

Citaglobal Berhad (formerly known as WZ Satu 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 FIRST QUARTER ENDED 31 MARCH 2023

| | Individual Quarter | | | | Cumulative Quarter | | | |
|---|--------------------|--------------|-------------|------------|--------------------|--------------|-------------|------------|
| | 3 Months Ended | | Changes | | 3 Months Ended | | Changes | |
| | 31/03/23 | 31/03/22 | | | 31/03/23 | 31/03/22 | | |
| RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % | |
| Revenue | 38,239 | 45,712 | (7,473) | -16% | 38,239 | 45,712 | (7,473) | -16% |
| Cost of sales | (24,394) | (33,943) | 9,549 | -28% | (24,394) | (33,943) | 9,549 | -28% |
| Gross profit | 13,845 | 11,769 | 2,076 | 18% | 13,845 | 11,769 | 2,076 | 18% |
| Other income | 1,466 | 2,022 | (556) | -27% | 1,466 | 2,022 | (556) | -27% |
| Operating expenses | (11,803) | (11,417) | (386) | 3% | (11,803) | (11,417) | (386) | 3% |
| Profit/(Loss) from operations | 3,508 | 2,374 | 1,134 | 48% | 3,508 | 2,374 | 1,134 | 48% |
| Finance costs | (939) | (891) | (48) | 5% | (939) | (891) | (48) | 5% |
| Share of results of associates, net of tax | 204 | 888 | (684) | -77% | 204 | 888 | (684) | -77% |
| Profit/(Loss) before taxation | 2,773 | 2,371 | 402 | 17% | 2,773 | 2,371 | 402 | 17% |
| Taxation | (706) | (213) | (493) | 231% | (706) | (213) | (493) | 231% |
| Profit/(Loss) for the period | 2,067 | 2,158 | (91) | -4% | 2,067 | 2,158 | (91) | -4% |
| 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 | 2,067 | 2,158 | (91) | -4% | 2,067 | 2,158 | (91) | -4% |
| Profit/(Loss) attributable to: | | | | | | | | |
| Owners of the Company | 2,071 | 2,110 | (39) | -2% | 2,071 | 2,110 | (39) | -2% |
| Non-controlling interests | (4) | 48 | (52) | -108% | (4) | 48 | (52) | -108% |
| Profit/(Loss) for the period | 2,067 | 2,158 | (91) | -4% | 2,067 | 2,158 | (91) | -4% |
| Total comprehensive income/(loss) attributable to: | | | | | | | | |
| Owners of the Company | 2,071 | 2,110 | (39) | -2% | 2,071 | 2,110 | (39) | -2% |
| Non-controlling interests | (4) | 48 | (52) | -108% | (4) | 48 | (52) | -108% |
| Total comprehensive income/(loss) for the period | 2,067 | 2,158 | (91) | -4% | 2,067 | 2,158 | (91) | -4% |
| Earnings/(Loss) per share attributable to Owners of the Company (sen): | | | | | | | | |
| -Basic | 0.55 | 1.00 | (0.45) | -45% | 0.55 | 1.00 | (0.45) | -45% |
| -Diluted | 0.53 | 0.89 | (0.36) | -40% | 0.53 | 0.89 | (0.36) | -40% |
| Net assets per share (RM) | | | | | 0.84 | 0.80 | 0.04 | 5% |

