

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

**Unaudited condensed consolidated
interim financial statements
for the quarter and period-to-date ended
30 June 2022**

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

Condensed Consolidated Statement Of Financial Position
As at 30 June 2022

	30 June 2022 <u>Unaudited</u> RM'000	31 December 2021 <u>Audited</u> RM'000
<u>Assets</u>		
Property, plant & equipment	10,297	10,061
Right-of-use assets	2,287	1,457
Investment properties	586	728
Total non-current assets	13,170	12,246
Inventories	19,064	17,495
Trade & other receivables	106,005	52,637
Contract assets	6,012	9,397
Cash and cash equivalents	5,056	12,249
Current tax assets	58	415
Total current assets	136,195	92,193
Total Assets	149,365	104,439
<u>Equity</u>		
Share capital	85,832	64,432
Translation reserve	328	294
Accumulated losses	(9,793)	(13,037)
Total equity attributable to owners of the Company	76,367	51,689
Non-controlling interests	12,337	-
Total equity	88,704	51,689
<u>Liabilities</u>		
Loans and borrowings	28	82
Employee benefits	1,572	1,619
Deferred tax liabilities	340	340
Total non-current liabilities	1,940	2,041
Loans and borrowings	9,641	11,812
Trade & other payables	37,176	38,856
Deferred consideration	6,264	-
Current tax liabilities	5,640	41
Total current liabilities	58,721	50,709
Total liabilities	60,661	52,750
Total Equity and Liabilities	149,365	104,439
Net assets per ordinary share (RM)	0.61	0.51

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 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD
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 2022

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June		30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	39,455	18,143	86,499	55,703
Cost of sales	(29,691)	(15,186)	(71,370)	(50,382)
Gross profit	<u>9,764</u>	<u>2,957</u>	<u>15,129</u>	<u>5,321</u>
Other operating income	137	573	171	638
Selling and distribution expenses	(1,150)	(1,022)	(2,408)	(2,152)
Administrative expenses	(2,894)	(2,960)	(5,022)	(5,187)
Profit / (Loss) from operating activities	<u>5,857</u>	<u>(452)</u>	<u>7,870</u>	<u>(1,380)</u>
Finance costs	(97)	(64)	(221)	(162)
Profit / (Loss) before tax	<u>5,760</u>	<u>(516)</u>	<u>7,649</u>	<u>(1,542)</u>
Tax expense	(1,364)	-	(1,364)	-
Profit / (Loss) for the period	<u>4,396</u>	<u>(516)</u>	<u>6,285</u>	<u>(1,542)</u>
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	24	2	34	38
Other comprehensive income for the period	<u>24</u>	<u>2</u>	<u>34</u>	<u>38</u>
Total comprehensive income/(loss) for the period	<u>4,420</u>	<u>(514)</u>	<u>6,319</u>	<u>(1,504)</u>
Profit / (Loss) attributable to :				
Owners of the Company	1,355	(516)	3,244	(1,542)
Non-controlling interests	3,041	-	3,041	-
Profit / (Loss) for the period	<u>4,396</u>	<u>(516)</u>	<u>6,285</u>	<u>(1,542)</u>
Total comprehensive income / (loss) attributable to :				
Owners of the Company	1,379	(514)	3,278	(1,504)
Non-controlling interests	3,041	-	3,041	-
Total comprehensive income / (loss) for the period	<u>4,420</u>	<u>(514)</u>	<u>6,319</u>	<u>(1,504)</u>
Basic profit / (loss) per ordinary share (sen)	1.19	(0.57)	3.00	(1.71)
Diluted profit / (loss) per ordinary share (sen)	1.19	(0.57)	3.00	(1.71)

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 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For Six Months Ended 30 June 2022 (Continued)

Notes:-

- (a) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the financial period under review.
- (b) The diluted earnings per share of the Group for the current quarter and period-to-date are equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

CENTRAL GLOBAL BERHAD
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Condensed Consolidated Statement Of Changes In Equity
For The Six Months Ended 30 June 2022 - Unaudited

	<i>/--- Attributable to owners of the Company ---/</i>				
	<i>/----- Non- distributable -----/</i>		<i>Distributable</i>		
	Share Capital RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2022	64,432	294	(13,037)	-	51,689
Foreign currency translation differences for foreign operations	-	34	-	-	34
Profit for the period	-	-	3,244	3,041	6,285
Total comprehensive income for the period	-	34	3,244	3,041	6,319
<i>Transaction with owners</i>					
- Acquisition of a subsidiary	21,400	-	-	9,296	30,696
Total transactions with owners of the Company	21,400	-	-	9,296	30,696
At 30 June 2022	85,832	328	(9,793)	12,337	88,704

