

Citaglobal Berhad
[Registration No: 200401027590 (666098-X)]

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		6 Months Ended		Changes	
	30/06/23	30/06/22			30/06/23	30/06/22		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	56,430	43,667	12,763	29%	94,669	89,379	5,290	6%
Cost of sales	(39,965)	(36,246)	(3,719)	10%	(64,359)	(70,189)	5,830	-8%
Gross profit	16,465	7,421	9,044	122%	30,310	19,190	11,120	58%
Other income	1,160	8,055	(6,895)	-86%	2,626	10,077	(7,451)	-74%
Operating expenses	(11,928)	(12,105)	177	-1%	(23,731)	(23,522)	(209)	1%
Profit/(Loss) from operations	5,697	3,371	2,326	69%	9,205	5,745	3,460	60%
Finance costs	(695)	(1,056)	361	-34%	(1,634)	(1,947)	313	-16%
Share of results of associates, net of tax	131	(201)	332	-165%	335	687	(352)	-51%
Profit/(Loss) before taxation	5,133	2,114	3,019	143%	7,906	4,485	3,421	76%
Taxation	(2,133)	(183)	(1,950)	1066%	(2,839)	(396)	(2,443)	617%
Profit/(Loss) for the period	3,000	1,931	1,069	55%	5,067	4,089	978	24%
Other comprehensive income, net of tax items that will not be reclassified subsequently to profit or loss:	-	-	-	N/A	-	-	-	N/A
Total comprehensive income/(loss) for the period	3,000	1,931	1,069	55%	5,067	4,089	978	24%
Profit/(Loss) attributable to:								
Owners of the Company	3,005	2,316	689	30%	5,076	4,426	650	15%
Non-controlling interests	(5)	(385)	380	-99%	(9)	(337)	328	-97%
Profit/(Loss) for the period	3,000	1,931	1,069	55%	5,067	4,089	978	24%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	3,005	2,316	689	30%	5,076	4,426	650	15%
Non-controlling interests	(5)	(385)	380	-99%	(9)	(337)	328	-97%
Total comprehensive income/(loss) for the period	3,000	1,931	1,069	55%	5,067	4,089	978	24%
Earnings/(Loss) per share attributable to Owners of the Company (sen):								
-Basic	0.74	1.09	(0.35)	-32%	1.29	2.10	(0.81)	-39%
-Diluted	0.72	0.97	(0.25)	-26%	1.26	1.87	(0.61)	-33%
Net assets per share (RM)					0.89	0.82	0.07	9%

Notes:

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

The comparative Basic and Diluted Earnings/(Loss) Per Share and Net Assets per Share Attributable to the Owners of the Company have been adjusted to account for the 5 into 1 share consolidation exercise of the Company completed on 6 March 2023.

Citaglobal Berhad
[Registration No: 200401027590 (666098-X)]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2023**

	Unaudited	Audited
	30/06/23	31/12/22
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,441	74,871
Intangible asset	148,120	148,120
Investment in associates	2,313	1,978
Club memberships	205	205
Other receivable	4,101	300
Total non-current assets	<u>231,180</u>	<u>225,474</u>
Current assets		
Inventories	46,605	32,529
Trade and other receivables	77,166	91,560
Prepayments	6,956	2,770
Contract assets	61,537	45,488
Short term deposits, cash and bank balances	102,199	81,240
Total current assets	<u>294,463</u>	<u>253,587</u>
TOTAL ASSETS	<u>525,643</u>	<u>479,061</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	548,904	497,985
Irredeemable convertible preference shares ("ICPS")	1,325	2,885
Reserves	(179,352)	(182,704)
	<u>370,877</u>	<u>318,166</u>
Non-controlling interests	71	(276)
Total equity	<u>370,948</u>	<u>317,890</u>
Non-current liabilities		
Borrowings	16,151	14,982
Deferred tax liabilities	5,692	5,840
Total non-current liabilities	<u>21,843</u>	<u>20,822</u>
Current liabilities		
Trade and other payables	61,434	80,606
Contract liabilities	31,489	10,979
Borrowings	36,267	46,888
Provision for liabilities	117	357
Tax payable	3,545	1,519
Total current liabilities	<u>132,852</u>	<u>140,349</u>
TOTAL EQUITY AND LIABILITIES	<u>525,643</u>	<u>479,061</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.89</u>	<u>0.85</u>

Notes:

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

The comparative Audited Net Assets per Share Attributable to the Owners of the Company have been adjusted to account for the 5 into 1 share consolidation exercise of the Company completed on 6 March 2023.

