



CENTRAL GLOBAL BERHAD

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Company No. 201801036114 (1298143-T)
(Incorporated in Malaysia)

Quarterly Report 30 June 2023

CENTRAL GLOBAL BERHAD

[Company No: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING QUARTER 30.06.2022 RM'000	CURRENT PERIOD TO DATE 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING PERIOD 30.06.2022 RM'000
Revenue	47,435	39,455	110,935	86,499
Cost of Sales	(38,416)	(29,691)	(93,626)	(71,370)
Gross Profit	<u>9,019</u>	<u>9,764</u>	<u>17,309</u>	<u>15,129</u>
Other Income	102	137	399	171
Selling and Distribution Expenses	(1,033)	(1,150)	(2,073)	(2,408)
Administrative Expenses	(4,723)	(2,894)	(7,740)	(5,022)
Profit from operations	<u>3,365</u>	<u>5,857</u>	<u>7,895</u>	<u>7,870</u>
Finance Costs	<u>(125)</u>	<u>(97)</u>	<u>(243)</u>	<u>(221)</u>
Profit before tax	3,240	5,760	7,652	7,649
Income tax expense	<u>(1,060)</u>	<u>(1,364)</u>	<u>(2,612)</u>	<u>(1,364)</u>
Profit for the period	<u><u>2,180</u></u>	<u><u>4,396</u></u>	<u><u>5,040</u></u>	<u><u>6,285</u></u>
Attributable to :				
Equity holders of the Company	395	1,355	2,440	3,244
Non-controlling interests	<u>1,785</u>	<u>3,041</u>	<u>2,600</u>	<u>3,041</u>
	<u><u>2,180</u></u>	<u><u>4,396</u></u>	<u><u>5,040</u></u>	<u><u>6,285</u></u>
Basic earnings per share (sen):	<u>0.27</u>	<u>1.19</u>	<u>1.67</u>	<u>3.00</u>
Diluted	<u>0.24</u>	<u>1.19</u>	<u>1.52</u>	<u>3.00</u>

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

CENTRAL GLOBAL BERHAD

[Company No: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING QUARTER 30.06.2022 RM'000	CURRENT PERIOD TO DATE 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING PERIOD 30.06.2022 RM'000
Profit for the period	<u>2,180</u>	<u>4,396</u>	<u>5,040</u>	<u>6,285</u>
Other comprehensive income:				
Foreign currency translation differences for a foreign subsidiary	74	24	78	34
Total comprehensive income for the period, net of tax	<u>2,254</u>	<u>4,420</u>	<u>5,118</u>	<u>6,319</u>
Total comprehensive income for the period attributable to:				
Equity holders of the Company	469	1,379	2,518	3,278
Non-controlling interests	1,785	3,041	2,600	3,041
	<u>2,254</u>	<u>4,420</u>	<u>5,118</u>	<u>6,319</u>

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

CENTRAL GLOBAL BERHAD

[Company No: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(The figures have not been audited)

	UNAUDITED 30.06.2023 RM'000	AUDITED 31.12.2022 RM'000
Non Current Assets		
Property, plant and equipment	12,629	12,045
Right-of-use assets	1,677	1,743
Investment properties	569	577
Goodwill on consolidation	21,145	21,145
	<u>36,020</u>	<u>35,510</u>
Current Assets		
Inventories	19,567	22,791
Trade receivables	85,471	84,597
Other receivables	9,654	19,851
Other current assets	69,946	1,934
Tax recoverable	792	714
Marketable securities	36	27
Cash and cash equivalents	13,038	7,879
	<u>198,504</u>	<u>137,793</u>
Current Liabilities		
Trade payables	26,519	35,687
Other payables	49,056	14,541
Tax payables	11,618	9,504
Lease liabilities	160	322
Loans and borrowings	9,110	9,669
	<u>96,463</u>	<u>69,723</u>
Net Current Assets	102,041	68,070
	<u>138,061</u>	<u>103,580</u>
Financed by:		
Share capital	110,659	100,112
Foreign currency translation reserve	467	389
Accumulated losses	(6,057)	(8,496)
	105,069	92,005
Non-controlling interests	10,556	7,955
	<u>115,625</u>	<u>99,960</u>
Non Current Liabilities		
Employee benefits	1,314	1,322
Deferred tax liabilities	1,045	1,038
Lease liabilities	104	190
Loans and borrowings	19,973	1,070
	<u>22,436</u>	<u>3,620</u>
	<u>138,061</u>	<u>103,580</u>
Net assets per share (RM)	0.70	0.65

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these interim financial statements.

