

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

**Unaudited condensed consolidated
interim financial statements
for the quarter and year ended
31 December 2022**

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

Unaudited Condensed Consolidated Statement Of Financial Position
As at 31 December 2022

	31 December 2022	31 December 2021 Restated	31 December 2020
<u>Assets</u>	RM'000	RM'000	RM'000
Property, plant & equipment	10,460	10,061	12,146
Right-of-use assets	3,052	1,457	1,747
Investment properties	577	728	962
Goodwill on consolidation	21,145	-	-
Total non-current assets	35,234	12,246	14,855
Inventories	23,190	17,495	13,102
Trade and other receivables	80,322	52,636	35,403
Marketable securities	27	-	-
Contract assets	(345)	9,397	9,334
Cash and cash equivalents	7,079	12,250	12,997
Current tax assets	567	415	-
Total current assets	110,840	92,193	70,836
Total Assets	146,074	104,439	85,691
<u>Equity</u>			
Share capital	100,539	64,432	51,407
Translation reserve	388	294	248
Accumulated losses	(8,909)	(16,031)	(6,748)
Total equity attributable to owners of the Company	92,018	48,695	44,907
Non-controlling interests	7,955	-	1,926
Total equity	99,973	48,695	46,833
<u>Liabilities</u>			
Loans and borrowings	822	82	245
Employee benefits	1,420	1,619	1,842
Deferred tax liabilities	1,217	340	196
Total non-current liabilities	3,459	2,041	2,283
Loans and borrowings	10,146	11,812	3,327
Trade and other payables	22,983	41,850	33,231
Current tax liabilities	9,513	41	17
Total current liabilities	42,642	53,703	36,575
Total liabilities	46,101	55,744	38,858
Total Equity and Liabilities	146,074	104,439	85,691
Net assets per ordinary share (RM)	0.73	0.48	0.44

The Unaudited 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)

Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 31 December 2022

	Current quarter		Cumulative	
	Three months ended		Financial Year ended	
	31 December		31 December	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	<u>Restated</u> RM'000	RM'000	<u>Restated</u> RM'000
Revenue	57,945	40,112	203,900	107,051
Cost of sales	(49,050)	(39,842)	(168,774)	(101,120)
Gross profit	<u>8,895</u>	<u>270</u>	<u>35,126</u>	<u>5,931</u>
Other operating income	197	435	473	1,398
Selling and distribution expenses	(965)	(854)	(4,539)	(3,464)
Administrative expenses	(4,847)	(2,574)	(13,604)	(10,299)
Profit / (Loss) from operating activities	<u>3,280</u>	<u>(2,723)</u>	<u>17,456</u>	<u>(6,434)</u>
Finance costs	(122)	(79)	(455)	(285)
Profit / (Loss) before tax	<u>3,158</u>	<u>(2,802)</u>	<u>17,001</u>	<u>(6,719)</u>
Tax expense	(1,176)	(366)	(4,215)	(374)
Profit / (Loss) for the period	<u>1,982</u>	<u>(3,168)</u>	<u>12,786</u>	<u>(7,093)</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	-	94	-
Remeasurement of defined benefit liability	-	326	-	326
Other comprehensive income for the period	<u>24</u>	<u>326</u>	<u>94</u>	<u>326</u>
Total comprehensive income/(loss) for the period	<u>2,006</u>	<u>(2,842)</u>	<u>12,880</u>	<u>(6,767)</u>
Profit / (Loss) attributable to :				
Owners of the Company	856	(3,168)	7,122	(7,093)
Non-controlling interests	1,126	-	5,664	-
Profit / (Loss) for the period	<u>1,982</u>	<u>(3,168)</u>	<u>12,786</u>	<u>(7,093)</u>
Total comprehensive income / (loss) attributable to :				
Owners of the Company	880	(2,842)	7,216	(6,767)
Non-controlling interests	1,126	-	5,664	-
Total comprehensive income / (loss) for the period	<u>2,006</u>	<u>(2,842)</u>	<u>12,880</u>	<u>(6,767)</u>
Basic profit / (loss) per ordinary share (sen)	0.64	(3.18)	5.98	(7.64)
Diluted profit / (loss) per ordinary share (sen)	0.61	(3.18)	5.70	(7.64)

The Unaudited 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.