Citaglobal Berhad
[Registration No: 200401027590 (666098-X)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023

<----- Attributable to Owners of the Company ----->

Share Capital RM'000	ICPS RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
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6 months ended 30 June 2023

At 1 January 2023	497,985	2,885	9,888	19,055	(211,647)	318,166	(276)	317,890
Total comprehensive income/(loss) for the period	-	-	-	-	5,076	5,076	(9)	5,067
Acquisition of shares from non-controlling interests	-	-	-	-	(1,724)	(1,724)	356	(1,368)
Changes in revaluation reserve	-	-	-	(107)	107	-	-	-
Conversion of ICPS to ordinary shares	1,560	(1,560)	-	-	-	-	-	-
Conversion of Warrants to ordinary shares	328	-	(328)	-	328	328	-	328
Issuance of shares pursuant to the private placement	49,031	-	-	-	-	49,031	-	49,031
At 30 June 2023	548,904	1,325	9,560	18,948	(207,860)	370,877	71	370,948

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)

<----- Attributable to Owners of the Company ----->

	Share Capital RM'000	ICPS RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
6 months ended 30 June 2022								
At 1 January 2022	300,453	13,677	9,888	16,525	(170,931)	169,612	303	169,915
Total comprehensive income/(loss) for the period	-	-	-	-	4,426	4,426	(337)	4,089
Changes in revaluation reserve	-	-	-	(100)	100	-	-	-
Conversion of ICPS to ordinary shares	3,646	(3,646)	-	-	-	-	-	-
At 30 June 2022	304,099	10,031	9,888	16,425	(166,405)	174,038	(34)	174,004

Note:

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

Citaglobal Berhad**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

6 Months Ended	
30/06/23	30/06/22
RM'000	RM'000

Cash Flows From Operating Activities

Profit/(Loss) before taxation	7,906	4,485
Adjustments for non-cash items	3,673	(495)
	<u>11,579</u>	<u>3,990</u>
Changes in working capital		
Net change in assets	12,657	(3,961)
Net change in liabilities	(35,044)	(17,821)
	<u>(10,808)</u>	<u>(17,792)</u>
Interest paid	(1,634)	(1,947)
Interest received	800	506
Net taxes paid	(960)	(803)
Net Operating Cash Flows	<u>(12,602)</u>	<u>(20,036)</u>

Cash Flows From Investing Activities

Acquisition of shares from non-controlling interests	(1,368)	-
Acquisition of subsidiaries, net of cash acquired	-	(789)
Deposits pledged to licensed banks	(611)	(1,178)
Purchase of plant and equipment	(3,304)	(2,692)
Proceeds from disposal of plant and equipment	314	110
Net Investing Cash Flows	<u>(4,969)</u>	<u>(4,549)</u>

Citaglobal Berhad**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**

6 Months Ended	
30/06/23	30/06/22
RM'000	RM'000

Cash Flows From Financing Activities

Net proceeds from private placement	49,031	-
Proceeds from conversion of warrants	339	-
New drawdown of term loan	1,873	4,314
Repayment of lease liabilities	(863)	(1,044)
Drawdown/(Repayment) of bank borrowings	(11,047)	3,470
Net Financing Cash Flows	39,333	6,740
Net change in cash and cash equivalents	21,762	(17,845)
Cash and cash equivalents at beginning of the financial period	70,610	55,895
Effect of the exchange rate fluctuations	7	28
Cash and cash equivalents at end of the financial period	92,379	38,078

Notes:

- (i) Short term deposits, cash and bank balances

Cash on hand and at banks	22,976	15,104
Deposits with licensed banks	79,223	55,463
Cash and bank balances	102,199	70,567
Less: Bank overdrafts	(5,754)	(19,799)
Less: Deposits pledged to licensed banks	(4,066)	(12,690)
Cash and cash equivalents	92,379	38,078

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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Notes To The Interim Financial Report
For The Second Quarter Ended 30 June 2023
(Unaudited)

Part A – Explanatory Notes Pursuant to MFRS 134

1 Basis of Preparation

The interim financial statements have been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard (“MFRS”) No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Chapter 9 (Paragraph 9.22) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group.