CENTRAL GLOBAL BERHAD

[Company No: 201801036114 (1298143-T)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->					
	<----- Non-Distributable ----->			Distributable		
	Share capital	Foreign Currency Transalation Reserve	Accumulated losses	Total	Non- 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
Foreign currency translation differences for a foreign subsidiary	-	4	-	4	-	4
Remeasurement of defined benefit liability	-	-	34	34	-	34
Total other comprehensive income	-	4	34	38	-	38
Profit for the period	-	-	2,010	2,010	816	2,826
Transactions with owners:						
Issuance of shares pursuant to exercise of warrants	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
Foreign currency translation differences for a foreign subsidiary	-	74	-	74	-	74
Remeasurement of defined benefit liability	-	-	-	-	-	-
Total other comprehensive income	-	74	-	74	-	74
Profit for the period	-	-	395	395	1,785	2,180
Transactions with owners:						
Issuance of shares pursuant to exercise of warrants	5,773	-	-	5,773	-	5,773
Issuance of shares pursuant to shares grant scheme	1,740	-	-	1,740	-	1,740
Balance as at 30 June 2023	110,659	467	(6,057)	105,069	10,556	115,625

CENTRAL GLOBAL BERHAD

[Company No: 201801036114 (1298143-T)]

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->					
	<----- Non-Distributable ----->		Distributable		Non-controlling interests RM'000	Total Equity RM'000
	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
Foreign currency translation differences for a foreign subsidiary	-	10	-	10	-	10
Profit for the period	-	-	1,889	1,889	-	1,889
Balance as at 31 March 2022	<u>64,432</u>	<u>304</u>	<u>(11,148)</u>	<u>53,588</u>	<u>-</u>	<u>53,588</u>
Foreign currency translation differences for a foreign subsidiary	-	24	-	24	-	24
Profit for the period	-	-	1,355	1,355	3,041	4,396
Transactions with owners:						
Acquisition of a subsidiary	21,400	-	-	21,400	9,296	30,696
Balance as at 30 June 2022	<u><u>85,832</u></u>	<u><u>328</u></u>	<u><u>(9,793)</u></u>	<u><u>76,367</u></u>	<u><u>12,337</u></u>	<u><u>88,704</u></u>

The accompanying notes form an integral part of, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

CENTRAL GLOBAL BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	UNAUDITED CURRENT PERIOD TO DATE 30.06.2023 RM'000	UNAUDITED FOR THE PERIOD ENDED 30.06.2022 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,652	7,649
Adjustments for:		
Depreciation on property, plant and equipment	785	393
Depreciation on investment properties	8	8
Depreciation of right-of-use assets	121	109
(Gain)/Loss on disposal of property, plant & equipment	(157)	10
Provision for retirement benefits	-	67
Gain on appreciation of market value of marketable securities	(9)	-
Finance costs	243	221
Interest income	(29)	(7)
Unrealised foreign exchange gain	(34)	-
Shares grant scheme expense	2,138	-
Reversal of allowance for impairment loss on inventories	51	-
Operating profit before working capital changes	10,769	8,450
Changes in working capital:		
Inventories	3,173	(1,569)
Trade and other receivables	9,357	(2,892)
Other current assets	(68,012)	9,358
Trade and other payables	25,347	(19,449)
Cash used in operations	(19,366)	(6,102)
Interest income received	29	7
Retirement benefit paid	(8)	(114)
Income tax paid	(569)	(128)
Net Cash Used In Operating Activities	(19,914)	(6,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,572)	(331)
Purchase of right-of-use assets	(55)	(113)
Proceeds from disposal of property, plant and equipment	360	44
Acquisition of a subsidiary	-	2,554
Increase in pledged deposits placed with licensed banks	(128)	(430)
Net Cash (Used In)/Generated From Investing Activities	(1,395)	1,724