CENTRAL GLOBAL BERHAD
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Condensed Consolidated Statement Of Changes In Equity
For The Six Months Ended 30 June 2021 - Unaudited

	/----- Attributable to owners of the Company -----/				
	/----- Non- distributable -----/		/ Distributable		
	Share Capital RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2021	51,407	248	(6,748)	1,926	46,833
Foreign currency translation differences for foreign operations	-	38	-	-	38
Loss for the period	-	-	(1,542)	-	(1,542)
Total comprehensive loss for the period	-	38	(1,542)	-	(1,504)
<i>Transaction with owners</i>					
- Issuance of Ordinary Shares	2,000	-	-	-	2,000
- Disposal of a subsidiary		10			10
- Changes in ownership interest in a subsidiary	-	-	(2,516)	(1,926)	(4,442)
Total transactions with owners of the Company	2,000	10	(2,516)	(1,926)	(2,432)
At 30 June 2021	53,407	296	(10,806)	-	42,897

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 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL GLOBAL BERHAD
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Condensed Consolidated Statement Of Cash Flows
For The Six Months Ended 30 June 2022

	Six months ended 30 June	
	<u>2022</u> <u>Unaudited</u> RM'000	<u>2021</u> <u>Unaudited</u> RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from - continuing operations	7,649	(1,542)
Adjustment for :-		
Depreciation of property, plant and equipment	393	1,149
Depreciation of investment properties	8	12
Depreciation of right-of-use assets	109	46
Finance cost	221	162
Finance income	(7)	(23)
Loss on disposal of property, plant and equipment	10	320
Provision for retirement benefits	67	74
Gain on disposal of a subsidiary	-	(485)
Operating profit / (loss) before changes in working capital	<u>8,450</u>	<u>(287)</u>
Change in inventories	(1,569)	(3,561)
Change in trade and other receivables	(2,892)	2,760
Change in trade and other payables	(19,449)	(1,636)
Change in contract assets	9,358	-
Cash used in operations	<u>(6,102)</u>	<u>(2,724)</u>
Income tax paid	(128)	(347)
Retirement benefit paid	(114)	(8)
Net cash used in operating activities	<u>(6,344)</u>	<u>(3,079)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(331)	(121)
Purchase of right-of-use assets	(113)	-
Interest received	7	23
Increase in investment in a subsidiary	-	(4,442)
Net cash disposed on the sale of a subsidiary	-	(334)
Proceeds from issuance of share capital	-	2,000
Increase in pledged deposits	(430)	-
Net cash gained on acquisition of a subsidiary	2,554	-
Proceeds from disposal of property, plant and equipment	44	719
Net cash generated from / (used in) investing activities	<u>1,731</u>	<u>(2,155)</u>
Cash flows from financing activities		
Interest paid	(221)	(162)
Net drawdown/(repayment) of hire purchase	24	(47)
Net (repayment)/ drawdown of bank borrowings	319	741
Net cash (used in) / generated from financing activities	<u>122</u>	<u>532</u>
Net decrease in cash & cash equivalents	(4,491)	(4,702)
Effects of exchange rate changes on cash and cash equivalents	34	14
Cash and cash equivalents at 1 January	8,322	12,997
Cash and cash equivalents at 30 June	<u>3,865</u>	<u>8,309</u>

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Condensed Consolidated Statement Of Cash Flows
For The Six Months Ended 30 June 2022 (Continued)

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

	Six months ended	
	30 June	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Fixed deposits placed with a licensed bank	2,029	174
Cash and bank balances	3,027	8,135
	<u>5,056</u>	<u>8,309</u>
Less: Fixed deposit pledged to bank as security	(430)	-
Less: Overdraft Bank	(761)	-
	<u>3,865</u>	<u>8,309</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 December 2021 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 2022

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 2021. 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 2021.

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 2021, except for the adoption of the following amendments to MFRSs during the financial period:

Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
(Annual Improvements to MFRS Standards 2018–2020)
Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 9, Financial Instruments
(Annual Improvements to MFRS Standards 2018–2020)
Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to Illustrative Examples accompanying MFRS 16, Leases
(Annual Improvements to MFRS Standards 2018–2020)
Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
– Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

2. Significant Accounting Policies (Continued)

New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts (“MFRS 17”) and Amendments to MFRS 17
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as
Current or Non-current and disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
– Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising
from a Single Transaction

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 above pronouncements are either not relevant or do not have any material impact on the Group’s financial statements.

