

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		9 Months Ended		Changes	
	30/09/23	30/09/22			30/09/23	30/09/22		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	50,008	53,556	(3,548)	-7%	144,677	142,935	1,742	1%
Cost of sales	(40,147)	(45,600)	5,453	-12%	(104,506)	(115,789)	11,283	-10%
Gross profit	9,861	7,956	1,905	24%	40,171	27,146	13,025	48%
Other income	4,562	5,791	(1,229)	-21%	7,188	15,868	(8,680)	-55%
Operating expenses	(12,832)	(9,927)	(2,905)	29%	(36,563)	(33,449)	(3,114)	9%
Profit/(Loss) from operations	1,591	3,820	(2,229)	-58%	10,796	9,565	1,231	13%
Finance costs	(709)	(1,005)	296	-29%	(2,343)	(2,952)	609	-21%
Share of results of associates, net of tax	1,865	(451)	2,316	-514%	2,200	236	1,964	832%
Profit/(Loss) before taxation	2,747	2,364	383	16%	10,653	6,849	3,804	56%
Taxation	(9)	(450)	441	-98%	(2,848)	(846)	(2,002)	237%
Profit/(Loss) for the period	2,738	1,914	824	43%	7,805	6,003	1,802	30%
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	2,738	1,914	824	43%	7,805	6,003	1,802	30%
Profit/(Loss) attributable to:								
Owners of the Company	3,013	2,007	1,006	50%	8,089	6,433	1,656	26%
Non-controlling interests	(275)	(93)	(182)	196%	(284)	(430)	146	-34%
Profit/(Loss) for the period	2,738	1,914	824	43%	7,805	6,003	1,802	30%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	3,013	2,007	1,006	50%	8,089	6,433	1,656	26%
Non-controlling interests	(275)	(93)	(182)	196%	(284)	(430)	146	-34%
Total comprehensive income/(loss) for the period	2,738	1,914	824	43%	7,805	6,003	1,802	30%
Earnings/(Loss) per share attributable to Owners of the Company (sen):								
-Basic	0.72	0.94	(0.22)	-23%	2.02	3.04	(1.02)	-34%
-Diluted	0.71	0.84	(0.13)	-15%	1.98	2.71	(0.73)	-27%
Net assets per share (RM)					0.90	0.81	0.09	12%

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 SEPTEMBER 2023**

	Unaudited	Audited
	30/09/23	31/12/22
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	78,305	74,871
Intangible asset	148,120	148,120
Investment in associates	3,578	1,978
Club memberships	155	205
Other receivable	7,640	300
Total non-current assets	<u>237,798</u>	<u>225,474</u>
Current assets		
Inventories	51,935	32,529
Trade and other receivables	78,775	91,560
Prepayments	6,855	2,770
Contract assets	66,056	45,488
Short term deposits, cash and bank balances	91,906	81,240
Total current assets	<u>295,527</u>	<u>253,587</u>
TOTAL ASSETS	<u>533,325</u>	<u>479,061</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	548,928	497,985
Irredeemable convertible preference shares ("ICPS")	1,300	2,885
Reserves	(176,339)	(182,704)
	<u>373,889</u>	<u>318,166</u>
Non-controlling interests	(204)	(276)
Total equity	<u>373,685</u>	<u>317,890</u>
Non-current liabilities		
Borrowings	17,273	14,982
Deferred tax liabilities	5,562	5,840
Total non-current liabilities	<u>22,835</u>	<u>20,822</u>
Current liabilities		
Trade and other payables	79,248	80,606
Contract liabilities	22,343	10,979
Borrowings	32,510	46,888
Provision for liabilities	66	357
Tax payable	2,638	1,519
Total current liabilities	<u>136,805</u>	<u>140,349</u>
TOTAL EQUITY AND LIABILITIES	<u>533,325</u>	<u>479,061</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.90</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.

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[Registration No: 200401027590 (666098-X)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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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9 months ended 30 September 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	-	-	-	-	8,089	8,089	(284)	7,805
Acquisition of shares from non-controlling interests	-	-	-	-	(1,724)	(1,724)	356	(1,368)
Changes in revaluation reserve	-	-	-	(160)	160	-	-	-
Conversion of ICPS to ordinary shares	1,585	(1,585)	-	-	-	-	-	-
Conversion of Warrants to ordinary shares	327	-	(327)	-	327	327	-	327
Issuance of shares pursuant to the private placement	49,031	-	-	-	-	49,031	-	49,031
At 30 September 2023	548,928	1,300	9,561	18,895	(204,795)	373,889	(204)	373,685

