

**Cengild Medical Berhad**

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

**Unaudited Condensed Consolidated  
Interim Financial Report  
for the Third Quarter Ended  
31 March 2022**

# Cengild Medical Berhad

Registration No.: 202101004143 (1404442-P)

(Incorporated in Malaysia)

## Unaudited condensed consolidated statement of financial position as at 31 March 2022

	Note	Unaudited As at 31 March 2022 RM'000	Audited As at 30 June 2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in associates		-	1
Plant and equipment	A12	13,823	15,972
Right-of-use assets		11,253	17,350
<b>Total non-current assets</b>		<b>25,076</b>	<b>33,323</b>
<b>Current assets</b>			
Inventories		1,192	944
Trade receivables		4,433	4,496
Other receivables, deposits and prepayments		1,004	816
Deposits with financial institution		12,851	5,750
Cash and bank balances		201	648
<b>Total current assets</b>		<b>19,681</b>	<b>12,654</b>
<b>Total assets</b>		<b>44,757</b>	<b>45,977</b>
<b>Equity</b>			
Share Capital		12,240	12,240
Reorganisation reserves		1,530	1,530
Retained profits		5,588	8
<b>Total equity</b>		<b>19,358</b>	<b>13,778</b>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Lease liabilities	B7	15,257	21,248
<b>Total non-current liability</b>		<b>15,257</b>	<b>21,248</b>

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### Unaudited condensed consolidated statement of financial position as at 31 March 2022 (cont'd)

		Unaudited As at 31 March 2022 RM'000	Audited As at 30 June 2021 RM'000
	Note		
<b>Current liabilities</b>			
Trade payables		3,327	5,301
Other payables and accruals		5,154	2,219
Amount owing to directors		120	28
Lease liabilities	B7	1,240	914
Bank borrowings	B7	-	2,018
Current tax liabilities		301	471
<b>Total current liabilities</b>		<b>10,142</b>	<b>10,951</b>
<b>Total liabilities</b>		<b>25,399</b>	<b>32,199</b>
<b>Total equity and liabilities</b>		<b>44,757</b>	<b>45,977</b>

*The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 30 March 2022 ("Prospectus") and the accompanying explanatory notes attached to the condensed consolidated interim financial report.*

# Cengild Medical Berhad

Registration No.: 202101004143 (1404442-P)

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## Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 March 2022

Note	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	← Unaudited →		Unaudited	Audited
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	15,794	15,534	47,304	47,201
Cost of sales	(9,459)	(9,033)	(28,361)	(27,274)
Gross profit	6,335	6,501	18,943	19,927
Other income	329	16	753	189
	6,664	6,517	19,696	20,116
Administrative expenses	(3,347)	(2,451)	(10,286)	(7,934)
Other expenses	-	-	(5)	-
<b>Profit from operations</b>	3,317	4,066	9,405	12,182
Finance costs	(188)	(298)	(662)	(937)
<b>Profit before taxation</b>	3,129	3,768	8,743	11,245
Income tax expense	(1,359)	(824)	(3,163)	(2,778)
<b>Profit after taxation</b>	1,770	2,944	5,580	8,467
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the financial period</b>	1,770	2,944	5,580	8,467
<b>Profit after taxation/Total comprehensive income for the financial period attributable to:-</b>				
Owners of the Company	1,770	2,944	5,580	8,467
<b>Earnings per ordinary share (sen)<sup>(1)</sup></b>				
Basic	0.30	0.49	0.93	1.41
Diluted	0.30	0.49	0.93	1.41

<sup>(1)</sup> 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 Accountants' Report as disclosed in the prospectus of the Company dated 30 March 2022 ("Prospectus") 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 third quarter ended 31 March 2022

	Share capital RM'000	Invested capital RM'000	Reorganisation reserves RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total RM'000
<b>Audited</b>					
<b>At 1 July 2020</b>	-	12,500 <sup>(1)</sup>	-	(2,712)	9,788
<b>Contribution by and distributions to owners of the Company:</b>					
Issuance of new shares by a subsidiary	-	1,270 <sup>(2)</sup>	-	-	1,270
Dividends by a subsidiary	-	-	-	(7,284)	(7,284)
Profit after taxation/total comprehensive income for the financial period	-	-	-	8,467	8,467
<b>At 31 March 2021</b>	<u>-</u>	<u>13,770</u>	<u>-</u>	<u>(1,529)</u>	<u>12,241</u>

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### Unaudited condensed consolidated statement of changes in equity for the third quarter ended 31 March 2022 (cont'd)

	Share capital RM'000	Invested capital RM'000	Reorganisation reserves RM'000	Retained profits RM'000	Total RM'000
<b>Unaudited</b>					
<b>At 1 July 2021</b>	12,240	-	1,530 <sup>(3)</sup>	8	13,778
Profit after taxation/total comprehensive income for the financial period	-	-	-	5,580	5,580
<b>At 31 March 2022</b>	<u>12,240</u>	<u>-</u>	<u>1,530</u>	<u>5,588</u>	<u>19,358</u>

<sup>(1)</sup> This invested capital represents the share capital of Cengild Sdn Bhd before Cengild Medical Berhad acquired Cengild Sdn Bhd.