2 Accounting Policies

The significant accounting policies and methods of computation adopted by Citaglobal Berhad (“Citaglobal”) in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of Citaglobal for the financial year ended 31 December 2022.

The Group and the Company have adopted the following new MFRS and amendments/improvements to MFRSs for the current financial year:

New MFRS

MFRS 17 Insurance Contracts

Amendments/Improvements to MFRSs

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3 Business Combinations
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
MFRS 7 Financial Instruments: Disclosures
MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
MFRS 17 Insurance Contracts
MFRS 101 Presentation of Financial Statements
MFRS 107 Statements of Cash Flows
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112 Income Taxes
MFRS 116 Property, Plant and Equipment
MFRS 119 Employee Benefits
MFRS 128 Investments in Associates and Joint Ventures
MFRS 132 Financial Instruments: Presentation
MFRS 136 Impairment of Assets
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
MFRS 138 Intangible Assets
MFRS 140 Investment Property

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

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2 Accounting Policies (cont'd)

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

	Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>	
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 16 Leases	1 January 2024
MFRS 101 Presentation of Financial Statements	1 January 2024
MFRS 128 Investments in Associates and Joint Ventures	Deferred

The Group and the Company plan to adopt the above applicable amendments/improvements to MFRSs when they become effective.

3 Auditors' Report on Preceding Audited Financial Statements

The auditors' report on the preceding year's audited financial statements was not subject to any qualification.

4 Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by seasonal or cyclical factors during the current quarter under review.

5 Unusual Significant Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and/or financial year to date.

6 Changes in Accounting Estimates

There were no changes in accounting estimates that have a material impact on the current quarter and financial year to date results.

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7 Changes in Debts and Equity Securities

On 17 April 2023, the Company announced to Bursa Securities its intention to undertake a placement of 37,956,885 Placement Shares, representing 10% of the total number of issued Citaglobal Shares at a subscription price of RM1.32 per Placement Share.

On 3 May 2023, the Company completed the listing and quotation of 37,956,885 Placement Shares on the Main Market of Bursa Securities raising gross proceeds of RM50.10 million.

During the current quarter under review, 15,700 ICPS have been converted to ordinary shares of Citaglobal Berhad with no additional cash payments to the Company.

The above new ordinary shares issued ranked pari-passu in all respects with the existing ordinary shares of the Company.

8 Dividends Paid

There was no dividend paid during the current quarter under review.

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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

9 Segmental Reporting

The Group is principally engaged in the business of Civil Engineering and Construction, Energy and Manufacturing.

Revenue

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil Engineering and Construction	55,851	(13,301)	42,550
Energy	20,173	(4,412)	15,761
Manufacturing	18,622	-	18,622
Others	20,424	(2,688)	17,736
Total	<u>115,070</u>	<u>(20,401)</u>	<u>94,669</u>

Results

	RM'000
Civil Engineering and Construction	16,151
Energy	(941)
Manufacturing	(732)
Others	(2,583)
Add/(Less): elimination	(2,690)
Profit/(Loss) from operations	<u>9,205</u>
Finance cost	(1,634)
Share of results of associates, net of tax	335
Taxation	(2,839)
Profit/(Loss) for the period	<u>5,067</u>

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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil Engineering and Construction	197,960
Energy	56,293
Manufacturing	88,121
Others	460,324
Add/(Less): elimination	(277,055)
Total	<u>525,643</u>

	Segment <u>Liabilities</u> RM'000
Civil Engineering and Construction	167,148
Energy	43,784
Manufacturing	26,089
Others	49,165
Add/(Less): elimination	(131,491)
Total	<u>154,695</u>

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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

10 Profit/(Loss) Before Taxation

	3 Months Ended 30/06/23 RM'000	6 Months Ended 30/06/23 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Deposits written off	-	5
Depreciation for property, plant and equipment	1,280	2,514
Depreciation for rights-of-use assets	556	963
Fair value adjustments on conversion of warrants	-	(11)
Gain on disposal of plant and equipment	(1)	(50)
Gain on lease modification	(3)	(3)
Impairment loss on receivables	595	182
Interest expense	695	1,634
Interest income	(451)	(800)
Reversal of provision for liabilities and charges	(240)	(240)
Reversal of impairment loss on contract assets	-	(200)
Share of results of associates	(131)	(335)
Unrealised (gain)/loss on foreign exchange	(16)	14

11 Valuation Of Property

There was no valuation of property, plant and equipment of the Group during the quarter under review.

