

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 first quarter and financial period ended (“**FPE**”) 31 March 2024.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FPE 31 MARCH 2024

	3 months ended		Cumulative 3 months ended	
	31.3.2024 RM'000 (Unaudited)	31.3.2023 RM'000 (Unaudited)	31.3.2024 RM'000 (Unaudited)	31.3.2023 RM'000 (Unaudited)
Revenue	31,217	59,934	31,217	59,934
Cost of sales and services	(26,648)	(49,692)	(26,648)	(49,692)
Gross profit	4,569	10,242	4,569	10,242
Other income	0	130	0	130
Selling and distribution expenses	(751)	(565)	(751)	(565)
General and administrative expenses	(2,184)	(1,557)	(2,184)	(1,557)
Other gain– net	1,217	581	1,217	581
Operating profit	2,851	8,831	2,851	8,831
Finance income	981	827	981	827
Finance costs	(24)	(14)	(24)	(14)
Profit before tax	3,808	9,644	3,808	9,644
Tax expense	(1,012)	(2,398)	(1,012)	(2,398)
Net profit for the financial period	2,796	7,246	2,796	7,246
Other comprehensive income net of tax				
Currency translation differences	2,978	(252)	2,978	(252)
Total comprehensive income for the financial period	5,774	6,994	5,774	6,994
Basic earnings per ordinary share⁽¹⁾ (sen)	0.56	1.50	0.56	1.50

Notes:-

- (1) Basic earnings per ordinary share is calculated based on the weighted average share capital of the Company as at 31 March 2024, comprising 498,000,000 ordinary shares (31 March 2023, comprising 483,479,452 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 31 December 2023 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
31 MARCH 2024**

	As at 31.3.2024 RM'000 (Unaudited)	As at 31.12.2023 RM'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	20,111	21,535
Right-of-use assets	3,252	3,182
Intangible assets	88	88
	23,451	24,805
CURRENT ASSETS		
Inventories	22,766	18,306
Receivables, deposits and prepayments	47,283	33,035
Investment in quoted shares	1,189	1,155
Current tax receivable	777	769
Deposits, cash and bank balances	120,385	121,598
	192,400	174,863
TOTAL ASSETS	215,851	199,668
CURRENT LIABILITIES		
Payables and accrued liabilities	49,980	35,681
Contract liabilities	530	41
Lease liabilities	8	15
Hire purchase liabilities	681	699
Current tax provision	-	212
	51,199	36,648
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	122,475	122,475
Capital reorganisation reserves	(65,820)	(65,820)
Currency translation reserves	9,255	6,277
Retained profits	96,921	98,109
TOTAL EQUITY	162,831	161,041
NON-CURRENT LIABILITIES		
Hire purchase liabilities	1,335	1,507
Deferred tax liabilities	486	472
	1,821	1,979
TOTAL EQUITY AND LIABILITIES		
Net assets per ordinary share attributable to ordinary equity holders of the Company ⁽¹⁾ (RM)	0.33	0.32

*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 31 March 2024, 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 financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CNERGENZ**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FPE 31 MARCH 2024**

← 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 2023	122,475	(65,820)	3,916	87,868	148,439
<u>Total comprehensive income</u>					
Net profit for the financial year	-	-	-	14,225	14,225
Other comprehensive income for the financial year, net of tax	-	-	2,361	-	2,361
<u>Transactions with owners, recognised directly in equity</u>					
Dividends		-	-	(3,984)	(3,984)
Balance as at 31 December 2023	122,475	(65,820)	6,277	98,109	161,041
Balance as at 1 January 2024	122,475	(65,820)	6,277	98,109	161,041
<u>Total comprehensive income</u>					
Net profit for the financial period	-	-	-	2,796	2,796
Other comprehensive income for the financial period, net of tax	-	-	2,978	-	2,978
<u>Transactions with owners, recognised directly in equity</u>					
Dividends	-	-	-	(3,984)	(3,984)
Balance as at 31 March 2024	122,475	(65,820)	9,255	96,921	162,831