<sup>(2)</sup> During the financial period ended 31 March 2021, Cengild Sdn Bhd increased its issued and paid up share capital from RM12,500,000 to RM13,770,450 by way of issuance of new ordinary shares.

<sup>(3)</sup> This reorganisation reserve arise from the difference between the carrying value of the investment and the nominal value of shares of a direct subsidiary upon consolidation under the pooling-of-interests method of accounting.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 30 March 2022 ("Prospectus") 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 third quarter ended 31 March 2022

	Cumulative quarter ended 31 March	
	Unaudited 2022 RM'000	Audited 2021 RM'000
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	8,743	11,245
<i>Adjustments for:</i>		
Depreciation of plant and equipment	2,255	2,307
Depreciation of right-of-use assets	1,104	1,323
Impairment of goodwill	5	-
Interest expense	17	172
Interest on lease liabilities	645	765
Interest income	(127)	(31)
<b>Operating profit before working capital changes</b>	<u>12,642</u>	<u>15,781</u>
Increase in inventories	(248)	(137)
Increase in trade and other receivables	(125)	(1,840)
Increase in trade and other payables	955	1,428
Decrease in amount owing to holding company	-	(1,100)
Increase in amount owing to directors	92	-
<b>Cash generated from operations</b>	<u>13,316</u>	<u>14,132</u>
Tax paid	(3,333)	(2,161)
Interest paid	(1)	(1)
<b>Net cash from operating activities</b>	<u>9,982</u>	<u>11,970</u>
<b>Cash flows used in investing activities</b>		
Acquisition of a subsidiary, net of cash and cash equivalent acquired	2	-
Acquisition of associates	-	(1)
Placement of deposits with tenure more than 3 months	(2,820)	(3,000)
Decrease in pledged of bank balances as security	165	-
Interest received	127	31
Purchase of plant and equipment	(106)	(1,543)
<b>Net cash used in investing activities</b>	<u>(2,632)</u>	<u>(4,513)</u>

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### Unaudited condensed consolidated statement of cash flows for the third quarter ended 31 March 2022 (cont'd)

	Cumulative quarter ended 31 March	
	Unaudited 2022 RM'000	Audited 2021 RM'000
<b>Cash flows used in financing activities</b>		
Dividend paid	-	(7,285)
Interest paid	(661)	(936)
Proceeds from issuance of shares	-	1,271
Repayment of lease liabilities	(672)	(552)
Repayment of term loan	(2,018)	(3,000)
<b>Net cash used in financing activities</b>	<u>(3,351)</u>	<u>(10,502)</u>
<b>Net increase in cash and cash equivalents</b>	3,999	(3,045)
Cash and cash equivalents at the beginning of financial period	<u>4,232</u>	<u>5,548</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u>8,231</u>	<u>2,503</u>

#### (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:

	Cumulative Quarter ended 31 March	
	Unaudited 2022 RM'000	Audited 2021 RM'000
Cash and bank balances	201	869
Deposits with financial institution	<u>12,851</u>	<u>4,800</u>
	13,052	5,669
Pledged of bank balance	(1)	(166)
Deposits with tenure more than 3 months	<u>(4,820)</u>	<u>(3,000)</u>
	<u>8,231</u>	<u>2,503</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 30 March 2022 ("Prospectus") and the accompanying explanatory notes attached to the condensed consolidated interim financial report.



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## **A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND 9-MONTH FINANCIAL PERIOD 31 MARCH 2022**

### **A1. Basis of preparation**

The condensed consolidated interim financial report is unaudited and have 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 Accountants' Report as disclosed in the Prospectus dated 30 March 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report.

### **A2. Significant accounting policies**

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the audited consolidated financial statements for the financial year ended 30 June 2021.

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):

- Amendment to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021.
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2.

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

### **A3. Auditors' report**

There was no qualified audit report issued by the auditors on the audited consolidated financial statements for the financial year ended 30 June 2021.

### **A4. Seasonal or cyclical factors**

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

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### **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, except for listing expenses amounting to RM339,334 that were charged to the statement of profit or loss and other comprehensive income.

