

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

**Unaudited condensed consolidated
interim financial statements
for the quarter and period ended
31 March 2023**

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

Unaudited Condensed Consolidated Statement Of Financial Position
As at 31 March 2023

| | Unaudited 31 March 2023 RM'000 | Audited 31 December 2022 RM'000 |
|-----------------------------------|---|--|
| Non Current Assets | | |
| Property, plant and equipment | 12,289 | 12,045 |
| Right-of-use assets | 1,806 | 1,743 |
| Investment properties | 572 | 577 |
| Goodwill on consolidation | 21,145 | 21,145 |
| | 35,812 | 35,510 |
| Current Assets | | |
| Inventories | 19,961 | 22,791 |
| Trade receivables | 81,463 | 84,597 |
| Other receivables | 6,916 | 19,851 |
| Other current assets | 44,738 | 18,141 |
| Tax recoverable | 790 | 714 |
| Marketable securities | 36 | 27 |
| Cash and cash equivalents | 6,453 | 7,879 |
| | 160,357 | 154,000 |
| Current Liabilities | | |
| Trade payables | 20,237 | 35,687 |
| Other payables | 48,797 | 14,541 |
| Tax payables | 9,452 | 9,504 |
| Contract liabilities | - | 16,207 |
| Lease liabilities | 274 | 322 |
| Loans and borrowings | 8,473 | 9,669 |
| | 87,233 | 85,930 |
| Net Current Assets | 73,124 | 68,070 |
| | 108,936 | 103,580 |
| Financed by: | | |
| Share capital | 103,146 | 100,112 |
| Translation reserves | 393 | 389 |
| Accumulated losses | (6,452) | (8,496) |
| | 97,087 | 92,005 |
| Non-controlling interests | 8,771 | 7,955 |
| | 105,858 | 99,960 |
| Non Current Liabilities | | |
| Deferred tax liabilities | 654 | 1,038 |
| Employee benefits | 1,288 | 1,322 |
| Lease liabilities | 104 | 190 |
| Loans and borrowings | 1,032 | 1,070 |
| | 3,078 | 3,620 |
| | 108,936 | 103,580 |
| Net assets per share (sen) | 0.67 | 0.65 |

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 2022 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 Period Ended 31 March 2023**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | CURRENT YEAR QUARTER 31 March 2023 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31 March 2022 RM'000 | CURRENT YEAR TO DATE 31 March 2023 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31 March 2022 RM'000 |
| Revenue | 63,500 | 47,044 | 63,500 | 47,044 |
| Cost of Sales | (55,210) | (41,679) | (55,210) | (41,679) |
| Gross Profit | <u>8,290</u> | <u>5,365</u> | <u>8,290</u> | <u>5,365</u> |
| Other Income | 280 | 34 | 280 | 34 |
| Selling and Distribution Expenses | (1,040) | (1,258) | (1,040) | (1,258) |
| Administrative Expenses | (3,004) | (2,128) | (3,004) | (2,128) |
| Profit from operations | <u>4,526</u> | <u>2,013</u> | <u>4,526</u> | <u>2,013</u> |
| Finance Costs | (114) | (124) | (114) | (124) |
| Profit before tax | <u>4,412</u> | <u>1,889</u> | <u>4,412</u> | <u>1,889</u> |
| Income tax expense | (1,552) | - | (1,552) | - |
| Profit for the period | <u><u>2,860</u></u> | <u><u>1,889</u></u> | <u><u>2,860</u></u> | <u><u>1,889</u></u> |
| Items that may be classified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 4 | 10 | 4 | 10 |
| Remeasurement of defined benefit liability | 34 | - | 34 | - |
| Other comprehensive income for the period | <u>38</u> | <u>10</u> | <u>38</u> | <u>10</u> |
| Total comprehensive income for the period | <u><u>2,898</u></u> | <u><u>1,899</u></u> | <u><u>2,898</u></u> | <u><u>1,899</u></u> |
| Profit attributable to : | | | | |
| Equity holders of the Company | 2,044 | 1,889 | 2,044 | 1,889 |
| Non-controlling interests | 816 | - | 816 | - |
| Profit for the period | <u>2,860</u> | <u>1,889</u> | <u>2,860</u> | <u>1,889</u> |
| Total comprehensive income attributable to : | | | | |
| Equity holders of the Company | 2,082 | 1,899 | 2,082 | 1,899 |
| Non-controlling interests | 816 | - | 816 | - |
| Total comprehensive income for the period | <u>2,898</u> | <u>1,899</u> | <u>2,898</u> | <u>1,899</u> |
| Earnings per share (sen): | | | | |
| Basic | <u>1.43</u> | <u>1.85</u> | <u>1.43</u> | <u>1.85</u> |
| Diluted | <u>1.32</u> | <u>1.85</u> | <u>1.32</u> | <u>1.85</u> |