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
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9 months ended 30 September 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	-	-	-	-	6,433	6,433	(430)	6,003
Changes in revaluation reserve	-	-	-	(151)	151	-	-	-
Conversion of ICPS to ordinary shares	6,404	(6,404)	-	-	-	-	-	-
At 30 September 2022	306,857	7,273	9,888	16,374	(164,347)	176,045	(127)	175,918

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023**

9 Months Ended	
30/09/23	30/09/22
RM'000	RM'000

Cash Flows From Operating Activities

Profit/(Loss) before taxation	10,653	6,849
Adjustments for non-cash items	1,150	(3,177)
	<u>11,803</u>	<u>3,672</u>
Changes in working capital		
Net change in assets	(6,249)	(2,407)
Net change in liabilities	(20,735)	6,280
	<u>(15,181)</u>	<u>7,545</u>
Interest paid	(2,343)	(2,952)
Interest received	1,513	863
Dividend received	600	-
Net taxes paid	(2,008)	(1,484)
Net Operating Cash Flows	<u>(17,419)</u>	<u>3,972</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	(917)	(1,781)
Purchase of intangible asset	-	(700)
Purchase of plant and equipment	(6,867)	(6,471)
Proceeds from disposal of club membership	56	-
Proceeds from disposal of plant and equipment	1,581	1,402
Net Investing Cash Flows	<u>(7,515)</u>	<u>(8,339)</u>

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

9 Months Ended	
30/09/23	30/09/22
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	3,615	4,449
Repayment of lease liabilities	(1,612)	(1,459)
Drawdown/(Repayment) of bank borrowings	(12,931)	4,072
Net Financing Cash Flows	38,442	7,062
Net change in cash and cash equivalents	13,508	2,695
Cash and cash equivalents at beginning of the financial period	70,610	55,895
Effect of the exchange rate fluctuations	7	(3)
Cash and cash equivalents at end of the financial period	84,125	58,587

Notes:

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

Cash on hand and at banks	23,580	29,444
Deposits with licensed banks	68,326	49,796
Cash and bank balances	91,906	79,240
Less: Bank overdrafts	(3,409)	(7,360)
Less: Deposits pledged to licensed banks	(4,372)	(13,293)
Cash and cash equivalents	84,125	58,587

- (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 Third Quarter Ended 30 September 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

During the current quarter under review, 52,740 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 Third Quarter Ended 30 September 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	90,388	(24,033)	66,355
Energy	24,885	(6,441)	18,444
Manufacturing	28,105	-	28,105
Others	36,436	(4,663)	31,773
Total	179,814	(35,137)	144,677

Results

	RM'000
Civil Engineering and Construction	21,709
Energy	(3,768)
Manufacturing	(381)
Others	(1,674)
Add/(Less): elimination	(5,090)
Profit/(Loss) from operations	10,796
Finance cost	(2,343)
Share of results of associates, net of tax	2,200
Taxation	(2,848)
Profit/(Loss) for the period	7,805

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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 2023 (Unaudited)

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil Engineering and Construction	218,161
Energy	54,285
Manufacturing	87,468
Others	459,814
Add/(Less): elimination	(286,403)
Total	<u>533,325</u>

	Segment <u>Liabilities</u> RM'000
Civil Engineering and Construction	181,803
Energy	44,440
Manufacturing	25,282
Others	46,375
Add/(Less): elimination	(138,260)
Total	<u>159,640</u>

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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 2023 (Unaudited)

10 Profit/(Loss) Before Taxation

	3 Months Ended	9 Months Ended
	30/09/23	30/09/23
	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Bad debts written off	23	23
Deposits written off	-	5
Depreciation for property, plant and equipment	1,186	3,700
Depreciation for rights-of-use assets	586	1,549
Fair value adjustments on conversion of warrants	-	(11)
Gain on disposal of club membership	(6)	(6)
Gain on disposal of plant and equipment	(733)	(783)
Gain on lease modification	(4)	(7)
Reversal of impairment loss on receivables	(642)	(460)
Interest expense	709	2,343
Interest income	(713)	(1,513)
Reversal of provision for liabilities and charges	(51)	(291)
Reversal of impairment loss on contract assets	(959)	(1,159)
Share of results of associates	(1,865)	(2,200)
Unrealised gain on foreign exchange	(54)	(40)

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 September 2023 were as follows:

	Group	
	30/09/23	31/12/22
	RM'000	RM'000
Guarantees in favour of third parties	<u>46,443</u>	<u>28,546</u>

15 Capital Commitments

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

	RM'000
(a) Contracted and not provided for	734
(b) Authorised and not contracted for	<u>-</u>
	<u>734</u>

