effective Date (2021 Amendments)' and 'Non-current Liabilities with Covenants' (2022 Amendments)

Amendments to MFRS 16 'Leases' on 'Lease Liability in a Sale and Leaseback'

Issued but not yet effective

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 31 December 2022 was not subject to any qualification.

A4 Seasonality

The Group's business operations were not significantly affected by any seasonal or cyclical factors.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

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

A6 Changes in Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter under review.

A7 Dividends paid

No dividend has been declared by the Board of Directors of the Company during the current financial quarter under review.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023****A8 Operating segments**

The Group only has one operating segment qualified as reporting segment under MFRS 8.

A9 Revenue by products / services

The breakdown of the Group's revenue by products/services is set out as follows:

	3 months ended		Cumulative 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Provision of integrated solutions for SMT manufacturing line	16,840	34,345	57,728	45,846
Sales of standalone SMT machines and equipment	20,562	39,078	37,844	61,548
Provision of other services	1,501	3,158	3,265	6,090
Total	38,903	76,581	98,837	113,484

The major contributor to the revenue stream of the Group for the second quarter was from the sales of standalone SMT machines and equipment, which constituted 52.85% of the Group's total revenue for the FPE 30 June 2023, recording sales totalling RM20.56 million.

The Group recorded revenue of RM38.90 million in the FPE 30 June 2023, which represents a decrease of 49.20% compared to RM76.58 million recorded in the FPE 30 June 2022 due to lower sales generated in the 2nd quarter of 2023. This was primarily due to lower contribution from provision of integrated solution and sales of standalone SMT machines and equipment.

A10 Valuation of Plant and Equipment

There were no valuations of plant and equipment during the current financial quarter under review.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

A11 Material capital commitments

There were no material capital commitments during the current financial quarter under review.

A12 Material subsequent event

There were no material subsequent events since the end of this current financial quarter until the date of this announcement under review.

A13 Changes in the Composition of the Group

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

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of the current financial quarter under review.

A15 Material related party transactions

There were no material related party transactions during the current financial quarter under review.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023****B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS****B1 Review of Performance**

	Individual Period (2 nd Quarter)				Cumulative Period (6 Months)			
	Current Year Quarter 30 June 2023	Preceding Year Corresponding Quarter 30 June 2022	Variance		Current Year- to-date 30 June 2023	Preceding Year Corresponding Period 30 June 2022	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	38,903	76,581	(37,678)	(49.20)	98,837	113,484	(14,647)	(12.91)
Gross Profit	9,378	15,240	(5,862)	(38.46)	19,620	22,456	(2,836)	(12.63)
Profit Before Tax	7,151	12,345	(5,194)	(42.07)	16,795	17,217	(422)	(2.45)

The Group recorded revenue of RM38.90 million for the current FPE 30 June 2023, which represents a decrease of 49.20% compared to RM76.58 million recorded in the preceding FPE 30 June 2022 due to lower sales generated in the 2nd quarter of 2023. Such decrease was primarily due to lower contribution from provision of integrated solution and sales of standalone SMT machines and equipment.

The Group recorded revenue of RM98.84 million for the current year to date 30 June 2023, which represents a decrease of 12.91% compared to RM113.48 million recorded in preceding year corresponding period 30 June 2022. Such decrease was mainly due to lower sales contributions from provision of integrated solution.

In line with the factors above, the Group registered a profit before tax of RM7.15 million in the FPE 30 June 2023, which represents a decrease of 42.07% compared to RM12.35 million recorded in the preceding FPE 30 June 2022.

B2 Comment on material change in profit before taxation for current quarter compared with the immediately preceding quarter

	Current Quarter 30 June 2023	Immediate Preceding Quarter 31 March 2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	38,903	59,934	(21,031)	(35.09)
Gross Profit	9,378	10,242	(864)	(8.44)
Gross Profit Margin	24.11%	17.09%		
Profit Before Tax	7,151	9,644	(2,493)	(25.85)

The Group recorded a lower revenue of RM38.90 million in the FPE 30 June 2023, compared to RM59.93 million revenue recorded in the immediate preceding quarter. This was mainly due to lower contributions from provision of integrated solution.

The Group recorded gross profit of RM9.38 million for the current FPE 30 June 2023, translating to a gross profit margin of 24.11%.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

B3 Prospects

As disclosed in the Prospectus dated 29 April 2022, the SMT manufacturing solutions industry in Southeast Asia is expected to recover and register a compound annual growth rate (“**CAGR**”) of 8.0% between years 2022 to 2024, driven by, amongst others, the following factors:-

- (a) emergence of a new wave of final electronic products to allow for technologies such as smart factories, autonomous cars and smart home devices as a result of technological revolution;
- (b) rapid technological advancements in the electronics and semiconductor industries (“**E&S Industry(ies)**”) as there are constant introductions of new products due to advancements and innovations; and
- (c) shift towards smart factories to fully automate operations will create demand for electronics manufacturing solutions that enable smart factories.

Further, the industry size for SMT manufacturing solutions in Malaysia, Vietnam and Thailand, where Cnergenz presently operates, are forecasted to grow at CAGRs of 7.2%, 8.0% and 8.0%, respectively, between years 2022 to 2024. This is mainly driven by the adoption of smart factory solutions by global and regional E&S Industries as many corporations aim to achieve higher production yield, minimise human dependency, optimise resource allocation and enhance cost competitiveness. Given the rising demand for such operational requirements and aspirations, our Group is in a better position to capitalize on such opportunities by leveraging on our core competitive strengths and our existing established market presence in the smart factory solutions segments.