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 2022 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 Period Ended 31 March 2023 - Unaudited

| | <-----Attributable to Equity Holders of the Company-----> | | | | | |
|---|---|--|-----------------------|--------|--------------------------|--------------|
| | Non-Distributable | Distributable | | | Non- | |
| | Share capital | Foreign Currency Transalation Reserve | Accumulated losses | Total | controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2023 | 100,112 | 389 | (8,496) | 92,005 | 7,955 | 99,960 |
| Total comprehensive income for the period | - | 4 | 2,044 | 2,048 | 816 | 2,864 |
| Transactions with owners: | | | | | | |
| Issuance of ordinary shares | 2,636 | - | - | 2,636 | - | 2,636 |
| Issuance of shares pursuant to shares grant scheme | 398 | - | - | 398 | - | 398 |
| Balance as at 31 March 2023 | 103,146 | 393 | (6,452) | 97,087 | 8,771 | 105,858 |

CENTRAL GLOBAL BERHAD
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Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Period Ended 31 March 2022 - Unaudited

| | <-----Attributable to Equity Holders of the Company-----> | | | | | Non- controlling interests RM'000 | Total Equity RM'000 |
|---|---|--|---------------------------------|-----------------|-------|--|------------------------|
| | Non-Distributable | Distributable | | | Total | | |
| | Share capital RM'000 | Foreign Currency Transalation Reserve RM'000 | Accumulated losses RM'000 | Total RM'000 | | | |
| Balance as at 1 January 2022 | 64,432 | 294 | (13,037) | 51,689 | - | | 51,689 |
| Total comprehensive income for the period | - | 10 | 1,889 | 1,899 | - | | 1,899 |
| Balance as at 31 March 2022 | 64,432 | 304 | (11,148) | 53,588 | - | | 53,588 |

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 2022 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 Period Ended 31 March 2023

| | Unaudited CURRENT PERIOD TO DATE 31 March 2023 RM'000 | Unaudited FOR THE PERIOD ENDED 31 March 2022 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 4,412 | 1,889 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 322 | 196 |
| Depreciation on investment property | 4 | 4 |
| Depreciation on right-of-use assets | 60 | 35 |
| (Gain)/Loss on disposal of property, plant & equipment | (158) | 10 |
| Fair value gain on marketable securities | (9) | - |
| Finance costs | 114 | 124 |
| Interest income | (16) | (5) |
| Provision for retirement benefits | - | 33 |
| Shares grant scheme expense | 398 | - |
| Operating profit before working capital changes | 5,127 | 2,286 |
| Changes in working capital: | | |
| Inventories | 2,830 | 366 |
| Trade and other receivables | 16,069 | (29,387) |
| Other current assets | (42,804) | (1,970) |
| Trade and other payables | 18,806 | 23,787 |
| Cash generated from / (used in) operations | 28 | (4,918) |
| Retirement benefit paid | (34) | (49) |
| Interest received | 16 | 5 |
| Income tax paid | (2,065) | (63) |
| Net Cash Used In Operating Activities | (2,055) | (5,025) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (757) | (81) |
| Purchase of investment property | (8) | - |
| Purchase of right-of-use assets | (123) | - |
| Proceeds from disposal of property, plant and equipment | 357 | 44 |
| Increase in pledged deposits placed with licensed banks | (16) | - |
| Net Cash Used In Investing Activities | (547) | (37) |

