

Citaglobal Berhad (formerly known as WZ Satu Berhad)
[Registration No: 200401027590 (666098-X)]

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		6 Months Ended		Changes	
	30/06/22	30/06/21			30/06/22	30/06/21		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	43,667	59,658	(15,991)	-27%	89,379	127,704	(38,325)	-30%
Cost of sales	(36,246)	(51,140)	14,894	-29%	(70,189)	(110,465)	40,276	-36%
Gross profit	7,421	8,518	(1,097)	-13%	19,190	17,239	1,951	11%
Other income	8,055	1,019	7,036	690%	10,077	6,558	3,519	54%
Operating expenses	(12,105)	(10,335)	(1,770)	17%	(23,522)	(21,534)	(1,988)	9%
Profit/(Loss) from operations	3,371	(798)	4,169	-522%	5,745	2,263	3,482	154%
Finance costs	(1,056)	(1,173)	117	-10%	(1,947)	(2,434)	487	-20%
Share of results of associates, net of tax	(201)	(594)	393	-66%	687	(1,272)	1,959	-154%
Profit/(Loss) before taxation	2,114	(2,565)	4,679	-182%	4,485	(1,443)	5,928	-411%
Taxation	(183)	(735)	552	-75%	(396)	(934)	538	-58%
Profit/(Loss) for the period	1,931	(3,300)	5,231	-159%	4,089	(2,377)	6,466	-272%
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	1,931	(3,300)	5,231	-159%	4,089	(2,377)	6,466	-272%
Profit/(Loss) attributable to:								
Owners of the Company	2,316	(3,117)	5,433	-174%	4,426	(2,030)	6,456	-318%
Non-controlling interests	(385)	(183)	(202)	110%	(337)	(347)	10	-3%
Profit/(Loss) for the period	1,931	(3,300)	5,231	-159%	4,089	(2,377)	6,466	-272%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	2,316	(3,117)	5,433	-174%	4,426	(2,030)	6,456	-318%
Non-controlling interests	(385)	(183)	(202)	110%	(337)	(347)	10	-3%
Total comprehensive income/(loss) for the period	1,931	(3,300)	5,231	-159%	4,089	(2,377)	6,466	-272%
Earnings/(Loss) per share attributable to Owners of the Company (sen):								
-Basic	0.22	(0.52)	0.74	-142%	0.42	(0.37)	0.79	-214%
-Diluted	0.19	(0.52)	0.71	-137%	0.37	(0.37)	0.74	-200%
Net assets per share (RM)					0.16	0.19	(0.03)	-16%

Note:

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

Citaglobal Berhad (formerly known as WZ Satu Berhad)**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2022**

	Unaudited 30/06/22 RM'000	Audited 31/12/21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,986	44,816
Right-of-use assets	12,913	16,908
Goodwill on consolidation	9,800	9,800
Intangible asset	837	-
Investment in associates	4,449	3,761
Club memberships	205	205
Total non-current assets	<u>76,190</u>	<u>75,490</u>
Current assets		
Inventories	31,384	30,934
Trade and other receivables	106,187	104,577
Prepayments	5,237	3,047
Contract assets	41,814	32,506
Tax recoverable	1,652	1,349
Short term deposits, cash and bank balances	70,567	85,426
Total current assets	<u>256,841</u>	<u>257,839</u>
TOTAL ASSETS	<u>333,031</u>	<u>333,329</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	304,099	300,453
Irredeemable convertible preference shares ("ICPS")	10,031	13,677
Reserves	(140,092)	(144,518)
	<u>174,038</u>	<u>169,612</u>
Non-controlling interests	(34)	303
Total equity	<u>174,004</u>	<u>169,915</u>
Non-current liabilities		
Borrowings	13,308	10,701
Deferred tax liabilities	5,612	5,697
Lease liabilities	1,460	2,836
Total non-current liabilities	<u>20,380</u>	<u>19,234</u>
Current liabilities		
Trade and other payables	51,057	65,134
Contract liabilities	27,340	25,897
Borrowings	57,710	50,753
Provision for liabilities	374	504
Lease liabilities	2,166	1,892
Total current liabilities	<u>138,647</u>	<u>144,180</u>
TOTAL EQUITY AND LIABILITIES	<u>333,031</u>	<u>333,329</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.16</u>	<u>0.17</u>