12 Material Subsequent Event

There is no material subsequent event up to the date of this report.

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Notes To The Interim Financial Report
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13 Changes In The Composition Of The Group

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

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 30 June 2023 were as follows:

	Group	
	30/06/23	31/12/22
	RM'000	RM'000
Guarantees in favour of third parties	<u>46,898</u>	<u>28,546</u>

15 Capital Commitments

The capital commitments as at 30 June 2023 were as follows:

	RM'000
(a) Contracted and not provided for	1,112
(b) Authorised and not contracted for	<u>-</u>
	<u>1,112</u>

Analysed as follows:

Acquisition of plant and equipment	<u>1,112</u>
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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

1 Review Of Performance

Current Year Quarter against Preceding Year Corresponding Quarter

	Individual Quarter			
	3 Months Ended		Changes	
	30/06/23	30/06/22		
	RM'000	RM'000	RM'000	%
Revenue	56,430	43,667	12,763	29%
Profit/(Loss) before taxation	5,133	2,114	3,019	143%

The Group registered a higher revenue of RM56.4 million in the current quarter compared to RM43.7 million in the preceding year corresponding quarter. The increase in revenue of RM12.8 million was due to the higher revenues of RM1.8 million, RM1.0 million and RM12.9 million from the Energy, Civil Engineering and Construction ("CEC") and remaining segments, respectively. However, this was offset by the lower revenue of RM2.9 million from the manufacturing segment. The higher revenue in the remaining segment was mainly contributed by the telecommunications and property divisions.

The Group registered a higher profit before taxation of RM5.1 million in the current quarter compared to RM2.1 million in the preceding year corresponding quarter. The increase in profit before taxation of RM3.0 million was due to the stronger results of RM8.1 million and RM1.4 million from the CEC and Energy segments, respectively. This was offset by the weaker results of RM1.2 million and RM5.3 million from the Manufacturing and remaining segments, respectively. The weaker result in the remaining segment in the current quarter was mainly due to the reversal of impairment of RM5.7 million for the PRIMA D'Marina Residency Phase 2 project in Kuantan in the comparative quarter.

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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

1 Review Of Performance (cont'd)

Current Year-To-Date against Preceding Year Corresponding Year-To-Date

	Cumulative Quarter			
	6 Months Ended		Changes	
	30/06/23	30/06/22	RM'000	%
Revenue	94,669	89,379	5,290	6%
Profit/(Loss) before taxation	7,906	4,485	3,421	76%

The Group registered a higher revenue of RM94.7 million in the current year-to-date compared to RM89.4 million in the preceding year corresponding year-to-date. The increase in revenue of RM5.3 million was due to the higher revenue of RM17.7 million from the remaining segment. This was offset by the lower revenues of RM6.8 million, RM4.4 million and RM1.2 million from the Manufacturing, CEC and Energy segments, respectively. The higher revenue in the remaining segment was mainly contributed by the telecommunication and property divisions.

The Group registered a profit before taxation of RM7.9 million in the current year-to-date compared to RM4.5 million in the preceding year corresponding year-to-date. The increase in profit before taxation of RM3.4 million was mainly due to the stronger results of RM12.1 million and RM0.5 million from the CEC and Energy segments, respectively. This was offset by the weaker results of RM2.9 million and RM6.3 million from the manufacturing and remaining segments, respectively. The weaker result in the remaining segment in the current year-to-date was mainly due to the reversal of impairment of RM5.7 million for the PRIMA D'Marina Residency Phase 2 project in Kuantan in the comparative year-to-date.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	30/06/23	31/03/23
	RM'000	RM'000
Revenue	56,430	38,239
Profit/(Loss) before taxation	5,133	2,773

The Group registered a higher revenue of RM56.4 million in this quarter compared to RM38.2 million in the preceding quarter. The increase in revenue of RM18.2 million was due to the higher revenues of RM5.3 million, RM4.6 million, RM0.2 million and RM8.1 million from the Energy, CEC, Manufacturing and the remaining segments, respectively.

The current quarter registered a profit before taxation of RM5.1 million compared to RM2.8 million in the preceding quarter. The higher profit before taxation of RM2.3 million in the current quarter was due to the stronger results of RM2.0 million and RM1.1 million from the Energy and remaining segments, respectively. This was offset by the weaker results of RM0.7 million and RM0.1 million from the CEC and manufacturing segments, respectively.