3. Auditors’ Report

The auditor’s report of the preceding annual financial statements was 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 and period to-date ended 30 June 2022 under review, except as disclosed in Note 12.

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 issuance, cancellation, repurchase, resale or repayments of debt or equity securities for the current quarter and period to-date ended 30 June 2022 under review, except as disclosed in Note 12.

7. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current quarter and period to-date ended 30 June 2022 under review.

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8. Unquoted Investments and Properties

There were no purchases or sales of unquoted investments and properties in the current quarter and period to-date ended 30 June 2022 under review.

9. Quoted Securities

There were no purchases or sales of quoted securities during the current quarter and period to-date ended 30 June 2022 under review.

10. Changes in Estimates

There were no changes in estimates that have a material effect during the current quarter and period to-date ended 30 June 2022.

11. Exceptional or unusual items

There were no exceptional or unusual items for the Group in the current quarter and period to-date ended 30 June 2022 under review.

12. Corporate Proposals

12.1 On 5 April 2021, the Company announced a proposal to undertake a private placement of up to 18,000,000 ordinary shares in the Company, representing not more than 20% of its total number of issued shares (excluding treasury shares, if any), of which 11.864 million ordinary shares have been subscribed and issued.

On 24 December 2021, the Company has announced that it has decided not to place out the remaining 6.136 million shares and as such, the Private Placement is deemed completed.

The total proceeds raised from this corporate exercise and the status of the utilization of the proceeds arising from private placement as at the date of reporting is set out below: -

Description	Proceeds raised	Actual utilisation	Balance unutilised
	(RM'000)	(RM'000)	(RM'000)
Capital expenditure for purchase and installation of a new masking tape coater production line	3,000	868	2,132
Funding for the Group's existing construction project	7,417	7,417	-
Working capital	2,228	2,228	-
Expenses relating to the Private Placement	380	378	2
Total	13,025	10,891	2,134

12. Corporate Proposals (Continued)

- 12.2 On 26 January 2022, the wholly-owned subsidiary, CIC Construction Sdn. Bhd. has entered into a conditional share sale and purchase agreement to acquire 70% equity interest in RYRT International Sdn. Bhd. for a purchase consideration of RM30,100,000 which is to be satisfied wholly by issuance of 28,942,308 new ordinary shares in the Company at an issue price of RM1.04 per share. The conditional share sale and purchase agreement has become unconditional on 14 April 2022. The acquisition is deemed completed following the listing of 14,471,154 consideration shares on the Main Market of Bursa Securities on 20 April 2022. On 24 June 2022, the Company has issued 8,448,380 consideration shares being part of the balance consideration share for the acquisition.
- 12.3 On 8 April 2022, the Company announced multiple proposals as follows :-
- (i) proposed free warrants issue up to 65,403,155 free warrants on the basis of 1 warrant for every 2 existing ordinary shares in CGB;
 - (ii) proposed private placement of up to 39,241,800 new CGB shares, representing not more than 30% of the enlarged total issued share capital of CGB.
- 12.4 On 6 May 2022, the listing application in relation to the proposals mentioned in 12.3 above has been submitted to Bursa Securities.
- 12.5 On 29 July 2022, the Company has announced that the proposed free warrants issued has been completed with 62,391,724 warrants on the Main Market of Bursa Securities.

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 and period to-date ended 30 June 2022 under review.

14. Valuations of Property, Plant & Equipment

There were no valuations of property, plant and equipment during the current quarter and period to-date ended 30 June 2022 under review.

15. Dividends Paid

There was no dividends paid during the quarter and period to-date ended 30 June 2022 under review.

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16. Segmental Reporting

The Group's primary business segments is principally engaged in construction and manufacturing of self-adhesive tapes and labels stocks.