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

Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2022 – 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 2022, restated	64,432	294	(16,031)	-	48,695
Foreign currency translation differences for foreign operations	-	94	-	-	94
Profit for the period	-	-	7,122	5,664	12,786
Total comprehensive income for the period	-	94	7,122	5,664	12,880
<i>Transaction with owners</i>					
- Issuance of Ordinary Shares	9,191	-	-	-	9,191
- Acquisition of a subsidiary	26,916	-	-	2,291	29,207
Total transactions with owners of the Company	36,107	-	-	2,291	38,398
At 31 December 2022	100,539	388	(8,909)	7,955	99,973

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Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 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	-	35	-	-	35
Loss for the period	-	-	(6,767)	-	(6,767)
Total comprehensive loss for the period	-	35	(6,767)	-	(6,732)
<i>Transaction with owners</i>					
- Issuance of Ordinary Shares	13,025	-	-	-	13,025
- Disposal of a subsidiary	-	11	-	-	11
- Changes in ownership interest in a subsidiary	-	-	(2,516)	(1,926)	(4,442)
Total transactions with owners of the Company	13,025	11	(2,516)	(1,926)	8,594
At 31 December 2021, restated	64,432	294	(16,031)	-	48,695

The Unaudited 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
Registration No. 201801036114 (1298143-T) (Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2022

	Financial Year ended	
	31 December	
	<u>2022</u>	<u>2021</u>
	RM'000	<u>Restated</u>
		RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	17,001	(6,719)
Adjustment for :-		
Depreciation of property, plant and equipment	953	1,521
Depreciation of investment properties	17	20
Depreciation of right-of-use assets	195	163
Finance cost	455	285
Finance income	(34)	(27)
Property, plant & equipment written off	-	7
Other receivables written off	-	520
Inventories written off	-	98
Loss on disposal of property, plant and equipment	10	247
Provision for retirement benefits	(59)	149
Impairment on slow-moving inventories	605	-
Impairment loss on trade receivables	1,876	-
Impairment loss on consolidated goodwill	427	-
Loss of market value of marketable securities	309	-
Gain on disposal of a subsidiary	-	(484)
Net unrealised foreign exchange gains	-	(33)
Operating profit / (loss) before changes in working capital	21,755	(4,253)
Change in inventories	(6,300)	(4,486)
Change in trade and other receivables	19,900	(16,435)
Change in trade and other payables	(36,154)	9,585
Change in contract assets	(10,583)	(63)
Cash used in operations	(11,382)	(15,652)
Income tax paid	(1,177)	(621)
Retirement benefit paid	(140)	(46)
Net cash used in operating activities	(12,699)	(16,319)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,055)	(515)
Purchase of investment properties	-	(51)
Purchase of right-of-use assets	(964)	-
Interest received	34	27
Increase in investment in a subsidiary	-	(4,442)
Net cash disposed on the sale of a subsidiary	-	(334)
Net cash gained on acquisition of a subsidiary	2,162	-
Proceeds from disposal of property, plant and equipment	44	995
Net cash generated from / (used in) investing activities	221	(4,320)

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Unaudited Condensed Unaudited Consolidated Statement Of Cash Flows
For The Year Ended 31 December 2022 (Continued)

	Financial Year ended	
	31 December	
	<u>2022</u>	<u>2021</u>
	RM'000	<u>Restated</u> RM'000
Cash flows from financing activities		
Proceeds from issuance of share capital	9,191	13,025
Interest paid	(455)	(285)
Change in pledged fixed deposits placed with a licensed bank	67	-
Net drawdown/(repayment) of hire purchase loans	451	(116)
Net drawdown of bank borrowings	1,916	7,780
Net cash generated from financing activities	<u>11,170</u>	<u>20,404</u>
Net decrease in cash & cash equivalents	(1,308)	(235)
Effects of exchange rate changes on cash and cash equivalents	94	3
Cash and cash equivalents at 1 January	6,528	6,760
Cash and cash equivalents at 31 December	<u>5,314</u>	<u>6,528</u>

Cash and cash equivalents

	Financial Year ended	
	31 December	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Fixed deposits placed with a licensed bank	1,729	4,096
Cash and bank balances	5,350	8,154
	<u>7,079</u>	<u>12,250</u>
Less: Fixed deposit pledged to bank as security	(1,729)	(1,796)
Less: Overdraft Bank	(36)	(3,926)
	<u>5,314</u>	<u>6,528</u>

The Unaudited 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 unaudited condensed consolidated interim financial statements for the year ended 31 December 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 financial 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 financial 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2022 under review.

8. Unquoted Investments and Properties

There were no purchases or sales of unquoted investments and properties in the current quarter and year ended 31 December 2022 under review.

9. Quoted Securities

There were no purchases or sales of quoted securities during the current quarter and year ended 31 December 2022 under review.

10. Changes in Estimates

There were no changes in estimates that have a material effect during the current quarter and year ended 31 December 2022.

11. Exceptional or unusual items

There were no exceptional or unusual items for the Group in the current quarter and year ended 31 December 2022 under review.

