

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

Condensed Consolidated Statement Of Financial Position
As at 30 June 2020

	30 June 2020	31 December 2019
	<u>Unaudited</u>	<u>Audited</u>
	RM'000	RM'000
<u>Assets</u>		
Property, plant & equipment	12,843	14,094
Prepaid lease payments	1,360	1,484
Investment properties	976	990
Deferred Tax Assets	45	45
Goodwill	22	22
Total non-current assets	15,246	16,635
Inventories	15,434	14,550
Trade & other receivables	44,647	44,551
Deposit, cash & bank balances	13,477	15,588
Total current assets	73,558	74,689
Total Assets	88,804	91,324
<u>Equity</u>		
Share capital	51,407	51,407
Reserves	289	277
Retained earnings	(3,789)	(3,716)
Total equity attributable to owners of the Company	47,907	47,968
Non-controlling interests	4,850	4,577
Total equity	52,757	52,545
<u>Liabilities</u>		
Employee benefits	1,729	1,656
Hire Purchase Payables	235	282
Deferred tax Liabilities	641	641
Total non-current liabilities	2,605	2,579
Trade & other payables	29,762	33,487
Lease Liability	-	101
Short term borrowings	3,680	2,612
Total current liabilities	33,442	36,200
Total liabilities	36,047	38,779
Total Equity and Liabilities	88,804	91,324
Net assets per ordinary share (RM)	0.53	0.53

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2019 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 Six Months Ended 30 June 2020

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June		30 June	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	20,035	26,932	49,981	48,034
Cost of sales	(19,610)	(23,455)	(45,925)	(42,793)
Gross profit	<u>425</u>	<u>3,477</u>	<u>4,056</u>	<u>5,241</u>
Other operating income	1,828	96	1,904	177
Selling and distribution expenses	(766)	(930)	(1,749)	(1,924)
Administrative expenses	(1,908)	(1,977)	(3,824)	(4,212)
Other operating expenses	54	(31)	(3)	(136)
Profit / (Loss) from operating activities	<u>(367)</u>	<u>635</u>	<u>384</u>	<u>(854)</u>
Finance costs	(74)	(101)	(146)	(101)
Finance income	61	35	138	96
Net finance costs	<u>(13)</u>	<u>(66)</u>	<u>(8)</u>	<u>(5)</u>
Profit / (Loss) before tax	<u>(380)</u>	<u>569</u>	<u>376</u>	<u>(859)</u>
Tax expense	77	(65)	(176)	(65)
Profit / (Loss) for the period	<u>(303)</u>	<u>504</u>	<u>200</u>	<u>(924)</u>
Other comprehensive income/(expense) , net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	13	19	12	10
Remeasurement of defined benefit liability	-	-	-	-
Other comprehensive income/(expense) for the period	<u>13</u>	<u>19</u>	<u>12</u>	<u>10</u>
Total comprehensive income/(loss) for the period	<u>(290)</u>	<u>523</u>	<u>212</u>	<u>(914)</u>
Profit / (Loss) attributable to :				
Owners of the Company	(184)	319	(73)	(1,026)
Non-controlling interests	(119)	185	273	102
Profit / (Loss) for the period	<u>(303)</u>	<u>504</u>	<u>200</u>	<u>(924)</u>

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Total comprehensive income / (loss) attributable to :				
Owners of the Company	(171)	338	(61)	(1,016)
Non-controlling interests	(119)	185	273	102
Total comprehensive income / (loss) for the period	<u>(290)</u>	<u>523</u>	<u>212</u>	<u>(914)</u>

Basic profit / (loss) per ordinary share (sen)	(0.20)	0.35	(0.08)	(1.14)
Diluted profit / (loss) per ordinary share (sen)	(0.20)	0.35	(0.08)	(1.14)

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 31.12.2019 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD and its subsidiaries
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Condensed Consolidated Statement Of Changes In Equity
For The Six Months Ended 30 June 2020 – 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 2020	51,407	-	277	-	(3,716)	4,577	52,545
Foreign currency translation differences for foreign operations	-	-	12		-		12
Total other comprehensive income for the period	-	-	12		-	-	12
Profit for the period	-	-	-		(73)	273	200
Total comprehensive income for the period	-	-	12	-	(73)	273	212
<i>Contributions by and distributions to owners of the Company</i>							
- Shares exchange with CICB	-	-	-	-	-	-	-
- Acquisition of new subsidiary	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-
At 30 June 2020	51,407	-	289	-	(3,789)	4,850	52,757

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Condensed Consolidated Statement Of Changes In Equity
For The Six Months Ended 30 June 2019 - 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 2019	-	-	274	51,407	(3,106)	3,545	52,120
Foreign currency translation differences for foreign operations	-	-	10		-	-	10
Total other comprehensive income for the period	-	-	10		-	-	10
Profit for the period	-	-	-		(1,026)	102	(924)
Total comprehensive income for the period	-	-	10	-	(1,026)	102	(914)
<i>Contributions by and distributions to owners of the Company</i>							
- Shares exchange with CICB	51,407			(51,407)			-
Total transactions with owners of the Company	51,407	-	-	(51,407)	-	-	-
At 30 June 2019	51,407	-	284	-	(4,132)	3,647	51,206