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D) QUARTERLY REPORT ON THE RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	UNAUDITED CURRENT PERIOD TO DATE 30.06.2023 RM'000	UNAUDITED FOR THE PERIOD ENDED 30.06.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(1,286)	-
Proceeds from loans and borrowings	19,349	343
Proceeds from issuance of shares	8,409	
Finance cost paid	(243)	(221)
Payments of lease liabilities	(248)	-
Net Cash Generated From Financing Activities	25,981	122
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,672	(4,491)
Effect of exchange rate fluctuations on cash held	78	34
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,114	8,322
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10,864	3,865
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and bank balances	11,181	3,027
Fixed deposits with licenced banks	1,857	2,029
Bank overdraft	(317)	(761)
	12,721	4,295
Less: Deposits pledged	(1,857)	(430)
	10,864	3,865

Note

- (i) The Group, via its subsidiary, CIC Construction Sdn. Bhd. had on 26 January 2022 entered into a Sales and Purchase Agreement and Profit Guarantee Agreement with RYRT Holdings Sdn. Bhd., Mr. Soo Yu Chai and Mr. Lee Chee Vui for the proposed acquisition of 70% of the issued and paid up share capital of RYRT International Sdn. Bhd. ("RYRT") for a purchase consideration of RM30,100,000 to be satisfied wholly by issuance of up to 28,942,308 new ordinary shares in the Company. The acquisition was completed on 20 April 2022. RYRT is principally engaged in the construction of building and other engineering projects.

The acquisitions had the following effect on the Group's assets and liabilities on acquisition date:

RYRT International Sdn. Bhd.

	Recognised values on acquisition RM'000
2022	
Property, plant and equipment	217
Right-of-use asset	826
Trade and other receivables	50,476
Cash and cash equivalents	2,554
Tax payables	(4,720)
Loans and borrowings	(598)
Payables and accruals	(17,769)
Net identifiable assets and liabilities	30,986
Non-controlling interests	(9,296)
Contract assets recognised	5,973
Purchase consideration	27,663
Non-cash consideration	(27,663)
Cash acquired	(2,554)
Net cash inflow	(2,554)

These condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these interim financial statements.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 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.

A2 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 MFRS and 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.

At the date of authorisation of these interim financial statements, the following Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

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 by 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.

A3 Seasonal or cyclical factors

The Group's interim operations were not subject to any seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence in the quarter under review.

A5 Changes in estimates, significant accounting estimates and judgements

There were no changes in the nature and estimates of amounts reported which have a material effect on the results in the quarter under review.

A6 Debt and equity securities

There were no significant issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except as disclosed in Notes B7 and B9.

A7 Dividends paid

There was no dividends paid during the quarter ended 30 June 2023 under review.

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A8 Segment information

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

Segmental reporting of the Group's result for the financial period-to-date is as follows:						
Business Segment	Manufacturing & Trading		Construction		Total	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue	<u>23,682</u>	<u>31,187</u>	<u>87,253</u>	<u>55,312</u>	<u>110,935</u>	<u>86,499</u>
Segment Results	(2,770)	439	13,710	9,005	10,940	9,444
Unallocated Results					(3,049)	(1,574)
Profit from Operations					<u>7,891</u>	<u>7,870</u>
Finance Costs					(239)	(221)
Profit Before Tax					<u>7,652</u>	<u>7,649</u>
Income Tax Expense					(2,612)	(1,364)
Profit After Tax					<u>5,040</u>	<u>6,285</u>
Geographical Segment	Revenue					
	30.06.2023	30.06.2022				
	RM'000	RM'000				
Malaysia	100,415	74,100				
Foreign Countries	<u>9,679</u>	<u>12,399</u>				
Consolidated	<u>110,094</u>	<u>86,499</u>				

A9 Valuation of property, plant and equipment and investment properties

There were no valuations of property, plant and equipment and investment properties during the quarter ended 30 June 2023 under review.