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Notes To The Interim Financial Report For The Second Quarter Ended 30 June 2023 (Unaudited)

3 Prospects

Outlook

The business segments of the Group are Civil Engineering and Construction ("CEC"), Energy and Manufacturing. The Group is embarking on various opportunities to improve the contributions for the CEC and Energy segments by instituting several initiatives including acquisition growth and is actively tendering for projects to further strengthen the financial performance of the Group.

As at 30 June 2023, the Group has a total outstanding order book of RM691.4 million. The Group through its indirect subsidiary has diversified into property development business namely the PR1MA Phase 2 Project with an estimated remaining gross development value of RM368.6 million.

On 1 June 2023, the Group via its wholly-owned subsidiary company Citaglobal Engineering Services Sdn Bhd, accepted a Letter of Award from Port Dickson Power Berhad in respect of the contract works for decommissioning, dismantling, demolition and disposal of balance of plant at Port Dickson Power Plant for a lump sum amount of RM13.3 million ("the Contract"). The Contract shall be completed within 12 months from the commencement date and is expected to contribute positively to the Group during the Contract period.

The Group is in a transition phase to focus on renewable energy and telecommunication sectors which will contribute positively to the Group.

The performance outlook of the Group will also depend on the award of contracts for the Battery Energy Storage System ("BESS") and for the ECRL Independent Power Producer ("IPP") Project.

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Notes To The Interim Financial Report
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4 Variance Between Actual Profit And Forecast Profit

There is no profit forecast issued by the Group for the current financial year.

5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	6 Months Ended
	30/06/23	30/06/23
	RM'000	RM'000
Current taxation	2,252	3,012
Movement in deferred taxation	(119)	(173)
	<u>2,133</u>	<u>2,839</u>

The effective tax rates for the current quarter and year-to-date were higher than the statutory tax rate due to losses incurred by certain direct and indirect subsidiaries of the Group.

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Notes To The Interim Financial Report
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(Unaudited)

6 Status Of Corporate Proposal

(a) Irredeemable Convertible Preference Shares

On 10 May 2021, the Company completed the listing and quotation of 511,665,197 Irredeemable Convertible Preference Shares, 63,958,049 free detachable warrants ("Warrants B") and 51,800,538 additional Warrants 2014/2024 ("Warrants A") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") raising gross proceeds of RM56.28 million.

On 8 September 2021, the Company announced to Bursa Securities the variation of utilisation proceeds of RM14 million from future projects to an existing project in line with the current business needs of the Group. The variation is not subject to approval of any authorities or shareholders of the Company as the variation is less than 25% of the total proceeds raised from the rights issue pursuant to Paragraph 8.22 of the Listing Requirements. The utilisation of proceeds status as at 30 June 2023 is as set out below:

Purpose	Proposed utilisation RM'000	Variation/ Transfer from/(to) RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds
Funding for future construction and/or project/business financing activities	54,883	(13,954)	40,929	(14,677)	26,252	Within 36 months
Working capital	700	-	700	(700)	-	Within 12 months
Estimated expenses*	700	(46)	654	(654)	-	Within 1 month
Existing project	-	14,000	14,000	(14,000)	-	Within 6 months
Total	56,283	-	56,283	(30,031)	26,252	

* Estimated expenses is in relation to the above rights issue exercise. The surplus has been adjusted against the portion earmarked for funding for future construction and/or project/business financing activities of our Group.

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6 Status Of Corporate Proposal (cont'd)

(b) Private Placement

On 17 April 2023, the Company announced to Bursa Securities its intention to undertake a placement of 37,956,885 Placement Shares, representing 10% of the total number of issued Citaglobal Shares at a subscription price of RM1.32 per Placement Share.

On 3 May 2023, the Company completed the listing and quotation of 37,956,885 Placement Shares on the Main Market of Bursa Securities raising gross proceeds of RM50.10 million. The utilisation of proceeds status as at 30 June 2023 is as set out below:

Purpose	Proposed utilisation RM'000	Variation/ Transfer from/(to) RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds
Investment/ Expansion in the existing businesses	33,000	-	33,000	-	33,000	Within 12 months
Working capital	15,873	158	16,031	(9,335)	6,696	Within 12 months
Estimated expenses*	1,230	(158)	1,072	(1,072)	-	Within 2 months
Total	50,103	-	50,103	(10,407)	39,696	

* The estimated expenses comprise professional fees, regulatory fees, placement fees and other incidental expenses incurred for the above private placement. The surplus has been adjusted against the portion earmarked for working capital of the Group.