Note:

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

Citaglobal Berhad (formerly known as WZ Satu Berhad)

[Registration No: 200401027590 (666098-X)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

Share Capital RM'000	ICPS RM'000	Revaluation Reserve RM'000	Warrant 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 2022

At 1 January 2022	300,453	13,677	16,525	9,888	(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	16,425	9,888	(166,405)	174,038	(34)	174,004

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)

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

	Share Capital RM'000	ICPS RM'000	Revaluation Reserve RM'000	Warrant 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 2021								
At 1 January 2021	242,813	-	16,725	-	(174,805)	84,733	298	85,031
Total comprehensive loss for the period	-	-	-	-	(2,030)	(2,030)	(347)	(2,377)
Changes in revaluation reserve	-	-	(100)	-	100	-	-	-
Right issue of ICPS with warrants	-	45,741	-	9,888	-	55,629	-	55,629
Conversion of ICPS to ordinary shares	17,680	(17,680)	-	-	-	-	-	-
At 30 June 2021	260,493	28,061	16,625	9,888	(176,735)	138,332	(49)	138,283

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 2021 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

6 Months Ended	
30/06/22	30/06/21
RM'000	RM'000

Cash Flows From Operating Activities

Profit/(Loss) before taxation	4,485	(1,443)
Adjustments for non-cash items	(495)	7,187
	<u>3,990</u>	<u>5,744</u>
Changes in working capital		
Net change in assets	(3,961)	19,058
Net change in liabilities	(17,821)	(11,121)
	<u>(17,792)</u>	<u>13,681</u>
Interest paid	(1,947)	(2,434)
Interest received	506	259
Net taxes paid	(803)	(473)
Net Operating Cash Flows	<u>(20,036)</u>	<u>11,033</u>

Cash Flows From Investing Activities

Acquisition of a subsidiary, net of cash acquired	(789)	-
Deposits pledged to licensed banks	(1,178)	-
Purchase of plant and equipment	(2,692)	(517)
Proceeds from disposal of plant and equipment	110	580
Proceeds from disposal of right-of-use assets	-	951
Net Investing Cash Flows	<u>(4,549)</u>	<u>1,014</u>

Citaglobal Berhad (formerly known as WZ Satu Berhad)**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)**

6 Months Ended	
30/06/22	30/06/21
RM'000	RM'000

Cash Flows From Financing Activities

Net proceeds from right issue of ICPS with warrants	-	55,629
New drawdown of term loan	4,314	-
Repayment of lease liabilities	(1,044)	(2,163)
Drawdown/(Repayment) of bank borrowings	3,470	(5,528)
Net Financing Cash Flows	6,740	47,938
Net change in cash and cash equivalents	(17,845)	59,985
Cash and cash equivalents at beginning of the financial period	55,895	28,032
Effect of the exchange rate fluctuations	28	-
Cash and cash equivalents at end of the financial period	38,078	88,017

Notes:

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

Cash on hand and at banks	15,104	87,735
Deposits with licensed banks	55,463	13,198
Cash and bank balances	70,567	100,933
Less: Bank overdrafts	(19,799)	(11,993)
Less: Deposits pledged to licensed banks	(12,690)	(923)
Cash and cash equivalents	38,078	88,017

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

Citaglobal Berhad (formerly known as WZ Satu Berhad)
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Notes To The Interim Financial Report
For The Second Quarter Ended 30 June 2022
(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 2021. 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 (formerly known as WZ Satu 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 2021.

The Group has adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3 Business Combinations

MFRS 9 Financial Instruments

MFRS 16 Leases

MFRS 116 Property, Plant and Equipment

MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 17 Insurance Contract	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2023#
MFRS 3 Business Combinations	1 January 2023#
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7 Financial Instruments: Disclosures	1 January 2023#
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107 Statements of Cash Flows	1 January 2023#
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2023#
MFRS 119 Employee Benefits	1 January 2023#
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132 Financial Instruments: Presentation	1 January 2023#
MFRS 136 Impairment of Assets	1 January 2023#
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 140 Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Group will adopt the aforementioned pronouncements when they become effective in the respective financial periods.