A10 Goodwill on consolidation

	RM'000
Cost	
As at 1 January 2021	22
Acquisition of a subsidiary	<u>21,572</u>
As at 31 December 2022/1 Jan 2023/30 June 2023	<u>21,594</u>
Accumulated impairment loss	
As at 1 January 2021	22
Impairment loss	<u>427</u>
As at 31 December 2022/1 Jan 2023/30 June 2023	<u>449</u>
Carrying amount	
As at 31 December 2022/30 June 2023	<u>21,145</u>

A11 Other Current Assets

	Note	AS AT 30.06.2023 RM'000	AS AT 31.12.2022 RM'000
Amount due from customers on contracts	(i)	69,116	1,745
Prepayments		<u>830</u>	<u>189</u>
		<u>69,946</u>	<u>1,934</u>

(i) The amount due from customers on contracts is further illustrated as follow:-

	AS AT 30.06.2023 RM'000	AS AT 31.12.2022 RM'000
Aggregate costs incurred to date	343,926	269,814
Add: Attributable profits	<u>62,661</u>	<u>40,584</u>
	406,587	310,398
Less: Progress billings	<u>(337,471)</u>	<u>(308,653)</u>
	<u>69,116</u>	<u>1,745</u>

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A12 Subsequent Events

Save for Section B7, there were no material events subsequent to the current financial quarter ended 30 June 2023 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A13 Changes in the composition of the Group

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

A14 Contingent Assets and Contingent Liabilities

As at 30 June 2023, the Company provides corporate guarantees up to a total amount of RM65.450 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 totalling RM28.119 million as at 30 June 2023.

As at 30 June 2023, the Company also provides corporate guarantees up to a total amount of RM19.212 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 totalling RM4.607 million as at 30 June 2023.

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

A15 Capital Commitments

	AS AT 30.06.2023 RM'000	AS AT 31.12.2022 RM'000
Contracted and not provided for:		
Property, plant and equipment	1,488	3,762
Right-of-use assets	1,841	-
	3,329	3,762
Approved but not contracted for:		
Property, plant and equipment	446	-
	446	-

A16 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 financial period and corresponding period.

	INDIVIDUAL QUARTER CURRENT PERIOD QUARTER 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING QUARTER 30.06.2022 RM'000
Engagement of services in which a director has an interest		
Legal fees	1	23
Rental expense	39	39
	39	39

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET

B1 Review of performance

Current period Quarter versus Preceding period Corresponding Quarter

(i) Manufacturing & Trading segment

The revenue of RM11.796 million in Manufacturing & Trading segment in the quarter ended 30 June 2023 ("Q2 2023") was lower than the revenue of RM15.201 million recorded in the preceding corresponding quarter ended 30 June 2022 ("Q2 2022") as the competition in the market is getting more intense, especially in the distribution of label and general trading item. Consequently, the Manufacturing & Trading segment recorded a loss of RM1.547 million in Q2 2023.

(ii) Construction segment

The revenue in Construction segment for Q2 2023 recorded a significant increase, from RM24.254 million in Q2 2022 to RM35.640 million in Q2 2023, following the higher work progress in the current on-going projects. Despite the increase in sales revenue significantly in Q2 2023, the Construction segment had only recorded a modest increase in the segment result of RM6.969 million in Q2 2023 from RM6.944 million recorded in Q2 2022 mainly due to higher profit margin in Q2 2022 contributed by the upward revision on a budgeted profit margin for an on-going project in Q2 2022.