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6 Status Of Corporate Proposal (cont'd)

(c) Proposed Acquisition of

- **60% equity interest in Spectra Suria Sdn Bhd ("Spectra Suria") ("Spectra Suria Acquisition")**
 - **40% equity interest in Nova Reeco Sdn Bhd ("Nova Reeco") ("Nova Reeco Acquisition")**
-

On 4 August 2023, Citaglobal Berhad ("Citaglobal" or "the Company") and its wholly-owned subsidiary i.e. Citaglobal Engineering Services Sdn Bhd ("CESSB") entered into the following agreements respectively:

- (i) a Share Sale Agreement with Nik Ahmad Huznee Bin Nik Hussain ("Nik Ahmad Huznee") and Nik Mohd Umar Bin Nik Ahmad Huznee ("Spectra Suria SSA") for the acquisition by CESSB of 60% equity interest in Spectra Suria for a purchase consideration of RM2 million in cash; and
- (ii) a Share Sale Agreement with Nik Ahmad Huznee, Nik Fadhlee Bin Nik Ahmad Huznee and Nova Spectra Energy Sdn Bhd ("Nova Reeco SSA") for the acquisition by Citaglobal of 40% equity interest in Nova Reeco and intention to purchase irredeemable convertible preference shares that are convertible into 20% equity interest ordinary shares in Nova Reeco upon issuance for a purchase consideration of RM3 million in cash.

In addition, Citaglobal has committed to making further investment in the form of shareholders advance or redeemable preference shares of at least RM7 million in its Nova Reeco venture, bringing its total investment in the Proposed Acquisitions to a total of RM12 million.

The Proposed Acquisitions are in line with the National Energy Transition Roadmap recently launched by Ministry of Economy Malaysia and the strategic plan of Citaglobal in expanding its renewable energy division and will contribute positively for the earnings of Citaglobal as and when Spectra Suria and Nova Reeco start recognising profits from their projects.

The respective parties to the Spectra Suria SSA and Nova Reeco SSA shall proceed to completion within 30 business days (or such later date as may be mutually agreed in writing between the respective parties) after the Spectra Suria SSA and Nova Reeco SSA unconditional dates, respectively.

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7 Borrowings And Debts Securities

The Group's borrowings were as follows:

	As at	
	30/06/23	30/06/22
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Floating rate bank loan	3,989	5,414
Hire purchase liabilities	808	-
Term Loans	9,913	7,894
<u>Unsecured</u>		
Lease liabilities	1,284	-
Term Loan	157	-
	<u>16,151</u>	<u>13,308</u>
Current		
<u>Secured</u>		
Floating rate bank loan	1,455	1,353
Hire purchase liabilities	442	-
Term Loans	1,642	2,040
Trade financing	6,077	6,678
<u>Unsecured</u>		
Bank overdrafts	5,754	19,799
Lease liabilities	1,770	-
Term Loan	60	-
Trade financing	19,067	27,840
	<u>36,267</u>	<u>57,710</u>
Total	<u>52,418</u>	<u>71,018</u>

8 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

Notes To The Interim Financial Report
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9 Material Litigation

As at the date of this announcement, there are no other material litigations against or taken by the Group other than the following:

(a) Notice Of Adjudication Under The Construction Industry Payment & Adjudication Act 2012 By Proweld Engineering Sdn Bhd Against Citaglobal Energy Sdn Bhd

On 27 July 2022, the Company via its wholly-owned subsidiary Citaglobal Energy Sdn Bhd ("Citaglobal Energy") was served with a Notice of Adjudication dated 20 July 2022 by Proweld Engineering Sdn Bhd ("PESB") under Section 5 of the Construction Industry Payment & Adjudication Act 2012 in an amount of RM5,258,026.08 which Citaglobal Energy received via A.R. Post on 27 July 2022.

PESB is claiming for work and/or services in relation to the piping and mechanical works for M2020 ASPAC KANCIL PROJECT (Work order no. REQ: MSOG-M2020-M57-0008) located at Lot No. 197 II & 197 III Darul Ehsan, Jalan Pelabuhan Klang Utara, 42000, Port Klang, Selangor Darul Ehsan.

