

CENTRAL GLOBAL BERHAD and its subsidiaries
Registration No. 201801036114 (1298143-T) (Incorporated in Malaysia)

Condensed Consolidated Statement Of Financial Position
As at 30 September 2019

	30 September 2019	31 December 2018
	<u>Unaudited</u>	<u>Audited</u>
	RM'000	RM'000
<u>Assets</u>		
Property, plant & equipment	12,902	15,023
Prepaid lease payments	1,394	1,429
Investment properties	997	1,017
Deferred Tax Assets	64	64
Goodwill	22	22
Total non-current assets	15,379	17,555
Inventories	17,281	19,585
Trade & other receivables	33,656	37,031
Deposit, cash & bank balances	12,487	8,199
Total current assets	63,424	64,815
Total Assets	78,803	82,370
<u>Equity</u>		
Share capital	51,407	51,407
Reserves	274	275
Retained earnings	(3,633)	(3,106)
Total equity attributable to owners of the Company	48,048	48,576
Non-controlling interests	3,706	3,546
Total equity	51,754	52,122
<u>Liabilities</u>		
Employee benefits	1,696	1,717
Deferred tax Liabilities	910	910
Total non-current liabilities	2,606	2,627
Trade & other payables	21,940	27,621
Short term borrowings	2,503	-
Total current liabilities	24,443	27,621
Total liabilities	27,049	30,248
Total Equity and Liabilities	78,803	82,370
Net assets per ordinary share (RM)	0.53	0.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD and its subsidiaries
Registration No. 201801036114 (1298143-T) (Incorporated in Malaysia)

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For Nine Months Ended 30 September 2019

	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	30 September		30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	28,417	34,612	76,451	62,500
Cost of sales	(25,128)	(31,809)	(67,921)	(55,802)
Gross profit	3,289	2,803	8,530	6,698
Other operating income	167	87	344	179
Selling and distribution expenses	(933)	(971)	(2,857)	(2,815)
Administrative expenses	(1,900)	(1,912)	(6,112)	(4,442)
Other operating expenses	(54)	(161)	(190)	(407)
Profit / (Loss) from operating activities	569	(154)	(285)	(787)
Finance costs	(46)	-	(147)	-
Finance income	70	83	166	252
Share of net profit of associated company	-	-	-	165
Loss on previously held interest in associated company	-	-	-	(628)
Net finance costs	24	83	19	(211)
Profit / (Loss) before tax	593	(71)	(266)	(998)
Tax expense	(35)	211	(100)	211
Profit / (Loss) for the period	558	140	(366)	(787)
Other comprehensive income/(expense) , net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(11)	26	(1)	(4)
Remeasurement of defined benefit liability	-	-	-	-
Other comprehensive income/(expense) for the period	(11)	26	(1)	(4)
Total comprehensive income/(loss) for the period/year	547	166	(367)	(791)
Profit / (Loss) attributable to :				
Owners of the Company	499	463	(526)	(464)
Non-controlling interests	59	(323)	160	(323)
Profit / (Loss) for the period	558	140	(366)	(787)

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Total comprehensive income / (loss) attributable to :

Owners of the Company	488	489	(527)	(468)
Non-controlling interests	59	(323)	160	(323)
Total comprehensive income / (loss) for the period	<u>547</u>	<u>166</u>	<u>(367)</u>	<u>(791)</u>

Basic profit / (loss) per ordinary share (sen)	0.55	0.51	(0.58)	(0.52)
Diluted profit / (loss) per ordinary share (sen)	0.55	0.51	(0.58)	(0.52)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD and its subsidiaries
Registration No. 201801036114 (1298143-T) (Incorporated in Malaysia)

Condensed Consolidated Statement Of Changes In Equity
For The Nine Months Ended 30 September 2019 - Unaudited

	/----- Attributable to owners of the Company -----/				Retained Earnings RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Reorganisation Reserve RM'000			
At 1 January 2019	-	-	275	51,407	(3,107)	3,546	52,122
Foreign currency translation differences for foreign operations	-	-	(1)	-	-	-	(1)
Total other comprehensive income for the period	-	-	(1)	-	-	-	(1)
Profit for the period	-	-	-	-	(526)	160	(366)
Total comprehensive income for the period	-	-	(1)	-	(526)	160	(367)
<i>Contributions by and distributions to owners of the Company</i>							
- Shares exchange with CICB	51,407	-	-	(51,407)	-	-	-
- Acquisition of new subsidiary	-	-	-	-	-	-	-
Total transactions with owners of the Company	51,407	-	-	(51,407)	-	-	-
At 30 September 2019	51,407	-	274	-	(3,633)	3,706	51,754