Segmental reporting for the Group by business unit for the current quarter and period to-date ended 30 June 2022 are stated as follows:-

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue - Unaudited</u>				
- Manufacturing	15,201	16,103	31,187	33,464
- Construction	24,254	2,040	55,312	22,239
Total Segment Revenue	<u>39,455</u>	<u>18,143</u>	<u>86,499</u>	<u>55,703</u>

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>				
- Manufacturing	(203)	456	340	966
- Construction	6,898	(416)	8,882	(1,355)
- Other	(935)	(556)	(1,573)	(1,153)
Profit / (Loss) Before Tax	<u>5,760</u>	<u>(516)</u>	<u>7,649</u>	<u>(1,542)</u>

17. Contingent Liabilities or Contingent Assets

As at 30 June 2022, the Company provides corporate guarantees up to a total amount of RM25,250,000 to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amount of banking facilities utilised by these subsidiaries is RM8,862,958.

As at 30 June 2022, the Company also provides corporate guarantees up to a total amount of RM11,212,161 to third parties for supply of goods and services for certain subsidiaries. Consequently, the Company is contingently liable for the amount owing by these subsidiaries to the third parties is RM629,162.

There were no material contingent assets as at the date of this report.

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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 2022 RM'000	Quarter ended 30 June 2021 RM'000
Amount approved and contracted for:		
Property, plant & equipment	3,345	-
Amount approved but not contracted for:		
Property, plant & equipment	-	9,775
	3,345	9,775
	3,345	9,775

19. Group's borrowings and debt securities

The Group's borrowings as at 30 June 2022 are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
- Banker acceptance	8,101	-	8,101
- Bank overdraft	761	-	761
- Finance lease liabilities	779	28	807
Total	9,641	28	9,669
	9,641	28	9,669

The secured bank borrowings are secured by way of:

- (a) corporate guarantee by the Company;
- (b) pledged of fixed deposits with a licensed bank;
- (c) facilities agreement as principal instrument;
- (d) deed of assignment of contract proceed;
- (e) machineries; and
- (f) motor vehicles.

20. 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.

21. Related Party Transactions

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the transactions with related parties of the Group during the current period and corresponding period:

	Quarter ended 30 June 2022 RM'000	Quarter ended 30 June 2021 RM'000
Engagement of services in which director has an interest		
Legal fees	23	-
Rental expense	39	-
	62	-
	62	-

22. Review of Performance

22.1 Current quarter against corresponding quarter

The Group recorded revenue of RM39.46 million and Profit Before Tax of RM5.76 million in the quarter under review as compared to revenue of RM18.14 million and Loss Before Tax of RM0.52 million recorded in the corresponding quarter.

Revenue from the Manufacturing segment decrease to RM15.20 million for the quarter under review as compared to RM16.10 million in the corresponding quarter. Lower revenue recorded during the quarter was mainly due to drop in export sales. The Manufacturing segment recorded a Loss Before Tax of RM0.20 million for the quarter under review as compared to Profit Before Tax RM0.46 million recorded in the corresponding quarter mainly due to lower gross profit margin in line with the lower export sales.

Revenue from the Construction segment increased to RM24.25 million for the quarter under review as compared to the corresponding quarter of RM2.04 million. The increase in revenue was mainly attributable to a secured project, RYRT Lahad Datu Phase 1 Water Supply System and the accelerated work progress on Montage project. Consequently, the Construction segment recorded Profit Before Tax of RM6.90 million for the current quarter as compared to Loss Before Tax RM0.42 million in the corresponding quarter.

22.2 Current period against corresponding period

The Group recorded revenue of RM86.50 million and Profit Before Tax of RM7.65 million in the current period under review as compared to revenue of RM55.70 million and Loss Before Tax of RM1.54 million recorded in the corresponding period.

Revenue from the Manufacturing segment decrease to RM31.19 million for the current period under review as compared to RM33.46 million in the corresponding period. Lower revenue recorded during the current period was mainly due to drop in export sales. The Manufacturing segment recorded a Profit Before Tax of RM0.34 million for the current period under review as compared to Profit Before Tax RM0.97 million recorded in the corresponding period mainly due to lower gross profit margin in line with the lower export sales.

Revenue from the Construction segment increased to RM55.31 million for the current period under review as compared to the corresponding period of RM22.24 million. The increase in revenue was mainly attributable from a secured project, RYRT Lahad Datu Phase 1 Water Supply System and the accelerated work progress on Montage and Beacon projects. Consequently, the Construction segment recorded Profit Before Tax of RM8.88 million for the current period as compared to Loss Before Tax RM1.36 million in the corresponding period.