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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.

7 Changes in Debts and Equity Securities

During the current quarter under review, 2,645,000 Irredeemable Convertible Preference Shares have been converted to 2,645,000 new ordinary shares of Citaglobal Berhad (formerly known as WZ Satu Berhad) with no additional cash payments to the Company. The 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
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9 Segmental Reporting

The Group is principally engaged in the business of civil engineering and construction, oil and gas and manufacturing.

Revenue

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil engineering and construction	62,739	(15,798)	46,941
Oil and gas	12,746	-	12,746
Manufacturing	25,427	-	25,427
Others	7,776	(3,511)	4,265
Total	108,688	(19,309)	89,379

Results

	RM'000
Civil engineering and construction	4,048
Oil and gas	(385)
Manufacturing	2,170
Others	(3,019)
Add/(Less): elimination	2,931
Profit from operations	<u>5,745</u>
Finance cost	(1,947)
Share of results of associates, net of tax	687
Taxation	(396)
Profit for the period	<u><u>4,089</u></u>

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Notes To The Interim Financial Report
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9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment
	<u>Assets</u>
	RM'000
Civil engineering and construction	181,803
Oil and gas	65,268
Manufacturing	89,062
Others	264,066
Add/(Less): elimination	(267,168)
Total	<u>333,031</u>

	Segment
	<u>Liabilities</u>
	RM'000
Civil engineering and construction	162,010
Oil and gas	50,287
Manufacturing	28,974
Others	32,556
Add/(Less): elimination	(114,800)
Total	<u>159,027</u>

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Notes To The Interim Financial Report
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10 Profit Before Taxation

	3 Months Ended	6 Months Ended
	30/06/22	30/06/22
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Deposits written off	-	3
Depreciation for property, plant and equipment	1,209	2,377
Depreciation for rights-of-use assets	515	1,111
Gain on disposal of plant and equipment	-	(110)
Gain on lease modification	(28)	(28)
Impairment loss on receivables	199	1,131
Interest expense	1,056	1,947
Interest income	(280)	(506)
Reversal of impairment loss on contract assets	(5,728)	(5,728)
Share of results of associates	201	(687)
Unrealised gain on foreign exchange	(3)	(5)
	<u> </u>	<u> </u>

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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13 Changes In The Composition Of The Group

On 31 May 2022, the Company acquired 100% controlling interest of Citaglobal Capital Sdn Bhd (formerly known as Citaglobal Hospitality Sdn Bhd) ("CCSB") via the acquisition of 3,600,000 ordinary shares in CCSB from TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) ("Vendor") for a purchase consideration of RM1,500,000. Hence, CCSB becomes a wholly-owned subsidiary of the Company.

The following summarises the major classes of consideration transferred and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

Identified assets acquired and liabilities assumed

	Fair value RM'000
Deposits	2
Bank balances	11
Other payables	(31)
Tax payables	(19)
	<u>(37)</u>

	RM'000
Net cash outflow arising from the acquisition of a subsidiary	
Purchase consideration in cash and cash equivalents	1,500
<u>Less:</u>	
- Payment sum withheld pending Vendor obtaining a valid online moneylending licence from the Ministry of Housing and Local Government Malaysia for CCSB	(700)
- Cash and cash equivalents acquired	(11)
	<u>789</u>

	RM'000
Intangible asset arising from the acquisition of a subsidiary*	
Fair value of total consideration	1,500
Fair value of liabilities assumed	37
<u>Fair value of online moneylending licence:</u>	
Pending Vendor obtaining a valid online moneylending licence from the Ministry of Housing and Local Government Malaysia for CCSB	(700)
	<u>837</u>

Transaction costs related to the acquisition had been recognised in profit or loss as administrative expenses of the Group and of the Company in the current financial period.

Other than the above, there were no material changes in the composition of the Group for the current quarter.

* Intangible assets consist of conventional/online moneylending licences issued/to be issued to CCSB by the Ministry of Housing and Local Government Malaysia.