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Condensed Consolidated Statement Of Changes In Equity
For The Nine Months Ended 30 September 2018 – Unaudited

	/----- Attributable to owners of the Company -----/						
	/----- Non- distributable -----/		/ Distributable				
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Reorganisation Reserve RM'000	Retained Earnings RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2018	-	-	277	51,407	1,375	-	53,059
Foreign currency translation differences for foreign operations	-	-	(4)		-	-	(4)
Total other comprehensive income for the period	-	-	(4)		-	-	(4)
Profit for the period	-	-	-		(464)	(323)	(787)
Total comprehensive income for the period	-	-	(4)	-	(464)	(323)	(791)
<i>Contributions by and distributions to owners of the Company</i>							
- Dividend paid for FY2017	-	-	-	-	(875)		(875)
- Acquisition of new subsidiary	-	-	-	-	-	3,745	3,745
Total transactions with owners of the Company	-	-	-	-	(875)	3,745	2,870
At 30 September 2018	-	-	273	51,407	36	3,422	55,138

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD and its subsidiaries
Registration No. 201801036114 (1298143-T) (Incorporated in Malaysia)

Condensed Consolidated Statement Of Cash Flows
For The Nine Months Ended 30 September 2019

	Nine months ended 30 September	
	<u>2019</u>	<u>2018</u>
	<u>Unaudited</u>	<u>Unaudited</u>
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax from - continuing operations	(266)	(998)
Adjustment for :-		
Amortisation of prepaid lease payments	36	36
Depreciation of property, plant and equipment	2,424	1,710
Depreciation of investment properties	21	21
Finance income	(200)	(252)
Property, plant & equipment written off	1	-
Loss/(Gain) on disposal of property, plant and equipment	(20)	1
Provision for retirement benefits	114	132
Loss on previously held interest in PBSB	-	628
Share of net profit of associated company	-	(165)
Operating profit / (loss) before changes in working capital	<u>2,110</u>	<u>1,113</u>
Change in inventories	2,303	(248)
Change in trade and other receivables	3,293	(11,763)
Change in trade and other payables	(5,400)	8,537
Cash (used in) / generated from operations	<u>2,306</u>	<u>(2,361)</u>
Income tax (paid) / refund	(309)	(207)
Retirement benefit paid	(133)	(34)
Net cash flow (used in) / from operating activities	<u>1,864</u>	<u>(2,602)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(310)	(113)
Interest received	200	252
Investment in associated company	-	(2,984)
Proceeds from disposal of property, plant and equipment	29	-
Net cash flow from / (used in) investing activities	<u>(81)</u>	<u>(2,845)</u>
Cash flows from financing activities		
Dividend paid to the owners of the Company	-	(875)
Drawdown of bank borrowings	2,503	-
Net cash flow from / (used in) financing activities	<u>2,503</u>	<u>(875)</u>

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Net increase / (decrease) in cash & cash equivalents	4,286	(6,322)
Effect of exchange rate fluctuations on cash held	1	1
Effect of acquisition of new subsidiary	-	6,725
Cash and cash equivalents at 1 January	8,199	12,493
Cash and cash equivalents at 30 September	<u>12,486</u>	<u>12,897</u>

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

	Nine months ended	
	30 September	
	<u>2019</u>	<u>2018</u>
	RM'000	RM'000
Fixed deposits placed with a licensed bank	4,192	4,615
Short term deposit	-	-
Cash and bank balances	8,294	8,282
	<u>12,486</u>	<u>12,897</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the condensed consolidated interim financial statements for the nine months ended 30 September 2019

1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and Malaysia Financial Reporting Standards (MFRS) 134, *Interim Financial Reporting* in Malaysia and also comply with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2018. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

2. Significant Accounting Policies

The accounting principles and policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- 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 Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned accounting standards, amendments and interpretations become effective.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the Group and the Company except as mentioned below:

(i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. **Auditors' Report**

The auditor's report of the preceding annual financial statements is not subject to any qualification.

4. **Changes in the Composition of the Group**

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

5. **Seasonal or Cyclical Factors**

The Group's performance is not materially affected by any seasonal or cyclical factors.