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 31 MARCH 2024**

	3 months ended 31.3.2024 RM'000	3 months ended 31.3.2023 RM'000
OPERATING CASH FLOWS		
Net profit for the financial period	2,796	7,246
Adjustments for:		
Property, plant and equipment (“PPE”):		
- depreciation	1,039	623
- gain on disposal	(1,227)	-
- written off	2	-
Depreciation of right-of-use assets	22	22
Amortisation of Intangible assets	3	1
Interest income	(981)	(827)
Finance costs	24	14
Net unrealised foreign currency exchange gain	(340)	(240)
Realised foreign currency exchange loss	-	283
Investment in quoted security:		
- fair value gain	(34)	(624)
Tax expense	1,012	2,398
Operating profit before changes in working capital	2,316	8,896
Changes in working capital:		
- Inventories	437	(3,052)
- Receivables	(4,121)	(24,474)
- Payables	3,982	23,648
Cash generated from operations	2,614	5,018
Tax paid	(1,227)	(1,381)
Net operating cash flow	1,387	3,637
INVESTING CASH FLOWS		
Purchases of PPE	(7)	(340)
Proceed from disposals of PPE	654	-
Purchase of intangible assets	-	(20)
Purchase of right-of-use assets	-	(3,022)
Purchase of quoted security	-	(548)
Interest received	981	827
Net investing cash flow	1,628	(3,103)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 31 MARCH 2024**

	3 months ended 31.3.2024 RM'000	3 months ended 31.3.2023 RM'000
FINANCING CASH FLOWS		
Dividend paid	(3,984)	(3,984)
Repayment of principal portion of lease liabilities	(7)	(12)
Repayment of interest on lease liabilities	(1)	(1)
Repayment of principal portion of hire purchase liabilities	(212)	(96)
Repayment of interest on hire purchase liabilities	(23)	(13)
Net cash financing cash flow	(4,227)	(4,106)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,212)	(3,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	120,291	104,300
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10)	(253)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	119,069	100,475
Cash and cash equivalents comprise:		
Fixed deposits	117,518	97,251
Cash and bank balances	2,867	4,504
	120,385	101,755
Less: Fixed deposits pledged with licensed banks	(1,316)	(1,280)
	119,069	100,475

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024**

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE MAIN 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 (“MASB”) 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 financial year ended 31 December 2023 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 2023.

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 financial year ended 31 December 2023, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2024:

Effective for annual periods commencing on or after 1 January 2024

Amendment to MFRS 16 Leases - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Non-Current Liabilities with Covenants

Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current

Amendments to MFRS 107 & MFRS 7 Supplier Finance Agreements

The following are accounting standards that have been issued by the Malaysian Accounting Standards Boards but not yet effective to the Group:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 Lack of Exchangeability

Effective date yet to be confirmed

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

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
FIRST QUARTER ENDED 31 MARCH 2024**

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 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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

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 2023 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.

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.

A7 Dividends paid

The interim tax exempt (single tier) dividend of 0.8 sen per ordinary share for the financial year ended 31 December 2023 amounting to approximately RM3.98 million was declared on 26 February 2024 and paid on 1 April 2024.

A8 Operating segments

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024****A9 Revenue by products / services**

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

	3 months ended		Cumulative 3 months ended	
	31.3.2024 RM'000	31.3.2023 RM'000	31.3.2024 RM'000	31.3.2023 RM'000
Provision of integrated solutions for SMT manufacturing line	11,491	40,888	11,491	40,888
Sales of standalone SMT machines and equipment	18,584	17,282	18,584	17,282
Provision of other services	1,142	1,764	1,142	1,764
Total	31,217	59,934	31,217	59,934

The major contributor to the revenue stream of the Group for the first quarter was from the sales of standalone SMT machines and equipment, which constituted 59.53% of the Group's total revenue for FPE 31 March 2024, recording sales totalling RM18.58 million.

The Group's total revenue decreased by 47.91% from RM59.93 million in the FPE 31 March 2023 to RM31.22 million in the FPE 31 March 2024, primarily attributed to decreased sales from the Group's sales of provision of integrated solutions for SMT manufacturing line and provision of other services.

A10 Valuation of Plant and Equipment

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

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.

A13 Changes in the Composition of the Group

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

A14 Contingent liabilities or contingent assets

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

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
FIRST QUARTER ENDED 31 MARCH 2024****B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS****B1 Review of Performance**

	Individual Period (1 st Quarter)				Cumulative Period (3 Months)			
	Current Year Quarter 31 March 2024	Preceding Year Corresponding Quarter 31 March 2023	Variance		Current Year-to-date 31 March 2024	Preceding Year Corresponding Period 31 March 2023	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	31,217	59,934	(28,717)	(47.91)	31,217	59,934	(28,717)	(47.91)
Gross Profit	4,569	10,242	(5,673)	(55.39)	4,569	10,242	(5,673)	(55.39)
Profit Before Tax	3,808	9,644	(5,836)	(60.51)	3,808	9,644	(5,836)	(60.51)

The Group recorded revenue of RM31.22 million for the current FPE 31 March 2024, which represents a decrease of 47.91% compared to RM59.93 million recorded in the preceding FPE 31 March 2023. Such increase was primarily attributed to decreased sales of provision of integrated solutions for SMT manufacturing line and provision of other services.