Analysed as follows:

Acquisition of plant and equipment	<u>734</u>
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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 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	
	30/09/23	30/09/22		
	RM'000	RM'000	RM'000	%
Revenue	50,008	53,556	(3,548)	-7%
Profit/(Loss) before taxation	2,747	2,364	383	16%

The Group registered a lower revenue of RM50.0 million in the current quarter compared to RM53.5 million in the preceding year corresponding quarter. The decrease in revenue of RM3.5 million was due to the lower revenues of RM9.7 million, RM4.3 million and RM3.5 million from the Energy, Civil Engineering and Construction ("CEC") and Manufacturing segments, respectively. However, this was offset by the higher revenue of RM14.0 million from the remaining segments. The higher revenue in the remaining segments was mainly from the property and telecommunications divisions of RM8.6 million and RM5.3 million, respectively.

The Group registered a higher profit before taxation of RM2.7 million in the current quarter compared to RM2.3 million in the preceding year corresponding quarter despite the lower revenue. The increase in profit before taxation of RM0.4 million was due to the stronger results of RM2.6 million and RM2.5 million from the CEC and remaining segments, respectively. This was offset by the weaker results of RM3.9 million and RM0.8 million from the Energy and Manufacturing segments, respectively. The stronger result in the remaining segment in the current quarter was from the higher share of results of associates of RM2.3 million, telecommunications division of RM1.2 million and property division of RM0.3 million. This was offset by losses from the remaining companies in the Group of RM1.3 million.

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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 2023 (Unaudited)

1 Review Of Performance (cont'd)

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

	Cumulative Quarter			
	9 Months Ended		Changes	
	30/09/23	30/09/22	RM'000	%
Revenue	144,677	142,935	1,742	1%
Profit/(Loss) before taxation	10,653	6,849	3,804	56%

The Group registered a higher revenue of RM144.6 million in the current year-to-date compared to RM142.9 million in the preceding year corresponding year-to-date. The increase in revenue of RM1.7 million was due to the higher revenue of RM31.7 million from the remaining segments. This was offset by the lower revenues of RM10.9 million, RM10.3 million and RM8.8 million from the Energy, Manufacturing and CEC segments, respectively. The higher revenue in the remaining segments was mainly from the telecommunications and property divisions of RM18.7 million and RM12.8 million, respectively.

The Group registered a profit before taxation of RM10.6 million in the current year-to-date compared to RM6.8 million in the preceding year corresponding year-to-date. The increase in profit before taxation of RM3.8 million was due to the stronger result of RM14.8 million from the CEC segment. This was offset by the weaker results of RM3.8 million, RM3.4 million and RM3.8 million from the Manufacturing, Energy and remaining segments, respectively. The weaker result in the remaining segments was due to the reversal of impairment loss of RM5.7 million for the PRIMA Phase 2 project in the preceding year corresponding year-to-date combined with the higher losses from the remaining companies in the Group of RM2.0 million in the current year-to-date, respectively. This was offset by the higher contribution from the share of results of associates of RM2.0 million and telecommunications division of RM1.9 million in the current year-to-date.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	30/09/23	30/06/23
	RM'000	RM'000
Revenue	50,008	56,430
Profit/(Loss) before taxation	2,747	5,133

The Group registered a lower revenue of RM50.0 million in this quarter compared to RM56.4 million in the preceding quarter. The decrease in revenue of RM6.4 million was due to the lower revenue of RM7.8 million from the Energy segment. This was offset by the higher revenues of RM0.3 million and RM1.1 million from the CEC and the remaining segments, respectively. The higher revenue from the remaining segments was mainly contributed by the property division of RM4.7 million, that was offset by the lower revenue from the telecommunications division of RM3.6 million.

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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 2023 (Unaudited)

2 Variation Of Results Against Preceding Quarter (cont'd)

The current quarter registered a profit before taxation of RM2.7 million compared to RM5.1 million in the preceding quarter. The lower profit before taxation of RM2.4 million in the current quarter was due to the weaker results of RM3.6 million and RM2.4 million from the Energy and CEC segments, respectively. This was offset by the stronger results of RM0.7 million and RM2.9 million from the Manufacturing and remaining segments, respectively. The stronger result in the remaining segments was mainly from the share of results of associates of RM1.7 million, telecommunications division of RM0.6 million and property division of RM0.4 million.

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 September 2023, the Group has a total outstanding order book of RM655.4 million. The Group through its indirect subsidiary has diversified into property development business, namely the PRIMA Phase 2 Project, with an estimated remaining gross development value of RM370 million.