6. **Debts and Equity Securities**

There were no issuances, cancellation, repurchases, resale or repayments of debt or equity securities for the current quarter under review.

7. **Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current quarter under review.

8. **Unquoted Investments and Properties**

There were no purchases or sales of unquoted investments and properties in the current quarter under review.

9. **Quoted Securities**

There were no purchases or sales of quoted securities during the current quarter under review.

10. **Changes in Estimates**

There were no changes in estimates that have a material effect in the current interim results.

11. **Exceptional or unusual items**

There were no exceptional or unusual items for the Group in the current quarter under review.

12. Corporate Proposals

There were no new corporate proposal/exercise for the Group in the quarter under review.

13. Material Litigation

The Group has not engaged in any litigation which has a material effect on the financial position of the Group for the quarter under review.

14. Valuations of Property, Plant & Equipment

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

15. Dividends Paid

There was no dividend paid during the quarter under review.

16. Segmental Reporting

The Group's primary business segment is principally engaged in the manufacture and sale of self-adhesive tapes, labels stocks and trading of other self-adhesive label stocks and tapes as well as construction and construction related activities.

Segmental reporting for the Group by business unit for the current quarter ended 30 September 2019 are stated as follows:-

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	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	2019	30 Sep 2018	2019	30 Sep 2018
<u>Segment Revenue - Unaudited</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	14,069	17,175	41,957	45,063
- Construction	14,348	17,437	34,494	17,437
- Other	-	-	-	-
Total Segment Revenue	28,417	34,612	76,451	62,500

	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	2019	30 Sep 2018	2019	30 Sep 2018
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	467	810	(648)	348
- Construction	152	(881)	419	(1,346)
- Other	(26)	-	(37)	-
Profit / (Loss) Before Tax	593	(71)	(266)	(998)

17. Contingent Liabilities or Contingent Assets

The contingent liabilities of the Group are RM14.80 Million. This are in relation to Corporate Guarantees issued to developers, suppliers and banks for Proventus Bina S/B operational requirements.

18. Capital Commitments

The amount of capital commitments for the purchase of properties, plant & equipment not provided for in the interim financial statements are as follow:

	Quarter ended 30 September 2019 RM'000	Quarter ended 30 Sptember 2018 RM'000
Amount approved but not contracted for Property, plant & equipment	Nil	Nil

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19. Subsequent Events

There were no subsequent events up to the date of this interim report that have not been reflected in these interim financial statements.

20. Review of Performance

The Group recorded revenue of RM28.417 Million and Profit Before Tax (PBT) of RM0.593 Million in the quarter under review as compared to revenue of RM34.612 Million and Loss Before Tax (LBT) of RM0.071 Million recorded in the corresponding quarter last year.

Manufacturing operations recorded PBT of RM0.467 Million in the quarter under review compared to RM0.810 Million in the corresponding quarter.

Construction operations recorded PBT of RM0.152 Million during the current quarter as compared to the corresponding quarter's LBT of RM0.881 Million which was attributed to additional construction cost incurred as a result of the fire incident at one of projects.

21. Material Changes in results with immediate preceding quarter

The comparison of the Group's revenue and Profit Before Tax for the current quarter and preceding quarter are summarized as follows:-

	Quarter ended 30 Sep 2019 RM'000	Quarter ended 30 Jun 2019 RM'000	Variance RM'000	%
Revenue	28,417	26,932	1,485	5.5%
Profit before tax	593	569	24	4.2%

The Group's revenue increased by 5.5% from RM26.932 Million in the immediate preceding quarter to RM28.417 Million in the current quarter under review. The increase in revenue was mainly contributed by higher revenue of construction operations which recorded revenue of RM14.348 Million as compared to preceding quarter's revenue of RM12.456 Million.

The Group recorded Profit Before Tax of RM0.593 Million in the current quarter compared to RM0.569 Million in the preceding quarter. Profit Before Tax was attributed to increase in revenue as well as improvement in gross profit margin of manufacturing operations.

22. Commentary of Prospects

a. Manufacturing

The outlook for the 4th quarter is forecast to be extremely challenging for the export segment. Key export customers have reported over stocking with huge inventories in their warehouse as well as overstocking by their distribution channel partners due to exceptionally low market demand. As such forward export orders for the 4th quarter had been extremely muted. External factors led by a protracted trade war has seriously impeded global and regional trade. Major tape manufacturers within the region are reporting significantly lower domestic and export sales.