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14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 30 June 2022 were as follows:

	Group	
	30/06/22	31/12/21
	RM'000	RM'000
Guarantees in favour of third parties	<u>28,105</u>	<u>36,886</u>

15 Capital Commitments

The capital commitments as at 30 June 2022 were as follows:

	RM'000
(i) Contracted and not provided for	8,555
(ii) Authorised and not contracted for	<u>-</u>
	<u>8,555</u>
Analysed as follows:	
Acquisition of plant and equipment	<u>8,555</u>

**Notes To The Interim Financial Report
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**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	
	30/06/22	30/06/21		
	RM'000	RM'000	RM'000	%
Revenue	43,667	59,658	(15,991)	-27%
Profit/(Loss) before taxation	2,114	(2,565)	4,679	-182%

The Group registered a lower revenue of RM43.7 million in the current quarter compared to RM59.7 million in the preceding year corresponding quarter. The decrease in revenue of RM16.0 million was due to lower revenues of RM14.1 million and RM3.9 million from the oil and gas ("OG") and civil engineering and construction ("CEC") segments, respectively. However, this was offset by higher revenues of RM0.7 million and RM1.3 million in the manufacturing and remaining segments, respectively. The lower revenue in the OG segment was due to both lower project and trading & services revenues whilst the CEC segment was due to the lower project revenue. Manufacturing segment revenue was higher due to higher steel prices.

The Group registered a profit before taxation of RM2.1 million in the current quarter compared to a loss before taxation of RM2.6 million in the preceding year corresponding quarter. The increase in profit before taxation of RM4.7 million was mainly due to the stronger result of RM7.0 million in the remaining segments. This was offset by the weaker results of RM0.9 million, RM0.7 million and RM0.7 million in the OG, CEC and manufacturing segments, respectively. The stronger result in the remaining segments was mainly due to the reversal of impairment for the PR1MA D'Marina Residency Phase 2 project in Kuantan of RM5.7 million upon getting the Company shareholders' approval for the diversification into property development at the Company's Extraordinary General Meeting held on 31 May 2022.

Notes To The Interim Financial Report
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1 Review Of Performance (cont'd)

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

	Cumulative Quarter			
	6 Months Ended		Changes	
	30/06/22	30/06/21		
	RM'000	RM'000	RM'000	%
Revenue	89,379	127,704	(38,325)	-30%
Profit/(Loss) before taxation	4,485	(1,443)	5,928	-411%

The Group registered a lower revenue of RM89.4 million in the current year-to-date compared to RM127.7 million in the preceding year corresponding year-to-date. The decrease in revenue of RM38.3 million was due to lower revenues of RM31.6 million, RM7.2 million and RM1.8 million in the the OG, CEC and manufacturing segments, respectively. The remaining segments registered a higher revenue of RM2.3 million. The lower revenue in the OG segment was due to both lower project and trading & services revenues whilst the CEC segment was due to the lower project revenue. Manufacturing segment revenue was lower due to lower sales volume despite the higher steel prices.

The Group registered a profit before taxation of RM4.5 million in the current year-to-date compared to a loss before taxation of RM1.4 million in the preceding year corresponding year-to-date despite the lower revenue. The increase in profit before taxation of RM5.9 million was due to the stronger result of RM1.1 million registered in the CEC segment. This was offset by the weaker results of RM2.2 million and RM1.5 million registered in the OG and manufacturing segments, respectively. The remaining segments registered a higher profit before taxation of RM8.5 million mainly due to the reversal of impairment loss of RM5.7 million for the PR1MA Phase 2 project in the current quarter.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	30/06/22	31/03/22
	RM'000	RM'000
Revenue	43,667	45,712
Profit before taxation	2,114	2,371

The Group registered a lower revenue of RM43.7 million in this quarter compared to RM45.7 million in the preceding quarter. The decrease in revenue of RM2.0 million was due to lower revenues of RM1.7 million and RM0.8 million registered by the CEC and manufacturing segments, respectively. This was offset by the higher revenue of RM0.9 million registered in the OG segment. The remaining segments registered a lower revenue of RM0.4 million.

The current quarter registered a lower profit before taxation of RM2.1 million compared to RM2.4 million in the preceding quarter. The lower profit before taxation of RM0.3 million was due to the weaker results of RM4.7 million, RM0.5 million and RM0.1 million registered by the CEC, manufacturing and OG segments, respectively. This was offset by the stronger result registered by the remaining segments of RM5.0 million mainly contributed by the reversal of impairment loss of RM5.7 million in the current quarter.