Citaglobal Energy was on 5 December 2022 notified by its appointed solicitors that the Adjudicator had on 5 December 2022 determined and delivered the Adjudication Decisions as follows:

- (i) The claimed amount being RM5,258,026.08 was duly adjudicated and the amount adjudicated to be payable by Citaglobal Energy to PESB is RM1,062,676.18.
- (ii) Pursuant to Construction Industry Payment and Adjudication Act ("CIPAA") subsection 25(o), Citaglobal Energy shall pay to PESB interest on the adjudicated amount, calculated at 5% per annum up to 13 June 2022 amounting to RM44,882.03.
- (iii) Pursuant to CIPAA subsection 25(o), Citaglobal Energy shall pay to PESB interest on the adjudicated amount, calculated at 5% per annum from 5 December 2022 and continuing until the adjudicated amount is completely paid.
- (iv) Pursuant to CIPAA subsection 18(1), and in accordance with the principle that costs follow the event, Citaglobal Energy shall pay to PESB the costs of the adjudication proceeding, including the Adjudicator's fees and expenses and the Asian International Arbitration Centre (AIAC)'s fees and expenses in the total amount of RM81,289.00.
- (v) The above amounts shall be paid by Citaglobal Energy to PESB on or before 14 December 2022.

On the advice of the solicitors for Citaglobal Energy, on 20 January 2023, Citaglobal Energy had through its solicitors filed an application before the High Court of Shah Alam (Suit No.: BA-24C-9-01/2023) to apply for an Order that the Adjudication Decision dated 5 December 2022 be set aside and/or declared null and ("Setting Aside Application") on the grounds that the Adjudication Decision is wrong and defective and the Adjudicator has acted contrary to and in conflict with natural justice. The costs of these proceedings are to be borne by PESB. No payments pursuant to the Adjudication Decision has been made by Citaglobal Energy to PESB.

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9 Material Litigation (cont'd)

On 24 February 2023, Citaglobal Energy was served with an Originating Summons filed in the High Court of Shah Alam (Suit No.: BA-24C-16-02/2023) by PESB to register the Adjudication Decision dated 5 December 2022.

The Setting Aside Application by Citaglobal Energy was dismissed by the High Court. Citaglobal Energy shall be appealing the said decision to the Court of Appeal.

The Company is of the opinion that it has sufficient grounds to set aside the Adjudication Decision at the Court of Appeal, which will have a material impact on PESB's Originating Summons to register the Adjudication Decision dated 5 December 2022. However, it is not expected to have any material financial and operational impacts on the Group for the financial year ending 31 December 2023.

(b) Citaglobal Berhad (Citaglobal or the Company) Writ of Summons and Statement of Claim Served to UMD Energy Sdn. Bhd. in The High Court in Kuala Lumpur bearing Suit No. WA-22NCC-299-05/2023

The Company via Citaglobal Energy Sdn Bhd, a wholly-owned subsidiary of the Company had on 24 May 2023 served a Writ of Summons and Statement of Claim to UMD Energy Sdn Bhd Sdn. Bhd. ("UMD") ("Defendant") in the High Court of Kuala Lumpur via Suit No. WA-22NCC-299-05/2023 ("Writ").

The Plaintiff's claim against the Defendant pertains to the alleged payment default in relation to the promise of the Defendant to pay the Plaintiff the sum of RM1,556,228.01 being the profit sharing due and payable to the Plaintiff following the closure and discontinuance of the project known as Provision of Engineering, Procurement, Constructions, Installation and Commissioning (EPCIC) of PM309 Gas Ledang Redev Segment 2 Development Project ("the project"). The Plaintiff and the Defendant were executing the said project as a consortium. The project had been discontinued by the Client, Petronas Carigali Sdn. Bhd. Pursuant to the discontinuance of the project and payments received from the Client, the Defendant had promised to pay the Plaintiff vide a letter dated 14.11.2022 the sum of RM1,556,228.01 in 4 installments commencing 31 March 2023. The Defendant had failed to make payment.

Pursuant to the Writ, the Plaintiff has claimed from the Defendant the following:

- (i) The sum of RM1,556,228.01; and
- (ii) Interest at the rate of 5% per annum from the date of filing of the suit until full payment of the judgment sum.

The aforesaid Writ is not expected to have any material financial and operational impacts on the Group for the financial year ending 31 December 2023.