In line with the factors above, the Group registered a profit before tax of RM3.81 million in the FPE 31 March 2024, which represents a decrease of 60.51% compared to RM9.64 million recorded in the preceding FPE 31 March 2023.

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

	Current Quarter 31 March 2024	Immediate Preceding Quarter 31 December 2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	31,217	35,678	(4,461)	(12.50)
Gross Profit	4,569	3,731	838	22.46
Gross Profit Margin	14.64%	10.46%		
Profit Before Tax	3,808	278	3,530	1,269.78

The Group recorded a decrease in revenue to RM31.22 million compared to RM35.68 million recorded in the immediate preceding quarter. This was mainly due to the decrease in sales of standalone SMT Machines and equipment and provision of other services during current quarter under review.

The Group recorded gross profit of RM4.57 million for the current FPE 31 March 2024, translating to a gross profit margin of 14.64%.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024

B3 Prospects

We anticipate that the growth trend in the electronics manufacturing industry in Southeast Asia will persist, driven by the ongoing trade diversion from China to the region. We believe that enhancing our service offerings and continuing to invest in our operations will allow us to benefit from the positive outlook, particularly in Malaysia, Thailand, and Vietnam.

Alongside our existing business operations, we are now focused on introducing our Smart Factory Solutions to the market, with a primary focus on robotics systems, integrated smart warehouses, and smart automation. Our Group is well-positioned to seize these opportunities by leveraging our core competitive strengths and our established market presence in the smart factory solutions segment.

Notwithstanding the above, our Group remains cautious and will continue to monitor the business environment closely, given the uncertainties affecting the global economy.

As of 31 March 2024, the Group has secured purchase orders totalling RM23.02 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024****B5 Taxation**

	3 months ended		Cumulative 3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Current tax	1,012	2,398	1,012	2,398
Total	1,012	2,398	1,012	2,398
Effective tax rate (%)	26.58	24.87	26.58	24.87
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 and current financial period-to-date.

The Group's effective tax rates for the current financial quarter and current financial period-to-date exceed the Malaysian statutory tax rate. This is primarily because the losses incurred by the holding company and one subsidiary cannot be offset against the taxable profits of another subsidiary. Additionally, there are certain expenses that are not deductible for tax purposes.

B6 Unquoted investments and properties

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

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current financial quarter and the financial period to date.

B8 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of current financial quarter 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024****B11 Earnings Per Share (“EPS”)**

	3 months ended		Cumulative 3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit attributable to owners of the Company (RM'000)	2,796	7,246	2,796	7,246
Weighted average number of ordinary shares in issue ('000)	498,000	483,479	498,000	483,479
Basic EPS ⁽¹⁾ (sen)	0.56	1.50	0.56	1.50

Note:-

(1) For comparative purposes, basic earnings per ordinary share is calculated based on the weighted average share capital of the Company as at 31 March 2024, comprising 498,000,000 ordinary shares (31 March 2023, comprising 483,479,452 ordinary shares).

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

B12 Notes to the Statement of Comprehensive Income

	3 months ended		Cumulative 3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
The following items have been charged / (credited) in arriving profit from operations:				
Employee benefit costs	2,454	1,818	2,454	1,818
Director's fee	83	68	83	68
Depreciation of property, plant and equipment	1,039	623	1,039	623
Depreciation of right-of-use assets	22	22	22	22
Amortisation of intangible assets	3	1	3	1
Rental income	-	(130)	-	(130)
Professional fees	220	83	220	83
Short-term lease payment on office premises	17	13	17	13

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2024****B13 Utilisation of Proceeds Raised from the IPO**

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

Details of use	Proposed Utilisation		Extended timeframe for utilisation of the Balance IPO Proceeds upon Listing	Actual Utilisation as at 31 March 2024 RM'000	Balance as at 31 March 2024 RM'000
	RM'000	(%)			
1. Expansion of the Group's facility	37,800	65.17	Within 48 months	3,462	34,338
2. Research and development expenditure	6,000	10.35	Within 36 months	2,193	3,807
3. Working capital	10,000	17.24	-	10,000	-
4. Estimated listing expenses	4,200	7.24	-	4,200	-
	58,000	100.00		19,855	38,145

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 April 2022 and the announcement issued on 25 April 2024.

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.