Condensed Consolidated Statement Of Financial Position
As at 31 March 2019

Central Industrial Corporation Berhad
Consolidated Statement Of Financial Position As At 31 March 2019

	31 March 2019 Unaudited RM'000	31 December 2018 Audited RM'000
Assets		
Property, plant & equipment	14,376	15,023
Prepaid lease payments	1,417	1,429
Investment properties	1,010	1,017
Deferred Tax Assets	64	64
Goodwill	22	22
Total non-current assets	16,889	17,555
Inventories	16,668	19,585
Trade & other receivables	24,687	37,031
Deposit, cash & bank balances	8,938	8,199
Total current assets	50,293	64,815
Total Assets	**67,182**	**82,370**
Equity		
Share capital	51,407	51,407
Reserves	266	275
Retained earnings	(4,451)	(3,106)
Total equity attributable to owners of the Company	47,222	48,576
Non-controlling interests	3,463	3,546
Total equity	**50,685**	**52,122**
Liabilities		
Employee benefits	1,676	1,717
Deferred tax Liabilities	910	910
Total non-current liabilities	**2,586**	**2,627**
Trade & other payables	13,911	27,621
Total current liabilities	13,911	27,621
Total liabilities	16,497	30,248
Total Equity and Liabilities	**67,182**	**82,370**
Net assets per ordinary share (RM)	**0.52**	**0.54**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

CENTRAL INDUSTRIAL CORPORATION BERHAD and its subsidiaries
Company No. 12186-K (Incorporated in Malaysia)

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For Three Months Ended 31 March 2019

	Current quarter Three months ended 31 March		Cumulative quarteer Three months ended 31 March	
	2019 Unaudited RM'000	2018 Unaudited RM'000	2019 Unaudited RM'000	2018 Unaudited RM'000
Continuing operations				
Revenue	21,102	15,344	21,102	15,344
Cost of sales	(19,338)	(13,170)	(19,338)	(13,170)
Gross profit	1,764	2,174	1,764	2,174
Other operating income	81	25	81	25
Selling and distribution expenses	(994)	(950)	(994)	(950)
Administrative expenses	(2,235)	(1,275)	(2,235)	(1,275)
Other operating expenses	(105)	(133)	(105)	(133)
Profit from operating activities	(1,489)	(159)	(1,489)	(159)
Finance costs	-	-	-	-
Finance income	61	68	61	68
Share of net profit of associated company	-	155	-	155
Loss on previously held interest in associated company	-	-	-	-
Net finance costs	61	223	61	223
Profit before tax	(1,428)	64	(1,428)	64
Tax expense	-	-	-	-
Profit for the period	(1,428)	64	(1,428)	64
Other comprehensive income/(expense) , net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(9)	(35)	(9)	(35)
Remeasurement of defined benefit liability	-	-	-	-
Other comprehensive income/(expense) for the period	(9)	(35)	(9)	(35)
Total comprehensive income for the period/year	(1,437)	29	(1,437)	29
Profit attributable to :				
Owners of the Company	(1,345)	64	(1,345)	64
Non-controlling interests	(83)	-	(83)	-
Profit for the period	(1,428)	64	(1,428)	64

Total comprehensive income attributable to :				
Owners of the Company	(1,354)	29	(1,354)	29
Non-controlling interests	(83)	-	(83)	-
Total comprehensive income for the period	(1,437)	29	(1,437)	29
Basic profit per ordinary share (sen)	(1.49)	0.07	(1.49)	0.07
Diluted profit per ordinary share (sen)	(1.49)	0.07	(1.49)	0.07

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement Of Changes In Equity
For the Three Months ended 31 March 2019 – *Unaudited*

	/------------- Attributable to owners of the Company ------------/					
	/ ---------------- Non- distributable ----------------/			Distributable		
	Share Capital RM'000	**Share Premium RM'000**	**Translation Reserve RM'000**	**Retained Earnings RM'000**	**Non-controlling Interest RM'000**	**Total Equity RM'000**
At 1 January 2019	51,407	-	275	(3,106)	3,546	52,122
Foreign currency translation differences for foreign operations	-	-	(9)	-		(9)
Total other comprehensive income for the period	-	-	(9)	-		(9)
Profit for the period	-	-	-	(1,345)	(83)	(1,428)
Total comprehensive income for the period	-	-	(9)	(1,345)	(83)	(1,437)
Total transactions with owners of the Company						
Contributions by and distributions to owners of the Company						
At 31 March 2019	**-**	**-**	**266**	**(4,451)**	**3,463**	**50,685**