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	9 Months Ended
	30/09/23	30/09/23
	RM'000	RM'000
Current taxation	124	3,136
Movement in deferred taxation	(115)	(288)
	<u>9</u>	<u>2,848</u>

The effective tax rate for the current quarter was lower than the statutory tax rate due to the movement in deferred taxation and the reversal of overprovision of tax in certain subsidiaries of the Group.

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

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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 September 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	

* The surplus from Estimated expenses 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 September 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	(4,200)	28,800	Within 12 months
Working capital	15,873	158	16,031	(16,031)	-	Within 12 months
Estimated expenses*	1,230	(158)	1,072	(1,072)	-	Within 2 months
Total	50,103	-	50,103	(21,303)	28,800	

* The estimated expenses comprise of 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 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 Bin Nik Hussain, 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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6 Status Of Corporate Proposal (cont'd)

(d) Proposed Investment of Total 30% Equity Interest in IFactors Sdn Bhd ("IFactors" or "Target Company") through:

- **Proposed Subscription of 5% Equity Interest in IFactors; and**
 - **Proposed Acquisition of 25% Equity Interest in IFactors**
-

On 26 October 2023, Citaglobal Berhad ("Citaglobal" or "the Company") entered into the following agreements respectively:

- (i) a subscription agreement ("Subscription Agreement") with IFactors to subscribe for 157,894 new ordinary shares in IFactors ("IFactors Shares") ("Subscription Shares"), for a total subscription consideration of RM4,000,000 to be fully satisfied in cash ("Subscription Amount") ("Proposed Subscription"); and
- (ii) a share purchase agreement ("SPA") with Abu Bakar Bin Sutan Taharudin ("Abu Bakar" or "Vendor") for the acquisition of 789,475 IFactors Shares from the Vendor ("Sale Shares"), for a total purchase consideration of RM21,200,000 ("Purchase Consideration" or "Purchase Amount") to be satisfied in the following manners:
 - (a) RM10,000,000 in cash; and
 - (b) RM11,200,000 via the issuance of 7,466,666 new ordinary shares in Citaglobal ("Citaglobal Shares" or "Shares") ("Consideration Shares") at an issue price of RM1.50 per Consideration Share ("Issue Price") ("Proposed Acquisition").

(Collectively, referred to as the "Proposals")

Post completion of the Proposals, Citaglobal will hold 30% equity interest in IFactors, with the remaining 65.25% equity interest held by the Vendor and 4.75% equity interest held by Vivi Anah Binti Madzlan ("Vivi Anah"), being the existing shareholders of IFactors.

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

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7 Borrowings And Debts Securities

The Group's borrowings were as follows:

	As at	
	30/09/23	30/09/22
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Floating rate bank loan	3,584	5,061
Hire purchase liabilities	621	742
Term Loans	11,002	7,502
<u>Unsecured</u>		
Lease liabilities	1,923	813
Term Loan	143	-
	17,273	14,118
Current		
<u>Secured</u>		
Floating rate bank loan	1,537	1,421
Hire purchase liabilities	412	315
Term Loans	1,769	2,073
Trade financing	5,615	8,911
<u>Unsecured</u>		
Bank overdrafts	3,409	7,360
Lease liabilities	1,202	1,343
Term Loan	59	-
Trade financing	18,507	26,988
	32,510	48,411
Total	49,783	62,529

8 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this 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 ("CIPAA") 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 the same date 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 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. Citaglobal Energy shall pay the adjudicated award sum to PESB's solicitors account to be held by said solicitors as stakeholders as a condition to the Stay of Execution granted by the High Court of Shah Alam on 6 November 2023 pending disposal of the Appeal to the Court of Appeal.

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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 appeal is fixed for Hearing on 9 July 2024.

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 November 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 judgement 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.

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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Notes To The Interim Financial Report For The Third Quarter Ended 30 September 2023 (Unaudited)

10 Dividend

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

11 Earnings/(Loss) Per Share

	3 Months Ended 30/09/23	9 Months Ended 30/09/23
<u>Basic</u>		
Profit/(Loss) attributable to owners of the Company (RM'000)	3,013	8,089
Weighted average number of ordinary shares for basic earnings per share ('000)	417,574	401,147
Earnings/(Loss) per ordinary share (sen)	0.72	2.02
<u>Diluted</u>		
Profit/(Loss) attributable to owners of the Company (RM'000)	3,013	8,089
Weighted average number of ordinary shares for basic earnings per share ('000)	417,574	401,147
Effect of dilution due to warrants ('000)	8,134	8,374
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	425,708	409,521
Earnings/(Loss) per ordinary share (sen)	0.71	1.98

12 Approval For The Release Of Quarterly Results

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