23. Variation of results against the 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 2022 RM'000	Quarter ended 31 March 2022 RM'000	Variance RM'000	%
Revenue	39,455	47,044	(7,589)	(16.1%)
Profit before tax	5,760	1,889	3,871	204.9%

The Group's revenue decreased by 16.1% from RM47.04 million in the immediate preceding quarter to RM39.46 million in the current quarter under review. The main reason for the revenue decrease during the current quarter was due to the decrease in revenue from the Construction segment from RM31.06 million in the preceding quarter to RM24.25 million in the current quarter. Lower revenue in the construction segment in the current quarter is mainly due to the slower of construction works progress during the current quarter.

Nevertheless, the Group recorded Profit Before Tax of RM5.76 million in the current quarter compared to RM1.89 million in the preceding quarter mainly due to the undertaking of the higher profit margin projects, following the acquisition of RYRT International Sdn. Bhd. during the current quarter.

24. Commentary on Prospects

Manufacturing

Our manufacturing segment will have to strive through few challenges in the coming periods. The ever intense competition for the export market and the rise of the costs of our raw materials have undoubtedly eroded our profit margin. Nevertheless, despite these challenges on our manufacturing business segment, the Group is remained resilient and steadfast in meeting these challenges. Plant efficiency in terms of costing and quality will be our focus as a means to maintain and improve our competitiveness. With the new masking tape coater production line expected to be ready by end of year 2022, there will be a significant costs efficiency with the greater volume of productions and lower wastage with the new technology of the coater machine.

Construction

We anticipate the construction segment in the coming quarter remain challenging. We have re-organised our resources internally to enhance the efficiency and productivity of the team and optimise our cash flow position.

The Group will focus to complete the on-going projects on hands, namely the Montage project and Lahad Datu Fasa 1 Menaiktaraf Sistem Bekalan Air project and the finalising of the final accounts for the completed Beacon Executive Suite and Eco Horizon.

The Group will also start to execute the newly secured contracts for (a) Quinton 378 units of condominium in Penang with a contract value of RM52.6 million, (b) building service work for 80 units of Sri Bayu apartment in Penang with a contract value of RM3.1 million and (c) building service work for 282 units of Montage condominium in Penang with a contract value of RM29.3 million and supply of labour, materials, machinery, tools and equipment for a project involving the construction of quarters for students and staff for Institute Latihan Perindustrian ("ILP") in Labuan, Sabah with contract value of RM26.0 million in the coming period.

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25. Profit / (Loss) For The Period

Profit / (Loss) for the period is arrived at after charging/(crediting):

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	52	37	89	74
Depreciation of:				
- property, plant and equipment	197	445	393	1,149
- investment properties	4	5	8	12
- right-of-use assets	73	12	109	46
Finance costs	97	64	221	162
Inventories written off	-	19	-	-
Loss on disposal of plant and equipment	-	319	10	320
Provision for retirement benefits	33	37	67	74
Expenses relating to:				
- short term leases	131	71	194	145
- low value assets	47	14	68	33
And after crediting:-				
Bad debts recovered	(5)	(21)	(8)	(28)
Finance income	(2)	(8)	(7)	(23)
Rental income from investment properties	(16)	(22)	(91)	(51)
Net foreign exchange gain	(64)	(33)	(43)	(30)
Reversal of inventories written off	-	-	-	(71)
Gain on disposal of subsidiary	-	(485)	-	(485)

26. Tax Expense

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax expense	1,364	-	1,364	-

The Group's effective tax rate for the quarter under review is at 24%, which is consistent with the statutory income tax rate. The Group's effective tax rate for the period to-date, however is at 18% which is lower than the statutory income tax rate. The comparatively lower effective tax rate is mainly due to the utilisation of the Group's prior years unutilised tax losses and reinvestment allowances.

27. Dividends Proposed

The Board of Directors did not recommend any dividends in the current quarter and period to-date ended 30 June 2022 under review.

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28. 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.

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Basic				
Profit / (Loss) attributable to the owners of the company	1,355	(516)	3,244	(1,542)
Weighted average number of ordinary shares in issue ('000)	114,165	90,462	108,014	90,232
Basic earnings / (loss) per ordinary share (sen)	1.19	(0.57)	3.00	(1.71)
Diluted				
Diluted earnings / (loss) per ordinary share (sen)	1.19	(0.57)	3.00	(1.71)

- (a) Computation on basic earnings per share is based on the Company's weighted average number of ordinary shares during the financial period under review.
- (b) The diluted earnings per share of the Group for the current quarter and period to-date are equivalent to the basic earnings per share as the Group does not have any convertible options as at the end of the reporting period.

29. Authorisation for Issue

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