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

Unaudited Condensed Unaudited Consolidated Statement Of Cash Flows
For The Year Ended 31 March 2023 (Continued)

| | UNAUDITED CURRENT YEAR TO DATE 31 March 2023 RM'000 | AUDITED FOR THE YEAR ENDED 31 March 2022 RM'000 |
|--|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of loans and borrowings | (8,842) | (787) |
| Proceeds from loans and borrowings | 7,167 | - |
| Proceeds from issuance of shares | 2,637 | - |
| Interest paid | (114) | (124) |
| Payment of lease liabilities | (132) | - |
| Net Cash Generated From /(Used in) Financing Activities | 716 | (911) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | |
| | (1,886) | (5,973) |
| Effect of exchange rate fluctuations on cash held | 4 | 6 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 6,114 | 12,250 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 4,232 | 6,283 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | | |
| Cash and bank balances | 4,708 | 4,391 |
| Fixed deposits with licenced banks | 1,745 | 1,928 |
| Bank overdraft | (476) | (36) |
| | 5,977 | 6,283 |
| Less: Deposits pledged | (1,745) | - |
| | 4,232 | 6,283 |

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the unaudited condensed consolidated interim financial statements for the period ended 31 March 2023

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 2022. 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 2022.

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 2022, except for the adoption of the following amendments to MFRSs during the financial period:

MFRS 17, Insurance Contracts

Amendments to MFRS 17 Insurance Contracts, Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 112 Income Taxes, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new/amendments 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.

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 2024

Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants

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 ended 31 March 2023 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 issuance, cancellation, repurchase, resale or repayments of debt or equity securities for the current quarter ended 31 March 2023 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 ended 31 March 2023 under review.

8. Unquoted Investments and Properties

There were no purchases or sales of unquoted investments and properties in the current quarter ended 31 March 2023 under review.

9. Quoted Securities

There were no material purchases or sales of quoted securities during the current quarter ended 31 March 2023 under review.

10. Changes in Estimates

There were no changes in estimates that have a material effect during the current quarter ended 31 March 2023.

11. Exceptional or unusual items

There were no exceptional or unusual items for the Group in the current quarter ended 31 March 2023 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 |

12.2 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 March 2023, 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.

On 17 April 2023, the Company announced the effective grant date for the second tranche of the SGS amounting to 76,427 ordinary shares of CGB shall be on 18 April 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.

On 18 April 2023, the Company announced the effective grant date for the third tranche of the SGS amounting to 945,340 ordinary shares of CGB shall be on the same date at an issue price at RM1.1085 based on the five (5)-day volume weighted average market price of the Company's shares immediately preceding the share grant date, to an eligible executive director.

12. Corporate Proposals (Continued)

12.2 Proposed Long Term Incentive Scheme (Continued)

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.

12.3 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.

On 23 November 2022, the Company has sought approval from Bursa Securities for the extension of time until 31 May 2023 to complete the Private Placement. On 8 May 2023, the Company has decided not to proceed with the Private Placement and hence, the Private Placement is deemed completed on the same day.

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 March 2023 | 248,000 |
| 27 March 2023 | 475,000 |
| 29 March 2023 | 62,500 |
| 6 January 2023 | 534,000 |
| 16 February 2023 | 200,000 |
| 21 February 2023 | 15,000 |

12. Corporate Proposals (Continued)

12.3 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 (Continued):

| Listing Date | No. Warrants Conversion |
|---------------------|--------------------------------|
| 3 March 2023 | 203,000 |
| 7 March 2023 | 20,000 |
| 15 March 2023 | 1,530,000 |
| 20 March 2023 | 200,000 |
| 23 March 2023 | 30,000 |
| 29 March 2023 | 280,000 |
| 3 April 2023 | 133,500 |
| 6 April 2023 | 440,100 |
| 11 April 2023 | 120,000 |
| 14 April 2023 | 619,500 |
| 19 April 2023 | 365,000 |
| 26 April 2023 | 287,600 |
| 2 May 2023 | 685,000 |
| 12 May 2023 | 127,000 |
| 17 May 2023 | 140,000 |
| 22 May 2023 | 169,000 |
| Total | 17,052,604 |

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 ended 31 March 2023 under review, except as below:

Proventus Bina Sdn. Bhd. ("PBSB"), a wholly-owned sub-subsidiary of the Company had on 5 April 2023 been served Writ of Summon and Statement of Claim dated 29 March 2023 by Trade Empire Sdn. Bhd. ("Plaintiff"). The Plaintiff is claiming for the principal sum of RM1,175,084, late payment interests of RM1,155,791 and subsequent late payment interest until full and final settlement. The Plaintiff's claim was in relation to the materials and leasing services allegedly provided to PBSB.