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 31.12.2019 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 Six Months Ended 30 June 2020

	Six months ended 30 June	
	<u>2020</u>	<u>2019</u>
	<u>Unaudited</u>	<u>Unaudited</u>
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax from - continuing operations	376	(859)
Adjustment for :-		
Amortisation of prepaid lease payments	24	24
Depreciation of property, plant and equipment	1,471	1,640
Depreciation of investment properties	14	14
Finance Cost	146	101
Finance income	(138)	(130)
Loss/(Gain) on disposal of property, plant and equipment	1	(20)
Provision for retirement benefits	74	76
Operating profit / (loss) before changes in working capital	<u>1,968</u>	<u>846</u>
Change in inventories	(880)	3,616
Change in trade and other receivables	(96)	7,009
Change in trade and other payables	(3,714)	(10,283)
Cash (used in) / generated from operations	<u>(2,722)</u>	<u>1,188</u>
Income tax (paid) / refund	(300)	(228)
Retirement benefit paid	-	(78)
Net cash flow (used in) / from operating activities	<u>(3,022)</u>	<u>882</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(120)	(224)
Interest received	138	130
Proceeds from disposal of property, plant and equipment	1	25
Net cash flow from / (used in) investing activities	<u>19</u>	<u>(69)</u>
Cash flows from financing activities		
Dividend paid to the owners of the Company	-	-
Interest paid	(146)	(101)
Drawdown of hire purchase	(35)	-
Drawdown of bank borrowings	1,068	1,970
Net cash flow from / (used in) financing activities	<u>887</u>	<u>1,869</u>
Net increase / (decrease) in cash & cash equivalents	(2,116)	2,682
Effect of exchange rate fluctuations on cash held	6	3
Cash and cash equivalents at 1 January	15,588	8,199
Cash and cash equivalents at 30 June	<u>13,478</u>	<u>10,884</u>

CENTRAL GLOBAL BERHAD and its subsidiaries
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Cash and cash equivalents

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

	Six months ended	
		30 June
	<u>2020</u>	<u>2019</u>
	RM'000	RM'000
Fixed deposits placed with a licensed bank	6,085	4,160
Short term deposit	-	-
Cash and bank balances	7,393	6,724
	<u>13,478</u>	<u>10,884</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 31.12.2019 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2020

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 2019. 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 2019.

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 2019.

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 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
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

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 1 January 2022

- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

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 standard, interpretation and amendments in the respective financial years when the abovementioned accounting standard, interpretation and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standard, interpretation and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

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 construction and construction related activities as well as manufacturing and sale of self-adhesive tapes, labels stocks and trading of other self-adhesive label stocks and tapes.

Segmental reporting for the Group by business unit for the current quarter ended 31 December 2019 are stated as follows:-

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	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
		30 June		30 June
	2020	2019	2020	2019
<u>Segment Revenue - Unaudited</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	9,524	14,477	21,230	27,888
- Construction	10,511	12,455	28,751	20,146
- Other	-	-	-	-
Total Segment Revenue	20,035	26,932	49,981	48,034

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
		30 June		30 June
	2020	2019	2020	2019
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	130	143	(8)	(1,115)
- Construction	(322)	437	729	267
- Other	(188)	(11)	(345)	(11)
Profit / (Loss) Before Tax	(380)	569	376	(859)

17. Contingent Liabilities or Contingent Assets

The contingent liabilities of the Group are RM18.40 Million. These are mostly 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 June 2020 RM'000	Quarter ended 30 June 2019 RM'000
Amount approved but not contracted for Property, plant & equipment	500	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 RM20.035 Million and Loss Before Tax (LBT) of RM0.380 Million in the quarter under review as compared to revenue of RM26.932 Million and Profit Before Tax (PBT) of RM0.569 Million recorded in the corresponding quarter last year.

Construction operations recorded LBT of RM0.322 Million during the current quarter as compared to PBT of RM0.437 Million in the corresponding quarter last year which was attributed to higher revenue.

Revenue dropped to RM10.511 Million during the quarter under review as compared to the corresponding quarter last year of RM12.455 Million due to Movement Control Order (MCO) where construction activities stopped.

Manufacturing operations recorded PBT of RM0.130 Million in the quarter under review compared to RM0.143 Million recorded in the corresponding quarter last year.

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 June 2020 RM'000	Quarter ended 31 Mar 2020 RM'000	Variance RM'000	%
Revenue	20,035	29,946	(9,911)	(33.1%)
Profit before tax	(380)	756	(1,136)	(150.3%)

The Group's revenue decreased by 33.1% from RM29.946 Million in the immediate preceding quarter to RM20.035 Million in the current quarter under review. The drop in revenue was mainly attributed to lower revenue of construction operations which recorded revenue of RM10.511 Million as compared to preceding quarter's revenue of RM18.240 Million. The dropped is mainly due to MCO where construction activities have stopped.