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9 Material Litigation (cont'd)

(c) Writ and Statement of Claim Served by UMD Energy Sdn. Bhd. in The High Court in Kuala Lumpur bearing Suit No. WA-22NCC-411-06/2023

The Company via Citaglobal Energy Sdn Bhd (“Defendant”), a wholly-owned subsidiary of the Company had on 20 June 2023 received a Writ and Statement of Claim from UMD Energy Sdn Bhd Sdn. Bhd. (“UMD”) (“Plaintiff”) in the High Court of Kuala Lumpur (“Court”) via Suit No. WA-22NCC-411-06/2023 (“Writ”).

Pursuant to the Writ, the Plaintiff claimed the following reliefs against the Defendant:

- (i) A declaration that the Defendant is not entitled to charge the admin fees of RM1,169,129.42 from the Plaintiff;
- (ii) A declaration that the Defendant is not entitled to charge the interest of RM3,588,518.72 from the Plaintiff as the Defendant is not a licensed money lender;
- (iii) Defendant is to return RM3,500,673.87 to the Plaintiff within 7 days from the judgement date;
- (iv) Interest at the rate of 5% per annum from the date of filing of the suit until full payment of the judgment sum;
- (v) Costs on a solicitor-client basis; and/or
- (vi) Any further and/or other relief which the Court deems fit and reasonable.

Nevertheless, the Company is of the opinion that it has a good defence to the suit and the aforesaid Writ is not expected to have material financial and operational impact on the Company for the financial year ending 31 December 2023.

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9 Material Litigation (cont'd)

(d) Notice Of Adjudication Under The Construction Industry Payment & Adjudication Act 2012 By WZS KenKeong Sdn Bhd - Laksana Amanbina Sdn Bhd JV ("Claimant") Against IJM Construction Sdn Bhd ("Respondent") under Contract Reference Number: IJMC(PK)/WCE/SEC9/LA/015-001 ("the Contract")

Citaglobal Land Sdn Bhd, a wholly-owned subsidiary of the Company had on 2 June 2023 issued and served a Notice of Adjudication under Sections 7 and 8 of the Construction Industry Payment & Adjudication Act 2012 in the amount of RM20,819,302.30 against the Respondent in relation to the construction and completion of part of West Coast Expressway Section 9 Mainline Works from Kg Lekir Interchange to Cangkat Cermin Interchange.

The dispute between the Claimant and the Respondent relating to the Contract which the payment claim was served to the Respondent by hand on 6 January 2023, involves the following:

- (i) By way of a Subcontract Agreement dated 16 October 2015, the Respondent appointed the Claimant as the subcontractor for the construction and completion of part of the West Coast Expressway Section 9 Mainline Works from Kg Lekir Interchange to Cangkat Cermin Interchange;
- (ii) In accordance with the Respondent's instructions, the Claimant performed variation works in the amount of RM20,819,302.30;
- (iii) Despite the Claimant's completion of its contractual obligations, the Respondent refused, failed and/or neglected to pay the outstanding sum of RM20,819,302.30.

The Claimant seeks for the payment in the sum of RM20,819,302.30, the adjudication costs, interest that the Adjudicator deems fit and reasonable and any other remedies and/or reliefs deemed fit by the Adjudicator.

The aforesaid Adjudication proceedings are not expected to have material operational impact to the Company (as the works under the Contract is substantially completed) but will have material financial impact for the financial year ending 31 December 2023 if the Claimant successful in its claim against the Respondent.

Further announcements on the material developments of the above litigations will be made to Bursa Malaysia Securities Berhad from time to time.

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10 Dividend

No dividend has been declared during the current quarter under review.

11 Earnings/(Loss) Per Share

	3 Months Ended	6 Months Ended
	30/06/23	30/06/23
<u>Basic</u>		
Profit/(Loss) attributable to owners of the Company (RM'000)	3,005	5,076
Weighted average number of ordinary shares for basic earnings per share ('000)	406,266	392,797
Earnings/(Loss) per ordinary share (sen)	0.74	1.29
<u>Diluted</u>		
Profit/(Loss) attributable to owners of the Company (RM'000)	3,005	5,076
Weighted average number of ordinary shares for basic earnings per share ('000)	406,266	392,797
Effect of dilution due to warrants ('000)	8,263	8,765
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	414,529	401,562
Earnings/(Loss) per ordinary share (sen)	0.72	1.26

12 Approval For The Release Of Quarterly Results

The quarterly financial results have been approved for release by the Board of Directors.