12. Corporate Proposals

12.1 Proposed Private Placement

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	995	2,005
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	11,018	2,007

12. Corporate Proposals (Continued)

12.2 Proposed Acquisition of RYRT International Sdn. Bhd.

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. The Company has on 9 June 2022 and 24 June 2022 issued the remaining of 8,448,380 and 6,022,774 consideration shares respectively, as part of the balance consideration share for the acquisition.

12.3 Proposed Long Term Incentive Scheme

On 21 March 2022, the Company announced that the effective date for the implementation of long-term incentive scheme ("LTIS") is 21 March 2022, being the date on which CGB is in full compliance with relevant requirements of the Listing Requirements.

On 29 December 2022, the Company announced that 7,487,264 ordinary shares of the Company are to be awarded under the Company's share grant scheme ("SGS").

On 18 January 2023, the Company announced that effective grant date for the first tranche of the SGS amounting to 697,859 ordinary shares of CGB shall be on 18 January 2023 at an issue price at RM0.9635 based on the five (5)-day volume weighted average market price of the Company's shares immediately preceding the share grant date.

The Board shall proceed to make subsequent announcement(s) in respect of the effective grant date of the remaining SGS of the Company's ordinary shares where applicable.

12.4 Proposed Free Warrants and Private Placement

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 the Company; and
- (ii) Proposed private placement of up to 39,241,800 new shares of the Company, representing not more than 30% of the enlarged total issued share capital of the Company

(collectively as "Multiple Proposals").

On 6 May 2022, the listing application in relation to the Multiple Proposals has been submitted to Bursa Securities.

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.

12. Corporate Proposals (Continued)

12.4 Proposed Free Warrants and Private Placement (Continued)

Subsequent to the warrants issuance on 29 July 2022, the following warrants conversion to new shares of the Company were made during the period at a conversion price of RM0.80 per share:

Listing Date	No. Warrants Conversion
1 September 2022	366,000
26 September 2022	120,000
3 October 2022	1,289,000
7 October 2022	275,000
12 October 2022	1,019,904
17 October 2022	492,500
20 October 2022	161,000
25 October 2022	756,000
31 October 2022	305,000
3 November 2022	225,000
7 November 2022	500,000
10 November 2022	2,500,000
11 November 2022	1,095,000
17 November 2022	685,000
24 November 2022	379,000
20 December 2022	248,000
27 December 2022	475,000
29 December 2022	62,500
6 January 2023	534,000
16 February 2023	200,000
21 February 2023	15,000
Total	11,702,904

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 year ended 31 December 2022 under review.

14. Valuations of Property, Plant & Equipment

There were no valuations of property, plant and equipment during the current quarter and year ended 31 December 2022 under review.

15. Dividends Paid

There was no dividends paid during the quarter and year ended 31 December 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 year ended 31 December 2022 are stated as follows:-

	Current quarter		Cumulative	
	Three months ended		Financial Year ended	
	31 December		31 December	
	2022	2021	2022	2021
		Restated		Restated
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	12,050	16,896	57,848	60,135
- Construction	45,895	23,216	146,052	46,916
Total Segment Revenue	57,945	40,112	203,900	107,051

	Current quarter		Cumulative	
	Three months ended		Financial Year ended	
	31 December		31 December	
	2022	2021	2022	2021
		Restated		Restated
<u>Segment Results</u>	RM'000	RM'000	RM'000	RM'000
- Manufacturing	(1,508)	1,214	(860)	1,855
- Construction	5,160	(3,078)	20,482	(5,862)
- Trading	-	-	-	(251)
- Other	(494)	(938)	(2,621)	(2,461)
Profit / (Loss) Before Tax	3,158	(2,802)	17,001	(6,719)

17. Contingent Liabilities or Contingent Assets

As at 31 December 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 RM9,320,989.

As at 31 December 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 RM691,628.

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 31 December 2022 RM'000	Quarter ended 31 December 2021 RM'000
Amount approved and contracted for:		
Property, plant & equipment	3,762	-
Amount approved but not contracted for:		
Property, plant & equipment	-	11,231
	3,762	11,231
	3,762	11,231

19. Group's borrowings and debt securities

The Group's borrowings as at 31 December 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	9,285	-	9,285
- Bank overdraft	36	-	36
- Finance lease liabilities	825	822	1,648
Total	10,146	822	10,969
	10,146	822	10,969

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, saved as disclosed in Note 12.