The Group recorded Loss Before Tax of RM0.380 Million in the current quarter compared to Profit Before Tax of RM0.756 Million in the preceding quarter. Lower Profit Before Tax is attributed to the overall drop in revenue during the quarter.

22. Commentary of Prospects

Construction

Bank Negara Malaysia has revised downwards its GDP growth projection for Malaysia in 2020 to between -2% and 0.5%, due to the challenging economic outlook arises from Covid-19 pandemic, plunge of oil prices and uncertainty from the global market.

The implementation of Movement Control Order (“MCO”) to contain the spread of Covid-19 in the country saw most business operations came to a complete halt in March 2020 and generated negative impacts to majority of the industries in the country. The economic fallout stemming from the nationwide lockdown is expected to have drastic and long lasting damage to the industry. Proventus Bina S/B (PBSB) has re-organized our resources internally to enhance the efficiency and productivity of the team and optimize our cash flow position. PBSB will also be working closely with our clients on the application of Extension of Time (“EOT”) to account for the extra time and expenses needed for this unexpected disruption to the operations. For the next quarter, PBSB will concentrate to deliver the on-going projects with balance of order book at RM95million, and work closely with our strong network of developer on the potential development projects that are slated for construction in 2H 2020.

PBSB currently is active with two construction projects, (a) Beacon project with a contract value of RM71.55 million at current completion stage of 50% and is constructing its typical unit currently; (b) Eco Horizon project with a contract value of RM52.77 million at 67% completion stage currently; (c) Montage project with a contract value of RM42.24 million and commence its construction work on 1 July 2020. For the next quarter, these projects will continue to contribute to PBSB revenues and profits.

The new Perikatan National government has announced that the government will continue with the implementation of mega projects such as the East Coast Rail Link (ECRL) and Mass Rapid Transit Line 2 (MRT2). These mega projects will continuously support the construction sector and benefiting local construction player. PBSB is looking forward to actively participate in some of the open tenders stemming from these public projects. Our marketing efforts will be focused mainly on working closely with established construction players to jointly look at some of these public infrastructure projects.

Manufacturing

The outlook for our manufacturing operations for the 3rd quarter of 2020, remain cautious even as revenue quickly recovered in May & June in the quarter under review. However, the manufacturing operations forecast that the recovery in revenue will continue into the 3rd quarter as our customers adjust to post pandemic activities from domestic and regional staged re-opening of economic activities.

Supply chain disruptions for masking tapes and tapes related products in the domestic and regional export markets have temporary contributed to the recovery in revenue and the manufacturing operations had been agile to gain competitive market share even as the overall market demand for its products were reduced.

The manufacturing operations will continue to prioritize the health of its workforce, enforced proper sanitization of its work place and strict social distancing amongst its staff to ensure its operations continue seamlessly to meet orders from existing and new customers.

Overall, the outlook for the 3rd quarter and beyond is still uncertain and dependent on continued economic recovery. While credit risks are well managed during the MCO period as reflected in the receivables collection in the current quarter under review, the operations remain vigilant and alert on receivables. Cash

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management via prudent costs monitoring including reducing and removing unnecessary expenses will also continue to be key focus area for manufacturing operations.

23. Profit For The Period

Profit for the period is arrived at after charging:

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amortization of prepaid lease payments	-	12	-	23
Auditors' remuneration	39	23	76	44
Bad debts written off	-	-	-	-
Depreciation				
- Property, plant and equipment	680	820	1,370	1,640
- Investment properties	7	7	14	13
- Right-of-use assets	62	-	124	-
Finance costs	74	101	146	101
Net foreign exchange loss/(Gain)	(84)	(3)	(76)	13
Inventories written off	7	15	7	51
Loss on disposal of plant and equipment	1	1	1	1
Provision for retirement benefits	37	38	73	75
Rental expense:				
- Land and building	21	78	48	155
- Equipment	6	5	11	12
And after crediting:-				
Bad debts recovered	2	6	4	8
Finance income	61	35	138	96
Gain on disposal of plant and equipment	-	21	-	21
Rental income from investment properties	26	27	55	51

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24. Tax Expense

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	77	65	176	65
Deferred Tax adjustment	-	-	-	-
(Over)/Under provision in prior year	-	-	-	-
Tax expense	77	65	176	65

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		Cumulative quarter	
	Three months ended		Six months ended	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Basic				
Profit / (Loss) attributable to the owners of the company	(184)	319	(73)	(1,026)
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic earnings / (loss) per ordinary share (sen)	(0.20)	0.35	(0.08)	(1.14)
Diluted				
Diluted earnings / (loss) per ordinary share (sen)	(0.20)	0.35	(0.08)	(1.14)

27. Authorization for Issue

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