PBSB had on 15 May 2023 filed a Defense and Counterclaim against Plaintiff. The case management for the said case has been set on 26 May 2023.

14. Valuations of Property, Plant & Equipment

There were no valuations of property, plant and equipment during the current quarter ended 31 March 2023 under review.

15. Dividends Paid

There was no dividends paid during the quarter ended 31 March 2023 under review.

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16. Segmental Reporting

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

Segmental reporting for the Group by business unit for the current quarter ended 31 March 2023 are stated as follows:

| | Manufacturing & Trading RM | Construction RM | Total RM |
|-----------------------------|---|----------------------------|---------------------|
| Revenue | 11,886,058 | 51,613,575 | 63,499,633 |
| External revenue | <u>11,886,058</u> | <u>51,613,575</u> | <u>63,499,633</u> |
| Segment results | (1,223,259) | 6,741,002 | 5,517,743 |
| Unallocated results | | | (992,229) |
| Profits from operations | | | 4,525,514 |
| Interest expense | | | (113,676) |
| Profit before tax | | | <u>4,411,839</u> |
| Tax expense | | | (1,552,191) |
| Profits for the year | | | <u>2,859,648</u> |

17. Contingent Liabilities or Contingent Assets

As at 31 March 2023, the Company provides corporate guarantees up to a total amount of RM26.45 million 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 RM9.06 million.

As at 31 March 2023, the Company also provides corporate guarantees up to a total amount of RM19.21 million 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 RM1.54 million.

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

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 March 2023 RM'000 | Quarter ended 31 March 2022 RM'000 |
|---|---|---|
| Amount approved and contracted for: | | |
| Property, plant & equipment | 2,857 | - |
| Amount approved but not contracted for: | | |
| Property, plant & equipment | - | 7,919 |
| | <u>2,857</u> | <u>7,919</u> |

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19. Group's borrowings and debt securities

The Group's borrowings as at 31 March 2023 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 | 7,846 | - | 7,846 |
| - Bank overdraft | 214 | - | 214 |
| - Finance lease liabilities | 413 | 1,032 | 1,445 |
| Total | 8,473 | 1,032 | 9,505 |

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 Notes 12 and 13.

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 March 2023 RM'000 | Quarter ended 31 March 2022 RM'000 |
|--|--|--|
| Engagement of services in which director has an interest | | |
| Legal fees | 19 | - |
| Rental expense | 39 | - |

22. Review of Performance

Current quarter against corresponding quarter

The Group recorded revenue of RM63.50 million and Profit Before Tax of RM4.41 million in the quarter under review as compared to revenue of RM47.04 million and Profit Before Tax of RM1.89 million recorded in the corresponding quarter.

Revenue from the Manufacturing & Trading segment decreased to RM11.89 million for the quarter under review as compared to RM15.99 million in the corresponding quarter. Lower revenue recorded in current quarter was mainly due to on-going intense competition in the international market.

22. Review of Performance (Continued)

Current quarter against corresponding quarter (Continued)

Consequently, the Manufacturing & Trading segment recorded a segment loss of RM1.22 million for the quarter under review as compared to a segment profit of RM0.59 million recorded in the previous corresponding quarter.

Revenue from the Construction segment increased to RM51.61 million for the quarter under review as compared to the corresponding quarter of RM31.09 million. The increase in revenue was mainly attributable from the works progress of current on-going projects, Lahad Datu Phase 1 Water Supply System Project and Montage Project.

Consequently, the Construction segment recorded a segment profit of RM6.74 million for the current quarter as compared to a segment profit of RM2.06 million in the corresponding quarter.