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 31 December 2022 RM'000	Quarter ended 31 December 2021 RM'000
Engagement of services in which director has an interest		
Legal fees	10	-
Rental expense	39	-
	39	-
	39	-

22. Review of Performance

22.1 Current quarter against corresponding quarter

The Group recorded revenue of RM57.95 million and Profit Before Tax of RM3.16 million in the quarter under review as compared to revenue of RM40.11 million and Loss Before Tax of RM2.80 million recorded in the corresponding quarter.

Revenue from the Manufacturing segment decreased to RM12.05 million for the quarter under review as compared to RM16.90 million in the corresponding quarter. Higher revenue recorded in the previous corresponding quarter was mainly due to the clearance on the outstanding sales orders following the upliftment of the Enhanced Movement Control Order (“EMCO”) for month of July 2021 in Bakar Arang Industrial Estate.

The Manufacturing segment recorded a Loss Before Tax of RM1.51 million for the quarter under review as compared to Profit Before Tax of RM1.21 million recorded in the previous corresponding quarter. The Loss Before Tax in the Manufacturing segment for the current quarter was mainly due to year-end inventory count adjustment, which was adjusted in the costs of sales.

Revenue from the Construction segment increased to RM45.90 million for the quarter under review as compared to the corresponding quarter of RM23.22 million. The increase in revenue was mainly attributable from the works progress of a secured project, Lahad Datu Phase 1 Water Supply System Project and the accelerated work progress on Montage Project.

Consequently, the Construction segment recorded Profit Before Tax of RM5.16 million for the current quarter as compared to Loss Before Tax RM3.08 million in the corresponding quarter, despite an impairment loss on trade receivables of RM1.88 million recorded in the current quarter.

22.2 Current financial year against corresponding financial year

The Group recorded revenue of RM203.90 million and Profit Before Tax of RM17.00 million in the current financial year under review as compared to revenue of RM107.05 million and Loss Before Tax of RM6.72 million recorded in the corresponding financial year.

Revenue from the Manufacturing segment decreased to RM57.85 million for the current financial year under review as compared to RM60.14 million in the corresponding financial year. Lower revenue recorded in the current financial year was mainly due to the on-going price war among the competitors in the masking tapes industry.

The Manufacturing segment recorded a Loss Before Tax of RM0.86 million for the current financial year under review as compared to Profit Before Tax RM1.86 million recorded in the corresponding financial year. The Loss Before Tax in the current financial year was mainly due to the on-going price war among the competitors in the masking tapes industry, increased in costs of manufacturing as a result of the rising costs of raw materials and an impairment of inventories amounted to RM0.61 million.

Revenue from the Construction segment increased to RM146.05 million for the current financial year under review as compared to the corresponding financial year of RM46.92 million. The increased in revenue was mainly attributable to the newly secured projects contributed by the Group’s newly acquired 70%-owned subsidiary, RYRT International Sdn. Bhd., namely, Lahad Datu Phase 1 Water Supply System Project and the accelerated work progress on Montage project.

22. Review of Performance (Continued)

22.2 Current financial year against corresponding financial year (Continued)

Consequently, the Construction segment recorded Profit Before Tax of RM20.48 million for the current financial year as compared to Loss Before Tax RM5.86 million in the corresponding financial year, despite an impairment loss on trade receivables of RM1.88 million recorded in the current financial year.

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 31 December 2022 RM'000	Quarter ended 30 September 2022 RM'000	Variance RM'000	%
Revenue	57,945	59,456	(1,511)	(2.54)
Profit before tax	3,158	6,195	(3,037)	(49.02)

The Group's revenue decreased by 2.54% from RM59.46 million in the immediate preceding quarter to RM57.95 million in the current quarter under review. The decreased in revenue during the current quarter was mainly due to the slower works progress on the existing on-going construction projects, particularly on the Lahad Datu Phase 1 Water Supply System Project and Montage Project.

The Group recorded a decreased in the Profit Before Tax of RM3.04 million from RM6.20 million recorded in the preceding quarter to RM3.16 million in the current quarter. The decreased in the Profit Before Tax in the current quarter under review is mainly due to the slower works progress on the on-going Projects and an impairment loss on trade receivables of RM1.88 million, impairment on inventories of RM0.61 million, and year-end inventory count adjustment.

24. Commentary on Prospects

Manufacturing

The Manufacturing segment will have to continue to strive through few challenges in the coming periods. The ever-intense competition for the export market and the rise of the costs of raw materials, coupled with the strengthening of the Unites States Dollar ("USD") against Ringgit Malaysia ("RM"), have undoubtedly eroded the profit margin.

Nevertheless, despite these challenges on the manufacturing business segment, the Group will endeavour to remain resilient and steadfast in meeting these challenges. The management anticipates higher export sales in the coming periods with the expectation of weaker RM against USD which boosts our price competitiveness against our competitors in other countries in the export market.