Overall, the Group achieved revenue of RM47.435 million for Q2 2023, an increase of 20.23% from RM39.455 million recorded in Q2 2022. Nonetheless, the Group recorded a lower before tax of RM3.240 million in Q2 2023, representing a decrease of 43.75% compared to RM5.760 million profit before tax recorded in Q2 2022, mainly due the absence of upward profit margin revision on the current on-going projects as mentioned above and expenses recognised in connection with the issuance of share grant scheme of RM1.740 million in Q2 2023.

B1 Review of performance (cont'd)

Current Period-to-Date versus Preceding Period-to-Date

(i) Manufacturing & Trading segment

The Group achieved revenue of RM23.682 million on the Manufacturing & Trading segment for the financial period ended 30 June 2023, a decrease of 24.06% from RM31.187 million recorded in the previous financial period. Lower revenue achieved in the Manufacturing and Trading segment is mainly due to the continued weakness in demand and intense market competition. Consequently, the Manufacturing & Trading segment recorded a segment loss of RM2.770 million for the financial period ended 30 June 2023.

(ii) Construction segment

The Group achieved revenue of RM87.253 million in the Construction segment for the financial period ended 30 June 2023, an increase of 57.75% as compared to RM55.312 million recorded in the previous financial period. The increase in the revenue in the Construction segment was mainly due to the acceleration of work progress on existing on-going projects, especially on the Gum Gum project which commenced in October 2022.

Accordingly, the Construction segment recorded an increase in profit of 52.25% or RM4.705 million from RM9.005 million in financial period ended 30 June 2022 to RM13.710 million in financial period ended 30 June 2023.

The Group achieved revenue of RM110.935 million for the period ended 30 June 2023, an increase of 28.25% from RM86.499 million recorded in the previous financial period ended 30 June 2022. The increase was due to the higher revenue contribution from Construction segment. Despite the increase in the revenue, the Group only recorded a marginal increase in the profit before tax of RM7.652 million in current financial period ended 30 June 2023 as compared to RM7.649 million recorded in the previous financial period ended 30 June 2022 due to the absence of an upward profit margin revision in the current period and expenses recognised in connection with the issuance of shares grant scheme amounted to RM2.015 million.

B2 Variation of results against preceding quarter

	Quarter ended	Quarter ended
	30.06.2023	31.03.2023
	RM'000	RM'000
Revenue	47,435	63,500
Profit before tax	3,240	4,412

For the quarter ended 30 June 2023, the Group has recorded revenue of RM47.435 million, a decrease of 25.30% as compared to RM63.500 million recorded in preceding quarter ended 31 March 2023. Lower revenue in the current quarter is mainly attributable to the lower sales in the Manufacturing & Trading segment for its tape and general trading items and lesser works progress recorded in the Construction segment for the current quarter ended 30 June 2023. Accordingly, a lower profit before tax of RM3.240 million was recorded in the current quarter ended 30 June 2023 as compared to RM4.412 million recorded in the preceding quarter ended 31 March 2023.

B3 Prospects

The prospects for each of the operating segment is illustrated as below:

(i) Manufacturing & Trading segment

The ever-intense competition in the tape and adhesive products have continued to adversely affect the Group's Manufacturing & Trading segment resulting in decreased sales and eroded profit margins.

There has been a remarkable progress in the export market segment whereby sales in the current quarter ended 30 June 2023 have recorded a meaningful improvements with continued efforts to further improve the business of this segment.

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 commence production by early year 2025, there will be an expected costs efficiency with the greater volume of productions and lower wastages.

(ii) Construction segment

The Group's acquisition of its 70% owned subsidiary, RYRT International Sdn. Bhd. marked the Group's strategic entry into the infrastructure construction sector.

The Group's current focus is to further consolidate its position in the infrastructure construction sector by completing the acquisition of the remaining 30% equity interest in RYRT International Sdn. Bhd. and accelerate the work progress on its on-going projects, namely the Montage Project, Lahad Datu Fasa 1 Menaiktaraf Sistem Bekalan Air Project and Gum Gum Project.

As at 30 June 2023, the current secured unbilled order book of the Group's Construction segment is approximately RM307.56 million.