### **A6. Material changes in accounting estimates**

There were no material changes in accounting estimates for the current financial quarter under review.

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

#### **a) Initial Public Offering ("IPO")**

The Company launched its IPO and issued its prospectus in relation to the IPO on 30 March 2022 ("Prospectus"). The IPO involves the offering of 218,800,000 ordinary shares of the Company ("IPO Shares") in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"). Further details of the IPO are set out in the Prospectus.

On 7 April 2022, the Company announced that both Institutional Price and final retail price have been fixed at RM0.33 per IPO Share.

The IPO and Listing were completed on 18 April 2022.

#### **b) Long Term Incentive Plan ("LTIP")**

In conjunction with the Listing, the Company has established the LTIP comprising executives' share option scheme ("ESOS") and executives' share grant scheme for the eligible executive directors and executives of the Group as set out in the By-Laws governing the LTIP. The LTIP has taken effect on 15 April 2022.

The Company has on 15 April 2022, offered a total of 23,400,000 ESOS options to the eligible executive directors and executive of the Group, further details of which are set out in Section 4.2.4 of the Prospectus.

Saved as disclosed above, there were no other material events subsequent to the end of the current financial quarter under review up to the date of this report.

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### **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 for the current financial quarter under review, except as disclosed in Note B7.

### **A10. Dividends paid**

There were no dividends paid during the current financial quarter under review.

### **A11. Operating segments**

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

There is no single customer that contributed 10% or more to the Group's revenue.

### **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.

### **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.

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## A14. Related party transactions (cont'd)

### Identities of related parties (cont'd)

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 venture 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:

Transactions	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	← Unaudited →		Unaudited	Audited
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Administrative fee contributed by directors	-	201	146	619
Administrative fee contributed by other key management personnel	-	67	54	225
Consultant fee paid to directors	-	1,506	788	4,935
Consultant fee paid to other key management personnel	-	1,997	1,221	5,673
External consultancy fee contributed by directors	210	-	458	-
External consultancy fee contributed by other key management personnel	65	-	158	-
Management fee charge to a joint venture	2	1	7	3

With the execution of the employment agreements and deeds of assignment with effect from 1 September 2021, the previous agreements between Cengild Sdn Bhd and the consultants have been terminated and the consultant fee paid to directors and other key management personnel are now included as staff costs in the current financial quarter.

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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 31 March		
	2022	2021	Variance
	RM'000	RM'000	%
Revenue	15,794	15,534	1.67
Profit before taxation ("PBT")	<u>3,129</u>	<u>3,768</u>	(16.96)

The Group recorded revenue of RM15.79 million for the current financial quarter ended 31 March 2022, representing an increase of approximately 1.67% as compared to the preceding corresponding financial quarter ended 31 March 2021 of RM15.53 million. The increase in revenue was mainly due to the higher number of patients and number of endoscopic procedures performed.

The Group's PBT declined by RM0.64 million or 16.96% mainly due to listing expenses, which were not incurred during the preceding corresponding financial quarter ended 31 March 2021, and higher nursing staff costs.

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### B1. Review of financial performance (cont'd)

#### b) Review for the current financial period against preceding corresponding financial period

	Cumulative quarter ended 31 March		Variance %
	Unaudited 2022	Audited 2021	
	RM'000	RM'000	
Revenue	47,304	47,201	0.22
PBT	<u>8,743</u>	<u>11,245</u>	(22.25)

The Group recorded revenue of RM47.30 million for the 9-month financial period ended 31 March 2022, representing a slight increase of RM0.10 million or 0.22% as compared to the corresponding 9-month financial period ended 31 March 2021 of RM47.20 million. The slight increase in revenue was mainly due to higher number of patients and number of surgeries performed.

The Group's PBT declined by RM2.50 million or 22.25% mainly due to listing expenses, which were not incurred during the preceding corresponding financial period ended 31 March 2021, and higher nursing staff costs.

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### B2. Variation of results against preceding quarter

	← Unaudited →		
	Individual quarter ended		
	March	December	Variance
	2022	2021	%
	RM'000	RM'000	
Revenue	15,794	16,831	(6.16)
PBT	<u>3,129</u>	<u>3,338</u>	(6.26)

The Group recorded 6.16% quarter-on-quarter decrease in revenue and 6.26% quarter-on-quarter decrease in PBT. This was mainly due to lower patient volume and number of medical procedures performed as a result of shorter month and Chinese New Year period in February 2022.

### B3. Commentary on prospects

As a private healthcare service provider, the Group was allowed to continue its operations during the various phases of movement restriction order and National Recovery Plan. Malaysia has begun its transition to an endemic phase and reopened its international borders from 1 April 2022.