Plant efficiency in terms of costing and quality will be the Group's focus as a means to maintain and improve the competitiveness. With the new masking tape coater production line expected to be ready by mid year 2023, there will be an expected costs efficiency with the greater volume of productions and lower wastage.

24. Commentary on Prospects (Continued)

Construction

The Group's acquisition of a 70% owned subsidiary, RYRT International Sdn. Bhd. was completed on 20 April 2022 and have enabled the Group to successfully ventured into the infrastructure construction business.

The Group's current focus is to complete the on-going projects, namely the Montage Project and Lahad Datu Fasa 1 Menaiktaraf Sistem Bekalan Air Project.

Going forward, the Group's Construction segment will be occupied in with the execution of the secured on-going unbilled order book of approximately RM383.52 million as at 31 December 2022.

25. Profit / (Loss) For The Year

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

	Current quarter		Cumulative quarter	
	Three months ended		Twelve months ended	
	31	31	31	31
	December	December	December	December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	133	72	277	183
Depreciation of:				
- property, plant and equipment	283	227	953	1,521
- investment properties	4	4	17	20
- right-of-use assets	43	12	195	163
Finance costs	122	79	455	285
Impairment loss on inventories	-	200	605	129
Impairment loss on trade receivables	1,876	-	1,876	-
Property, plant and equipment written off	-	7	-	7
Other receivables written off	-	520	-	520
Inventories written off	-	98	-	98
Loss on disposal of property, plant and equipment	-	-	10	247
Provision for retirement benefits	-	37	-	149
Impairment loss on consolidated goodwill	427	-	427	-
Loss of market value of marketable securities	219	-	219	-
Expenses relating to:				
- short term leases	157	63	504	284
- low value assets	24	27	142	83
And after crediting:-				
Finance income	29	4	34	27
Rental income from investment properties	3	11	98	83
Net foreign exchange gain	-	153	-	33
Reversal of provision of impairment on inventories	328	-	-	-
Gain on disposal of plant and equipment	-	172	-	-
Gain on disposal of subsidiary	-	-	-	484

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26. Tax Expense

	Current quarter		Cumulative quarter	
	Three months ended		Twelve months ended	
	31	31	31	31
	December	December	December	December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax expense	1,176	366	4,215	374

The Group's effective tax rate for the quarter under review is at 27.95%, which is higher than the statutory income tax rate. The comparatively higher effective tax rate in the current quarter under review is mainly due to the non-tax deductible expenses.

27. Dividends Proposed

The Board of Directors did not recommend any dividends in the current quarter and year ended 31 December 2022 under review.

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 ended.

	Current quarter		Cumulative	
	Three months ended		Financial Year ended	
	31 December		31 December	
	2022	2021	2022	2021
	Restated		Restated	
	RM'000	RM'000	RM'000	RM'000
Basic				
Profit / (Loss) attributable to the owners of the company	856	(3,168)	7,122	(7,093)
Weighted average number of ordinary shares in issue ('000)	134,789	99,646	119,034	92,785
Basic earnings / (loss) per ordinary share (sen)	0.64	(3.18)	5.98	(7.64)
Diluted				
Weighted average number of ordinary shares in issue ('000)	134,789	99,646	119,034	92,785
Effect on warrants on issue ('000)	6,001	-	6,001	-
Weighted average number of ordinary shares diluted in issue ('000)	140,791	99,646	125,035	92,785
Diluted earnings / (loss) per ordinary share (sen)	0.61	(3.18)	5.70	(7.64)

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29. Prior Year Adjustment

The prior year adjustments have been made to reflect the effect of RM2.99 million construction costs for the Beacon Project where the Certificate of Practical Completion of the project was issued on 18 May 2021 whereas the costs finalisation with the subcontractors were agreed and completed subsequent to the financial year ended 31 December 2021.

	As previously stated as at 31 December 2021 RM'000	Prior Year Adjustment RM'000	As restated 31 December 2021 RM'000
<u>Consolidated Statement of Financial Position</u>			
Trade and other payables	38,856	2,994	41,850
Accumulated losses	<u>(13,037)</u>	<u>(2,994)</u>	<u>(16,031)</u>
<u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>			
Costs of sales	<u>(98,126)</u>	<u>(2,994)</u>	<u>(101,120)</u>
<u>Consolidated Statement of Changes in Equity</u>			
Profit/(Loss) before tax	(3,725)	(2,994)	(6,719)
Change in trade and other payables	<u>6,591</u>	<u>2,994</u>	<u>9,585</u>

30. Authorisation for Issue

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