It is envisaged that export sales in the 4th quarter may hit new lows. The team remain focus on existing customers for ways to support them to prevent competitive attrition while attempting to increase market share from competitors' by approaching their customers who are known to purchase large volumes with aggressive price strategy. The strategy is critical to maintain production volumes and sustain a reasonable unit cost and resultant gross profit margin.

Domestic revenue is forecast to be flat against the 3rd quarter amidst soft and uncertain market sentiments. The push in trading items sales will cushion some of the impact of soft demand for labels stocks and tapes and the focus will be to improve gross profit margins via a better product sales mix.

The plant's output for the 4th quarter is forecast to decline from the 3rd quarter. This will impact gross profit margin as unit cost will increase correspondingly and impact overall profitability. Areas within the plant's control such as material wastages and unnecessary process costs will be closely monitored under such challenging operational and market conditions.

b. Construction

Malaysia's construction sector recorded the value of construction work done of RM36.1 billion in Q3 2019, or a growth of 0.6% as compare to RM35.9 billion recorded in Q2 2019. The positive growth was driven by growth in civil engineering sub-sectors with 7.5% growth. However, the non-residential & residential sub-sectors was declined 2.7% and 11.6% respectively.

The construction sector remains challenging in Q4 of 2019. The civil engineering sub-sectors which contributed approximately 45% of total work done in Q3, will remain as the key contributor in Q4. The revival of East Coast Rail Link (ECRL), along with the Penang LRT and Pan Island Link projects will provide impetus to growth.

The residential subsector is expected to grow at a marginal pace resulted by the oversupply of residential development. Affordable housing projects is expected to lead the residential subsector. The commercial subsector is expected to continuously decline due to the oversupply of office lots and neighborhood shopping mall. However, we do expect the factory shoplots and warehouses to have a moderate growth with the transformation of Malaysia as an e-commerce hub for the region.

Our construction operations is currently active with two construction projects, (a) Beacon condominiums with a contract value of RM71.55 million at current completion stage of 28% and (b) Eco Horizon project with a contract value of RM52.77 million at 27% completion stage currently.

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For the next quarter, these two projects will continue to contribute to our construction operations revenues and profits.

We have also secured a new project for upgrading road work at Sungai Buloh with a contract value of RM6.69 million which will commence construction work in Q4 2019. The project has a construction period of 5 months.

23. Profit For The Period

Profit for the period is arrived at after charging:

	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amortization of prepaid lease payments	12	12	35	35
Auditors' remuneration	33	18	88	53
Bad debts written off	-	1	-	2
Depreciation				
- Property, plant and equipment	784	572	2,424	1,462
- Investment properties	7	7	20	20
Finance costs	46	-	146	-
Loss on foreign exchange - realized	4	(3)	17	62
Inventories written off	-	124	51	183
Loss on disposal of plant and equipment	-	1	1	1
Provision for retirement benefits	38	44	113	131
Rental expense:				
- Land and building	77	72	233	160
- Equipment	6	2	17	4

And after crediting:-

Bad debts recovered	1	2	8	9
Finance income	70	83	165	252
Gain on disposal of plant and equipment	-	-	21	-
Rental income from investment properties	28	24	79	72

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24. Tax Expense

	Current quarter Three months ended 30 September		Cumulative quarter Nine months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense	37	(219)	102	(219)
(Over)/Under provision in prior year	(2)	8	(2)	8
Tax expense	35	(211)	100	(211)

25. Dividend Proposed

The Board of Directors did not recommend any dividend in the current quarter under review

26. Earnings Per Share

Basic earnings per ordinary share are calculated based on the Group's net profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the current quarter and the financial year to date.

Diluted earnings per ordinary share is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per ordinary share in accordance with MFRS 133 on Earnings per Share.

	Current quarter Three months ended 30 September		Cumulative quarter Nine months ended 30 September	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Basic				
Profit / (Loss) attributable to the owners of the company	499	463	(526)	(464)
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic earnings / (loss) per ordinary share (sen)	0.55	0.51	(0.58)	(0.52)
Diluted				
Diluted earnings / (loss) per ordinary share (sen)	0.55	0.51	(0.58)	(0.52)

27. Authorization for Issue

The interim financial statements and the accompanying notes were authorized for issue by the Board of Directors.