**Notes To The Interim Financial Report
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(Unaudited)**

3 Prospects

Outlook

The key business segments of the Group are civil engineering and construction ("CEC"), oil and gas ("OG") and manufacturing.

The current order book of RM381 million will ensure the Group is kept busy in the immediate financial years. However, the uncertainty on commencement date of a construction project pending finalisation of the joint venture agreement may affect the Group's result. The above-mentioned order book amount has excluded the remaining order book amount of RM30.5 million for the Provision of Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of PM309 Gas Ledang Redev Segment 2 Development Project ("Project") from the OG segment as the Group has received notification from Petronas Carigali Sdn Bhd ("PCSB") of the discontinuation of the said Project. The Group is currently in settlement negotiations for final closure payments to be made by PCSB. The Group has via its PR1MA Phase 2 project diversified into property development with an estimated gross development value of RM296 million.

The Group is embarking on various opportunities to improve the contributions for the CEC and OG segments by instituting several initiatives including acquisition growth and is actively tendering for projects in order to boost its order books and to provide positive contributions to the Group's bottomline.

As stated in item no.6(b) on page 20, the Status of Corporate Proposal on the proposed acquisition of CESSB, the Board expects that upon completion of the acquisition, CESSB will contribute positively to the Group moving forward.

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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 30/06/22 RM'000	6 Months Ended 30/06/22 RM'000
Current taxation	173	481
Movement in deferred taxation	<u>10</u>	<u>(85)</u>
	<u>183</u>	<u>396</u>

The effective tax rates for the current and cumulative quarters were lower than the statutory tax rate due to the unabsorbed losses brought forward in 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 June 2022 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	54,883	(13,954)	40,929	-	40,929	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	(15,354)	40,929	

* 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) Proposed Acquisition And Proposed Share Consolidation (Collectively Referred To As The "Proposals")

On 17 November 2021, the Company entered into a binding agreement ("BA") with TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) ("TIZA Global" or "Vendor") to exclusively explore and negotiate further with TIZA Global on a proposed acquisition by Citaglobal Berhad (formerly known as WZ Satu Berhad) ("Citaglobal") of the entire equity interest in Citaglobal Engineering Services Sdn Bhd ("CESSB") from TIZA Global for an indicative purchase consideration of RM140 million ("Proposed Acquisition"). CESSB, a Bumiputra private limited company incorporated in Malaysia, is principally engaged in engineering consultancy services and construction related services. The indicative purchase consideration of RM140 million for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis after taking into consideration the track record and order book of CESSB and the profit guarantee to be provided by TIZA Global in respect of the actual aggregate audited (consolidated) profit after tax and minority interests of CESSB for the financial years ending 2022, 2023 and 2024 of not less than RM60 million collectively.

On 15 June 2022, the Company entered into a conditional share purchase agreement ("SPA") with the Vendor and Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria for the proposed acquisition by the Company of the entire equity interest in CESSB from the Vendor at a purchase consideration of RM140 million, which will be satisfied by Citaglobal via the issuance of 736,842,105 new ordinary shares in Citaglobal ("Citaglobal Share(s)") at an issue price of RM0.19 per Citaglobal Share. In conjunction with the Proposed Acquisition, the Company is proposing to undertake the proposed share consolidation to consolidate every 5 Citaglobal Shares held by the shareholders of Citaglobal, on an entitlement date to be determined and announced later into 1 Citaglobal Share ("Proposed Share Consolidation").

The Proposals are subject to the following approvals:

- (i) non-interested shareholders of Citaglobal for the Proposed Acquisition and shareholders of Citaglobal for the Proposed Share Consolidation, at an extraordinary general meeting to be convened;
- (ii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:
 - (a) listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities; and
 - (b) the Proposed Share Consolidation;
- (iii) any other relevant authorities and/or parties, if required.

The Proposals are not conditional or inter-conditional upon any other corporate exercise of Citaglobal.

On 29 July 2022, the Company entered into a supplemental ("Supplemental Agreement") with the Vendor, Vendor's Guarantor and Mettiz Capital to vary, amend, modify or alter certain provisions, terms and conditions of the SPA dated 15 June 2022 ("Variations") and to provide for accession by Mettiz Capital as a party to the SPA in accordance with the terms of the Supplemental Agreement.