Condensed Consolidated Statement Of Changes In Equity
For Three Months ended 31 March 2018 – *Unaudited*

	/------------- Attributable to owners of the Company ------------/					
	/ ---------------- Non- distributable ----------------/			Distributable		
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2018	51,407	0	276	1,376	-	53,059
Foreign currency translation differences for foreign operations	-	-	(35)	-		(35)
Total other comprehensive income for the period	-	-	(35)	-		(35)
Profit for the period	-	-	-	64		64
Total comprehensive income for the period	-	-	(35)	64	-	29
Total transactions with owners of the Company						
Contributions by and distributions to owners of the Company						
Total transactions with owners of the Company						
At 31 March 2018	**51,407**	**-**	**241**	**1,440**	**-**	**53,088**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement Of Cash Flows
For The Three Months Ended 31 March 2019

	Three months ended 31 March	
	2019	2018
	Unaudited	Unaudited
Cash flows from operating activities	RM'000	RM'000
Profit before tax from - continuing operations	(1,428)	64
Adjustment for :-		
Amortisation of prepaid lease payments	12	12
Depreciation of property, plant and equipment	820	438
Depreciation of investment properties	7	7
Finance income	(95)	(68)
Property, plant & equipment written off	-	-
Loss/(Gain) on disposal of property, plant and equipment	1	-
Provision for retirement benefits	38	44
Loss on previously held interest in PBSB	-	-
Share of net profit of associated company	-	(155)
Operating profit / (loss) before changes in working capital	(645)	342
Change in inventories	2,914	2,323
Change in trade and other receivables	12,208	(203)
Change in trade and other payables	(13,483)	(15)
Cash (used in) / generated from operations	994	2,447
Income tax (paid) / refund	(96)	(10)
Retirement benefit paid	(78)	-
Net cash flow (used in) / from operating activities	820	2,437
Cash flows from investing activities		
Acquisition of property, plant and equipment	(178)	(79)
Interest received	95	68
Proceeds from disposal of property, plant and equipment	4	-
Net cash flow from / (used in) investing activities	(79)	(11)
Cash flows from financing activities		
Dividend paid to the owners of the Company	-	-
Proceeds from issuance of share capital	-	-
Net cash flow from / (used in) financing activities	-	-

Net increase / (decrease) in cash & cash equivalents	741	2,426
Effect of exchange rate fluctuations on cash held	(2)	(8)
Effect of acquisition of new subsidiary	-	-
Cash and cash equivalents at 1 January	8,199	12,493
Cash and cash equivalents at 31 March	8,938	14,911

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

	Three months ended	
		31 March
	2019	**2018**
	RM'000	**RM'000**
Fixed deposits placed with a licensed bank	4,667	9,659
Short term deposit	-	3,102
Cash and bank balances	4,271	2,150
	8,938	14,911

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31.12.2018 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the condensed consolidated interim financial statements for the three months ended 31 March 2019

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 2018. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

2. *Significant Accounting Policies*

The accounting principles and policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned accounting standards, amendments and interpretations become effective.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the Group and the Company except as mentioned below:

(i) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. ***Auditors' Report***

The auditor's report of the preceding annual financial statements is not subject to any qualification.

4. ***Changes in the Composition of the Group***

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

5. ***Seasonal or Cyclical Factors***

The Group's performance is not materially affected by any seasonal or cyclical factors.

6. ***Debts and Equity Securities***

There were no issuances, cancellation, repurchases, resale or repayments of debt or equity securities for the current quarter under review.

7 ***Profit Forecast or Profit Guarantee***

The Group did not issue any profit forecast or profit guarantee during the current quarter under review.

8. ***Unquoted Investments and Properties***

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

9. ***Quoted Securities***

There were no purchases or sales of quoted securities during the current quarter under review.

10. ***Changes in Estimates***

There were no changes in estimates that have a material effect in the current interim results.

11. ***Exceptional or unusual items***

There were no exceptional or unusual items for the Group in the current quarter under review.