We also expect the growth trend in electronics manufacturing industry in South East Asia to continue given the existing trade diversion from China to South East Asia. We also believe that upgrading of our service offerings and continued investments in our operations will enable us to benefit from the current positive outlook of the electronics manufacturing industry in Southeast Asia, particularly Malaysia, Vietnam and Thailand. Notwithstanding the above, our Group remains cautious and will continue to closely monitor the business environment in view of the uncertainties plaguing the global economy.

As of 30 June 2023, our Group has secured purchase orders totalling RM31.95 million for our integrated solutions and sale of individual machinery, equipment and tools, which are expected to be fulfilled by this financial year.

B4 Variance between Actual Profit and Forecast Profit

The Group has not provided any profit forecast in any public documents or announcements.

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C N E R G E N Z**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023****B5 Taxation**

	3 months ended		Cumulative 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Current tax	1,717	3,048	4,115	4,280
Total	1,717	3,048	4,115	4,280
Effective tax rate (%)	24.01	24.69	24.50	24.86
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax for the current financial quarter under review and current financial period-to-date.

The effective tax rates of the Group for the current financial quarter under review and current financial period-to-date are higher than the Malaysia statutory tax rate mainly due to certain non-deductible expenses.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current financial quarter under review.

B7 Quoted securities

The net purchase of investments in quoted securities by the Group for the current financial quarter and financial period-to-date under review are as follows:-

	3 months ended		Cumulative 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Total net purchase of investments in quoted securities	-	-	548	-

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

B8 Status of Corporate Proposals

Save as disclosed below, there are no other corporate proposals announced but pending completion as at the date of this report:-

(a) employees' share option scheme ; and

On 7 April 2023, UOB Kay Hian (M) Sdn Bhd (“**UOBKH**”) had, on behalf of the Board, announced that the Company proposes to establish an employees' share option scheme (“**ESOS**”) of up to 10% of the total number of issued ordinary shares in Cnergenz (“**Cnergenz Shares**”) (excluding treasury shares, if any) at any point in time throughout the duration of the ESOS to the eligible Directors and employees of Cnergenz Group (“**Proposed ESOS**”).

On 26 April 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter on even date, approved the listing of and quotation for such number of new Cnergenz Shares, representing up to 10% of the total number of issued Cnergenz Shares (excluding treasury shares, if any), to be issued pursuant to the exercise of the ESOS options under the Proposed ESOS, subject to the following conditions:-

- i. UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation;
- ii. UOBKH is required to submit a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS; and
- iii. Cnergenz is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.

Subsequently, the Company has obtained its shareholders' approval on the Proposed ESOS at an extraordinary general meeting held on 24 May 2023.

Barring any unforeseen circumstances, the Proposed ESOS is expected to be implemented by the 3rd quarter of 2023.

(b) Proposed transfer of Cnergenz from the ACE Market to the Main Market of Bursa Securities

On 11 August 2023, UOB Kay Hian Securities (M) Sdn Bhd had, on behalf of the Board, announced that the Group proposed to undertake the proposed transfer of the listing of and quotation for the entire issued share capital of the Group from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”). The application in relation to the Proposed Transfer has been submitted to the Securities Commission Malaysia on 15 August 2023.

B9 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of the current financial quarter under review to the date of the interim financial report.

B10 Material Litigation

As at the date of this report, there is no litigation against the Group which has a material effect on the financial position of the Group and the Board is not aware of any material litigation or any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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C N E R G E N Z**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023****B11 Earnings Per Share (“EPS”)**

	3 months ended		Cumulative 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit attributable to owners of the Company (RM'000)	5,434	9,297	12,680	12,937
Number of ordinary shares in issue ('000)	498,000	498,000	498,000	498,000
Basic EPS (sen)	1.09	1.87	2.55	2.60

There are no dilutive instruments as at the end of the current financial quarter under review.

B12 Notes to the Statement of Comprehensive Income

	3 months ended		Cumulative 6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
The following items have been charged / (credited) in arriving profit from operations:				
Employee benefit costs	2,096	1,635	3,914	3,562
Director's fee	64	68	132	136
Depreciation of property, plant and equipment	654	536	1,277	831
Depreciation of right-of-use assets	41	9	63	19
Rental income	(76)	(87)	(206)	(150)
Professional fees	181	763	264	944
Short-term lease payment on office premises	16	18	29	38

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023****B13 Utilisation of Proceeds Raised from the IPO**

The status of utilisation of the gross proceeds arising from the IPO amounting to RM58.0 million are set out as follows:

Details of use	Proposed Utilisation		Estimated Timeframe for Utilisation	Actual Utilisation as at 30 June 2023 RM'000	Balance as at 30 June 2023 RM'000
	RM'000	(%)			
1. Expansion of the Group's facility	37,800	65.17	Within 24 months	3,180	34,620
2. Research and development expenditure	6,000	10.35	Within 24 months	1,475	4,525
3. Working capital	10,000	17.24	Within 12 months	10,000	-
4. Estimated listing expenses	4,200	7.24	Within 3 months	4,200	-
	58,000	100.00		18,855	39,145

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 April 2022.

B14 Dividend

No dividend has been declared by the Board of Directors of the Company during the current financial quarter under review.

B15 Authorisation

The interim financial report was authorised for announcement by the Board in accordance with a resolution of the Board.