Barring any unforeseen circumstances, the Board is of the view that the Group's operational results for the financial period ending 31 December 2023 will be satisfactory.

B4 Profit forecast

Not applicable.

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B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING QUARTER 30.06.2022 RM'000	CURRENT PERIOD TO DATE 30.06.2023 RM'000	PRECEDING PERIOD CORRESPONDING PERIOD 30.06.2022 RM'000
Malaysian income tax	1,451	1,364	2,605	1,364
Deferred tax (income)/expense	(391)	-	7	-
	<u>1,060</u>	<u>1,364</u>	<u>2,612</u>	<u>1,364</u>

The Group's effective tax rate for the quarter under review is at 33% which was higher than the statutory income tax rate. The higher effective tax rate was mainly due to the non-deductible expenses of the Company, and other semi-active and dormant subsidiary companies, which are not deductible for tax purposes.

B6 Sale of unquoted investments and properties

There were no major disposals of unquoted investments and properties during the quarter under review.

B7 Status of corporate proposals

The status of a corporate proposal announced by the Company but not completed as at 18 August 2023, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below:

(i) Private Placement

On 5 April 2021, the Company announced to undertake a private placement of up to 18,000,000 ordinary shares in the Company ("Shares"), 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.

As at 30 June 2023, the Company has fully utilised the funds raised pursuant to the private placement.

(ii) Long Term Incentive Scheme ("LTIS")

On 21 March 2022, the Company announced that the effective date for the implementation of 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").

Subsequently, the following SGS have been issued:

Effective Grant Date	No. of Ordinary Shares Issued	Issue Price (RM)	Awardee
18-Jan-23	697,859	0.9635	Employees
11-Apr-23	945,340	1.1085	Director
18-Apr-23	76,427	0.9635	Employees
15-Jun-23	333,170	1.4434	Director
30-Jun-23	1,000,000	1.5240	Employees
Total	3,052,796		

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.

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B7 Status of corporate proposals (cont'd)

The status of a corporate proposal announced by the Company but not completed as at 18 August 2023, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report are summarised below (cont'd):

(iii) Free Warrants and Private Placement

On 8 April 2022, the Company announced multiple proposals as follows :

- (a) 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
- (b) 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 issue of free warrants has been completed with 62,391,724 warrants issued and listed 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 issued on 29 July 2022, the following warrants were exercised during the relevant periods at a conversion price of RM0.80 per share:

Period	No. of Warrants Exercised '000	RM'000
Financial year ended 31 December 2022	10,954	8,763
Financial quarter ended 31 March 2023	3,798	2,636
Financial quarter ended 30 June 2023	3,375	7,513
1 July 2023 to 18 August 2023	3,827	3,726
Total	21,954	22,638

B8 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Trade facilities	8,157	-	8,157
Hire purchases	636	1,565	2,201
Overdraft	317	-	317
Term loan	-	18,408	18,408
	<u>9,110</u>	<u>19,973</u>	<u>29,083</u>

The secured bank borrowings and other facilities are secured by way of :-

- (a) corporate guarantee by the Company;
- (b) a debenture over all assets of a subsidiary;
- (d) a pledge on the Company and subsidiaries' fixed deposits;
- (e) facilities agreement as principal instrument;
- (f) deed of assignment of contract proceeds;
- (g) machineries; and
- (h) motor vehicles.

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B9 Material litigation

Save for the following, there were no material litigation involving the Group since the last financial period ended 31 December 2022 and 18 August 2023, being the latest practicable date not earlier than 7 days from the date of issue of this quarterly report.

Mahkamah Tinggi Pulau Pinang Writ No.: PA-22NCC-15-03/2023 Trade Empire Sdn. Bhd. ("Plaintiff") vs Proventus Bina Sdn. Bhd. & Kong Teck Fong ("Defendants")

Proventus Bina Sdn. Bhd. ("PBSB"), a wholly-owned sub-subsiary of the Company had on 5 April 2023 been served a 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 million, late payment interests of RM1.156 million 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 a counterclaim against the Plaintiff to which the Penang High Court had directed the Plaintiff to enter their reply and defence by 6 June 2023.