Hence, given the performance of the Group during the financial year ended 30 June 2021 and 9-month financial period ended 31 March 2022, the Board of Directors expects the Group to achieve satisfactory financial performance for the financial year ending 31 December 2022.

### 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:

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	← Unaudited → 2022 RM'000	2021 RM'000	Unaudited 2022 RM'000	Audited 2021 RM'000
<i>Recognised in profit or loss</i>				
<b>Current tax expense</b>				
Current financial period	<u>1,359</u>	<u>824</u>	<u>3,163</u>	<u>2,778</u>
Effective tax rate	43.43%	21.87%	36.18%	24.70%

The overall effective tax rates of 43.43% for individual quarter ended 31 March 2022 and 36.18% for 9-month financial period ended 31 March 2022 were higher than the statutory tax rate of 24% due to the non-deductible expenses incurred including listing expenses incurred during the current financial period.

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

### B6. Status of corporate proposals announced

There is no 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:

		<b>Unaudited</b>	<b>Audited</b>
		<b>As at</b>	<b>As at</b>
		<b>31 March</b>	<b>30 June</b>
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>			
Lease liabilities	B7.1	15,257	21,248
		<u>15,257</u>	<u>21,248</u>
<b>Current</b>			
Term loans - secured		-	2,018
Lease liabilities	B7.1	1,240	914
		<u>1,240</u>	<u>2,932</u>

The above borrowings are denominated in Ringgit Malaysia.

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### B7. Loans and borrowings (cont'd)

#### 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
<b>Unaudited</b>			
<b>31.3.2022</b>			
Less than one year	1,957	717	1,240
Between one to five years	8,660	2,232	6,428
Over 5 years	9,681	852	8,829
	<u>20,298</u>	<u>3,801</u>	<u>16,497</u>
<b>Audited</b>			
<b>30.6.2021</b>			
Less than one year	1,895	981	914
Between one to five years	10,966	3,199	7,768
Over 5 years	15,024	1,544	13,480
	<u>27,885</u>	<u>5,724</u>	<u>22,162</u>

### B8. Material litigation

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

### B9. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

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### B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 31 March 2022 and 2021, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Individual quarter ended 31 March ← Unaudited →		Cumulative quarter ended 31 March	
	2022	2021	Unaudited 2022	Audited 2021
Profit for the financial period attributable to owners of the Company (RM'000)	<u>1,770</u>	<u>2,944</u>	<u>5,580</u>	<u>8,467</u>
Based on weighted average number of ordinary shares outstanding during the financial period ('000)	600,000	600,000 <sup>(1)</sup>	600,000	600,000 <sup>(1)</sup>
Earnings per ordinary share (sen)	<u>0.30</u>	<u>0.49</u>	<u>0.93</u>	<u>1.41</u>

<sup>(1)</sup> The basic and diluted EPS is calculated based on PAT attributable to owners of our Company divided by our number of issued Shares of 600,000,000 after the completion of Acquisition but prior to our IPO.

The Company has no potential ordinary shares in issue as at the date of the statement of financial position. Diluted earnings per share is equal to basic earnings per share.

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### B11. Profit before taxation

	Individual quarter ended 31 March		Cumulative quarter ended 31 March	
	← Unaudited →		Unaudited	Audited
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Depreciation:				
- plant and equipment	735	783	2,255	2,307
- right-of-use assets	310	441	1,104	1,323
Directors' remuneration	1,529	-	3,760	-
Impairment loss of goodwill	-	-	5	-
Interest expense on lease liabilities	187	253	645	765
Listing expenses	339	-	1,269	-
Staff costs:				
- defined contribution benefits	469	105	1,115	390
- others	3,489	1,054	8,895	3,716
Interest expense on financial liabilities that are not fair value through profit or loss:				
- term loan	-	45	16	171
- others	1	-	1	1
COVID-19 related subsidies from government	-	-	-	(152)
Total interest income on financial assets measured at amortised cost	(52)	(14)	(127)	(31)

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 utilisation of proceeds from the IPO of RM72.20 million is as follows:

	<b>Intended timeframe for utilisation upon listing</b>	<b>Proposed utilisation RM'000</b>	<b>Amount utilised as at to date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Deviation</b>	
					<b>RM'000</b>	<b>%</b>
Expansion of existing medical centre	Within 36 months	13,000	-	13,000	-	-
Establishing new medical centres	Within 36 months	37,100	-	37,100	-	-
Working capital	Within 24 months	17,404	-	17,404	-	-
Defraying the listing expenses	Within 1 month	4,700	4,325	375	-	-
Total		<u>72,204</u>	<u>4,325</u>	<u>67,879</u>	<u>-</u>	<u>-</u>

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.