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 March 2023 RM'000 | Quarter ended 31 December 2022 RM'000 | Variance RM'000 | % |
|-------------------|---|--|----------------------------|----------|
| Revenue | 63,500 | 57,945 | 5,555 | (9.59) |
| Profit before tax | 4,412 | 3,158 | 1,254 | (39.71) |

The Group's revenue increased by 9.59% from RM57.95 million in the immediate preceding quarter to RM63.50 million in the current quarter under review. The increased in revenue during the current quarter was mainly due to the higher 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 an increased in the Profit Before Tax of RM1.25 million from RM3.16 million recorded in the preceding quarter to RM4.41 million in the current quarter. The increased in the Profit Before Tax in the current quarter under review was consistent with the higher sales revenue recognised with the higher works progress on the on-going Projects and an absence of impairment loss on trade receivables of RM1.88 million in the current quarter under review, as compared to last preceding quarter.

24. Commentary on Prospects

Manufacturing & Trading

The ever-intense competition for the export market have continued to affect adversely on the Group's Manufacturing & Trading segment where the export sales is expected to be reduced and profit margins eroded.

Nonetheless, the management is anticipating higher export sales in the coming periods with the expectation of weaker RM against USD which will boost our price competitiveness against our competitors in other countries in the export market.

24. Commentary on Prospects (Continued)

Manufacturing & Trading (Continued)

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 of the year 2024, there will be an expected costs efficiency with the greater volume of productions and lower wastage.

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 RM369.84 million as at 31 March 2023.

25. Profit For The Period

Profit for the is arrived at after charging/crediting:

| | Current quarter | | Cumulative quarter | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | Three months ended | | Three months ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration | 34 | 37 | 34 | 37 |
| Depreciation | | | | |
| - Property, plant and equipment | 313 | 196 | 313 | 196 |
| - Investment properties | 4 | 4 | 4 | 4 |
| - Right-of-use assets | 60 | 35 | 60 | 35 |
| Finance costs | 114 | 124 | 114 | 124 |
| Foreign exchange loss | 24 | 20 | 24 | 20 |
| Loss on disposal of property, plant and equipment | 203 | 10 | 203 | 10 |
| Provision for retirement benefits | - | 33 | - | 33 |
| Rental expense: | | | | |
| - Land and building | 72 | 63 | 72 | 63 |
| - Equipment | 61 | 22 | 61 | 22 |
| Share grant scheme expenses | 398 | - | 398 | - |
| And after crediting:- | | | | |
| Bad debts recovered | - | 3 | - | 3 |
| Finance income | 16 | 5 | 16 | 5 |
| Rental income from investment properties | 37 | 75 | 37 | 75 |
| Gain on disposal of property, plant and equipment | 360 | - | 360 | - |
| Foreign exchange gains | 132 | - | 132 | - |

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26. Tax Expense

| | Current quarter | | Cumulative quarter | |
|-------------|---------------------------|---------------|----------------------------|---------------|
| | Three months ended | | Twelve months ended | |
| | 31 | 31 | 31 | 31 |
| | March | March | March | March |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expense | 1,552 | - | 1,552 | - |

The Group's effective tax rate for the quarter under review is at 35.18%, 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 ended 31 March 2023 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 ended.

| | Current quarter | | Cumulative | |
|--|---------------------------|-----------------|-----------------------------|-----------------|
| | Three months ended | | Financial Year ended | |
| | 31 March | 31 March | 31 March | 31 March |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Basic | | | | |
| Profit / (Loss) attributable to the owners of the company | 2,044 | 1,889 | 2,044 | 1,889 |
| Weighted average number of ordinary shares in issue ('000) | 143,367 | 101,864 | 143,367 | 101,864 |
| Basic earnings / (loss) per ordinary share (sen) | 1.43 | 1.85 | 1.43 | 1.85 |
| Diluted | | | | |
| Weighted average number of ordinary shares in issue ('000) | 143,367 | 101,864 | 143,367 | 101,864 |
| Effect on warrants on issue ('000) | 11,547 | - | 11,547 | - |
| Weighted average number of ordinary shares diluted in issue ('000) | 154,915 | 101,864 | 154,915 | 101,864 |
| Diluted earnings / (loss) per ordinary share (sen) | 1.32 | 1.85 | 1.32 | 1.85 |

29. Authorisation for Issue

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