PBSB had on 23 May 2023 filed an application to rope in Aspen Vision Builders Sdn Bhd ("Aspen") as a third party to the said proceedings to which the Penang High Court granted via its direction dated 23 June 2023. PBSB had also on 23 May 2023 filed an application to transfer the said proceedings from the Penang High Court to the Kuala Lumpur High Court.

Amidst the case management held on 26 May 2023, the Penang High Court fixed the hearing date for the said matter on 1 August 2023.

On 1 August 2023 amidst the hearing and at the request of Aspen ("third party"), the Honourable High Court Judge decided to defer his decision to another date, as he was of the view that the third party should be served with the cause papers for the application for transfer, since they have been brought in by PBSB and fixed the matter for e-review on 7 August 2023, thereby allowing the third party's legal representative(s) to seek instructions from their client on whether to contest or not to contest the matter to transfer.

Pursuant to the e-review held on 7 August 2023, the Penang High Court had fixed the next hearing date on 29 August 2023.

B10 Proposed Dividends

No interim dividends has been declared for the current quarter under review.

The Board of Directors does not recommend the payment of any dividends for the financial period ended 30 June 2023.

B11 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30.06.2023	PRECEDING PERIOD CORRESPONDING QUARTER 30.06.2022	CURRENT PERIOD TO DATE 30.06.2023	PRECEDING PERIOD CORRESPONDING PERIOD 30.06.2022
Net profit for the period attributable to ordinary equity holders of the company (RM'000)	395	1,355	2,440	3,244
Basic				
Weighted average number of shares in issue ('000)	148,905	114,165	146,083	108,014
Basic earnings per share (sen)	<u>0.27</u>	<u>1.19</u>	<u>1.67</u>	<u>3.00</u>
Diluted				
Weighted average number of shares in issue ('000)	148,905	114,165	146,083	108,014
Effect of dilution ('000)	17,855	-	14,713	-
Adjusted weighted average number of shares in issue ('000)	166,760	114,165	160,796	108,014
Diluted earnings per share (sen)	<u>0.24</u>	<u>1.19</u>	<u>1.52</u>	<u>3.00</u>

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B12 Additional disclosure as per Appendix 9B , Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30.06.2023 RM'000	PRECEDING PERIOD CORRESPON- DING QUARTER 30.06.2022 RM'000	CURRENT PERIOD TO DATE 30.06.2023 RM'000	PRECEDING PERIOD CORRESPON- DING PERIOD 30.06.2022 RM'000
The following amounts have been included in arriving at profit before tax:				
Auditors' remuneration	77	52	111	89
Depreciation on property, plant and equipment	472	197	785	393
Depreciation on investment property	4	4	8	8
Depreciation on right-of-use assets	61	73	121	109
Finance costs	125	97	243	221
Provision for retirement benefits	-	33	-	67
Share grant scheme expenses	1,740	-	2,138	-
Unrealised foreign exchange losses	16	-	16	-
Realised foreign exchange losses	24	-	29	-
Loss on disposal of property, plant & equipment	-	-	203	10
Rental expense:				
- Land and building	89	131	161	194
- Equipment	52	47	113	68
	<u>52</u>	<u>47</u>	<u>113</u>	<u>68</u>
and after crediting:				
Interest income	13	2	29	7
Rental income	38	16	75	91
Bad debts recovered	-	5	-	8
Unrealised foreign exchange gains	-	-	50	-
Realised foreign exchange gains	-	64	113	43
Reversal of impairment loss on inventories	51	-	51	-
Gain on appreciation of market value of marketable securities	-	-	9	-
Gain on disposal of property, plant & equipment	-	-	360	-
	<u>-</u>	<u>-</u>	<u>360</u>	<u>-</u>

B13 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 31 December 2022 was unqualified.

B14 Authorisation for Issue

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