12. ***Corporate Proposals***

There was no new corporate proposal/exercise for the Group in the quarter under review besides the ongoing Proposed Internal Reorganization.

13. ***Material Litigation***

The Group has not engaged in any litigation which has a material effect on the financial position of the Group for the quarter under review.

14. ***Valuations of Property, Plant & Equipment***

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

15. ***Dividends Paid***

There was no dividend paid during the quarter under review.

16. ***Segmental Reporting***

The Group's primary business segment is principally engaged in the manufacture and sale of self-adhesive tapes of its own brand, labels stocks and trading of other self-adhesive label stocks and tapes.

The Group has diversified into construction and construction related activities with the completion of the Company's shares subscription in Proventus Bina Sdn Bhd in June 2018. Segmental reporting for the Group by business unit for the current quarter ended 31 March 2019 are stated as follows:-

	Current quarter Three months ended		Cumulative quarter Three months ended	
		31 Mar		31 Mar
	2019	2018	2019	2018
Segment Revenue - Unaudited	RM'000	RM'000	RM'000	RM'000
- Manufacturing	13,411	15,344	13,411	15,344
- Construction	7,691	-	7,691	-
Total Segment Revenue	21,102	15,344	21,102	15,344

	Current quarter Three months ended		Cumulative quarter Three months ended	
		31 Mar		31 Mar
	2019	2018	2019	2018
Segment Results	RM'000	RM'000	RM'000	RM'000
- Manufacturing	(1,258)	(90)	(1,258)	(90)
- Construction	(170)	154	(170)	154
(Loss)/Profit Before Tax	(1,428)	64	(1,428)	64

17. ***Contingent Liabilities or Contingent Assets***

The contingent liabilities of the Group is RM13.40 Million. This is in relation to Corporate Guarantees issued to developers, suppliers and banks for Proventus Bina S/B operational requirements.

18. ***Capital Commitments***

The amount of capital commitments for the purchase of properties, plant & equipment not provided for in the interim financial statements are as follow:

	Quarter ended 31 March 2019	Quarter ended 31 March 2018
Amount approved but not contracted for	RM’000	RM’000
- Property, plant & equipment	Nil	Nil

19. ***Subsequent Events***

There were no subsequent events up to the date of this interim report that have not been reflected in these interim financial statements.

20. ***Review of Performance***

The Group recorded revenue of RM21.102 million and Loss Before Tax of RM1.428 Million in the quarter under review as compared to revenue of RM15.344 Million and Profit Before Tax of RM0.064 million recorded in the corresponding quarter last year.

The higher revenue registered by the Group was mainly due to contribution from its construction subsidiary, Proventus Bina Sdn Bhd ("PBSB") which recorded revenue of RM7.692 million in the quarter under review.

21. ***Material Changes in results with immediate preceding quarter***

The comparison of the Group's revenue and Profit Before Tax for the current quarter and preceding quarter are summarized as follows:-

	Quarter ended 31 Mar 2019 RM'000	Quarter ended 31 Dec 2018 RM'000	Variance RM'000	%
Revenue	21,102	20,914	188	0.9%
Profit / (Loss) before tax	(1,428)	29	(1,457)	(5024.1%)

The Group's revenue increased by 0.9% from RM20.914 million in the immediate preceding quarter to RM21.102 million in the current quarter under review. The increase in revenue was mainly contributed by higher sales of manufacturing sector which recorded revenue of RM13.411 million as compared to preceding quarter's revenue of RM12.168 million.

The Group recorded Loss Before Tax of RM1.428 million in the current quarter compared to Profit Before Tax of RM0.029 million in the preceding quarter. Loss Before Tax was attributed to the drop in gross profit margin of the manufacturing operations. The manufacturing gross profit margin was negatively impacted by product sales mix, lower production volume as well as higher wastages recorded. Appropriate actions have been taken to improve the manufacturing gross profit margin. The construction operations also recorded Loss Before Tax of RM0.170 Million for the quarter under review, contributing to the overall Group losses.

22. ***Commentary of Prospects***

a. Manufacturing

The outlook for the 2nd quarter will focus on driving sales opportunities for domestic and export segments, regardless of the ongoing soft market conditions and competitive pressures as the manufacturing operations strive to better a disappointing 1st quarter's performance.