For further details, kindly refer to the latest announcements to Bursa Securities from time to time.

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6 Status Of Corporate Proposal (cont'd)

(c) Private Placement

On 2 December 2021, the Company completed its private placement exercise following the listing of and quotation for the 150,446,832 placement shares on the Main Market of Bursa Securities raising gross proceeds of RM25.6 million. The utilisation of proceeds status as at 30 June 2022 is as set out below:-

Purpose	Proposed utilisation RM'000	Transfer from/(to) RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds
Additional investment in existing business	8,000	-	8,000	(8,000)	-	Within 12 months
Working capital	16,776	294	17,070	(9,879)	7,191	Within 12 months
Estimated expenses*	800	(294)	506	(506)	-	Within 2 months
Total	25,576	-	25,576	(18,385)	7,191	

* 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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7 Borrowings And Debts Securities

The Group's borrowings were as follows:

	As at	
	30/06/22	30/06/21
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Floating rate bank loan	5,414	6,805
Term Loan	7,894	-
	<u>13,308</u>	<u>6,805</u>
Current		
<u>Secured</u>		
Floating rate bank loan	1,353	1,245
Term Loan	2,040	-
Trade financing	6,678	8,968
<u>Unsecured</u>		
Bank overdrafts	19,799	11,993
Trade financing	27,840	43,194
	<u>57,710</u>	<u>65,400</u>
Total	<u>71,018</u>	<u>72,205</u>

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) High Court at Shah Alam Civil Suit No. BA-22NCVC-469-10/2019 Dato' William Tan Chee Keong and Mr. Choi Chee Ken v Citaglobal Berhad

and

High Court at Shah Alam Civil Suit No. BA-22NCVC-354-09/2020 Citaglobal Berhad v Dato' William Tan Chee Keong and Mr. Choi Chee Ken

On 19 August 2022, the High Court Judge dismissed Citaglobal Berhad's ("Citaglobal" or "the Company") claim against the defendants, namely Dato' William Tan Chee Keong and Choi Chee Ken ("Defendants") in Suit 354.

Pursuant thereof, the High Court Judge, YA Puan Alice Loke Yee Ching ("High Court Judge"), has allowed the claim of the Defendants against the Company in Suit 469, whereby, the Court made a declaratory order that WZS Binaraya Sdn Bhd have achieved the Guaranteed Profit and Guaranteed Shareholders' Fund ("Order").

The High Court Judge did not order any damages to be paid by the Company to the Defendants and made an award of cost for the total sum of RM70,000 to be paid by the Company to the Defendants for both the cases.

The Company has 30 days from the 19 August 2022 to lodge an appeal against the above-mentioned decision.

The Order and the High Court decision will not have any material financial effects to the Group.

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9 Material Litigation (cont'd)

- (b) Notice Of Adjudication Under The Construction Industry Payment & Adjudication Act 2012 By Proweld Engineering Sdn Bhd Against WZS Misi Setia Sdn Bhd

On 27 July 2022, the Company via its wholly-owned subsidiary WZS Misi Setia Sdn Bhd ("WZS Misi Setia") 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 WZS Misi Setia 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.

The Company is of the opinion that it has a defence to the payment claim and it does not expect to have any material financial and operational impact on Citaglobal for the financial year ending 31 December 2022.

None of the Directors and/or major shareholders of Citaglobal and/or persons connected to them has any interest, direct or indirect in the Adjudication proceedings.

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 Per Share

	3 Months Ended	6 Months Ended
	30/06/22	30/06/22
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company	2,316	4,426
Weighted average number of ordinary shares for basic earnings per share ('000)	1,060,722	1,056,097
Earnings per ordinary share (sen)	0.22	0.42
<u>Diluted</u>		
Profit attributable to owners of the Company	2,316	4,426
Weighted average number of ordinary shares for basic earnings per share ('000)	1,060,722	1,056,097
Effect of dilution due to warrants ('000)	127,245	130,472
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,187,967	1,186,569
Earnings per ordinary share (sen)	0.19	0.37

12 Approval For The Release Of Quarterly Results

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