The momentum of sales improvement for domestic market is anticipated to remain positive, albeit gradual. Product mix will be crucial to improve the exceptionally low gross profit margin of the 1st quarter. Whilst labels stocks had sales increased in the 1st quarter, masking tapes and traded items were essentially flat compared to the preceding quarter and these are the two product categories that will be under the radar for sales increases to improve the domestic gross profit margin.

The 2nd quarter will witness another major festival, Hari Raya which will impede domestic sales from the accompany road ban for heavy vehicles in late May/early June.

Domestic sales in June will be boosted with the launch of traded items from 3M after a lengthy delay due to stocks availability.

Domestic tapes sales will continue to intensify towards increasing automotive grade masking tapes to converters as well as General Purpose Jumbo Rolls to converters and competitively price against China imports (which are being dumped in the local market due to excess capacities in China manufacturers affected by the USA China trade issues).

The export segment's outlook continue to be hugely challenging. However, the export team is forecasting improvements to sales compared to the 1st quarter and working to regain loss sales of general purpose masking tapes which are needed to drive up production volumes and lower unit costs.

The plant's output for the 1st quarter further declined but for the 2nd quarter, the plant is optimistic that production volumes will increase to lower unit costs.

Other major operational improvements urgently required had been identified and appropriate actions taken to improve significantly on additional wastages and over consumption of raw materials.

Plant management capabilities and alignment of necessary resources will be reviewed to ensure achievement of set goals.

With the above initiatives from sales and operations, we look forward to a profitable next quarter from the manufacturing operations.

b. Construction

The construction sector will remain challenging through the year. The revival of the East Coast Rail Link (ECRL) project is expected to create a spillover effect for property development along the routes. The revised contract of ECRL are expected to involve higher local content, which is beneficial to local construction players.

The residential subsector is expected to grow at a marginal pace resulted by the oversupply of residential development. The sector remained under pressure in the second half of 2018, with the transaction slowing further and unsold completed homes at a record high. Affordable housing projects is expected to lead the residential subsector. The commercial subsector is expected to decline due to the oversupply of office lots and neighborhood shopping mall. However, factory shop lots and warehouses are forecast to have moderate growth with the transformation of Malaysia as an e-commerce hub for the region. More development and activities are expected in the northern region, namely Penang and Kedah states. With the announcements of the LRT project, Pan Island Link Highway and the Kulim airport, the construction operations is well positioned to ride on the growth of the northern region.

23. ***Profit For The Period***

Profit for the period is arrived at after charging:

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amortization of prepaid lease payments	12	12	12	12
Auditors' remuneration	21	18	21	18
Bad debts written off	-	1	-	1
Depreciation				
- Property, plant and equipment	820	438	820	438
- Investment properties	8	7	8	7
Loss on foreign exchange - realized	15	42	15	42
Loss on foreign exchange – unrealized	-	-	-	-
Inventories written off	36	28	36	28
Loss on disposal of plant and equipment	1	-	1	-
Provision for retirement benefits	38	44	38	44
Rental expense:				
- Land and building	77	54	77	54
- Equipment	6	1	6	1

And after crediting:-

Bad debts recovered	2	3	2	3
Finance income	61	68	61	68
Gain on disposal of plant and equipment	-	-	-	-
Rental income from investment properties	24	24	24	24

24. *Tax Expense*

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense	-	-	-	-
Deferred Tax adjustment*	-	-	-	-
(Over)/Under provision in prior year	-	-	-	-
Tax expense	-	-	-	-

25. *Dividend Proposed*

The Board of Directors did not recommend any dividend in the current quarter under review

26. *Earnings Per Share*

Basic earnings per ordinary share are calculated based on the Group's net profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the current quarter and the financial year to date.

Diluted earnings per ordinary share is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per ordinary share in accordance with MFRS 133 on Earnings per Share.

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Basic				
(Loss)/Profit attributable to the owners of the company	(1,345)	64	(1,345)	64
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic (loss)/earnings per ordinary share (sen)	(1.49)	0.07	(1.49)	0.07
Diluted				
Diluted (loss)/earnings per ordinary share (sen)	(1.49)	0.07	(1.49)	0.07

27. *Authorization for Issue*

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