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MARCH 2023**

| | Unaudited | Audited |
|--|------------------|-----------------|
| | 31/03/23 | 31/12/22 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 73,534 | 74,871 |
| Intangible asset | 148,120 | 148,120 |
| Investment in associates | 2,183 | 1,978 |
| Club memberships | 205 | 205 |
| Other receivable | 500 | 300 |
| Total non-current assets | <u>224,542</u> | <u>225,474</u> |
| Current assets | | |
| Inventories | 44,275 | 32,529 |
| Trade and other receivables | 78,668 | 91,560 |
| Prepayments | 2,471 | 2,770 |
| Contract assets | 46,399 | 45,488 |
| Short term deposits, cash and bank balances | 72,825 | 81,240 |
| Total current assets | <u>244,638</u> | <u>253,587</u> |
| TOTAL ASSETS | <u>469,180</u> | <u>479,061</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 499,867 | 497,985 |
| Irredeemable convertible preference shares ("ICPS") | 1,331 | 2,885 |
| Reserves | (182,357) | (182,704) |
| | <u>318,841</u> | <u>318,166</u> |
| Non-controlling interests | 76 | (276) |
| Total equity | <u>318,917</u> | <u>317,890</u> |
| Non-current liabilities | | |
| Borrowings | 15,685 | 14,982 |
| Deferred tax liabilities | 5,786 | 5,840 |
| Total non-current liabilities | <u>21,471</u> | <u>20,822</u> |
| Current liabilities | | |
| Trade and other payables | 62,222 | 80,606 |
| Contract liabilities | 29,896 | 10,979 |
| Borrowings | 35,999 | 46,888 |
| Provision for liabilities | 357 | 357 |
| Tax payable | 318 | 1,519 |
| Total current liabilities | <u>128,792</u> | <u>140,349</u> |
| TOTAL EQUITY AND LIABILITIES | <u>469,180</u> | <u>479,061</u> |
| Net assets per share attributable to the owners of the Company (RM) | <u>0.84</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 (formerly known as WZ Satu Berhad)

[Registration No: 200401027590 (666098-X)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 |
|----------------------------|----------------|------------------------------|----------------------------------|---------------------------------|---------------------|--|---------------------------|
|----------------------------|----------------|------------------------------|----------------------------------|---------------------------------|---------------------|--|---------------------------|

3 months ended 31 March 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 | - | - | - | - | 2,071 | 2,071 | (4) | 2,067 |
| Acquisition of shares from non-controlling interests | - | - | - | - | (1,724) | (1,724) | 356 | (1,368) |
| Changes in revaluation reserve | - | - | - | (53) | 53 | - | - | - |
| Conversion of ICPS to ordinary shares | 1,554 | (1,554) | - | - | - | - | - | - |
| Conversion of Warrants to ordinary shares | 328 | - | (328) | - | 328 | 328 | - | 328 |
| At 31 March 2023 | 499,867 | 1,331 | 9,560 | 19,002 | (210,919) | 318,841 | 76 | 318,917 |

Citaglobal Berhad (formerly known as WZ Satu Berhad)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 |
|----------------------------|----------------|------------------------------|----------------------------------|---------------------------------|---------------------|--|---------------------------|
|----------------------------|----------------|------------------------------|----------------------------------|---------------------------------|---------------------|--|---------------------------|

3 months ended 31 March 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 | - | - | - | - | 2,110 | 2,110 | 48 | 2,158 |
| Changes in revaluation reserve | - | - | - | (50) | 50 | - | - | - |
| Conversion of ICPS to ordinary shares | 3,410 | (3,410) | - | - | - | - | - | - |
| At 31 March 2022 | 303,863 | 10,267 | 9,888 | 16,475 | (168,771) | 171,722 | 351 | 172,073 |

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

| 3 Months Ended | |
|-----------------------|-----------------|
| 31/03/23 | 31/03/22 |
| RM'000 | RM'000 |

Cash Flows From Operating Activities

| | | |
|-----------------------------------|--------------|----------------|
| Profit/(Loss) before taxation | 2,773 | 2,371 |
| Adjustments for non-cash items | 1,389 | 2,364 |
| | <u>4,162</u> | <u>4,735</u> |
| Changes in working capital | | |
| Net change in assets | 20,574 | 13,683 |
| Net change in liabilities | (19,131) | (21,145) |
| | <u>5,605</u> | <u>(2,727)</u> |
| Interest paid | (939) | (891) |
| Interest received | 349 | 226 |
| Net taxes paid | (1,961) | (397) |
| Net Operating Cash Flows | <u>3,054</u> | <u>(3,789)</u> |

Cash Flows From Investing Activities

| | | |
|--|----------------|----------------|
| Acquisition of shares from non-controlling interests | (1,369) | - |
| Deposits pledged to licensed banks | (305) | (587) |
| Purchase of plant and equipment | (378) | (2,481) |
| Proceeds from disposal of plant and equipment | 315 | 110 |
| Net Investing Cash Flows | <u>(1,737)</u> | <u>(2,958)</u> |

Citaglobal Berhad (formerly known as WZ Satu Berhad)**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)**

| 3 Months Ended | |
|-----------------------|-----------------|
| 31/03/23 | 31/03/22 |
| RM'000 | RM'000 |

Cash Flows From Financing Activities

| | | |
|---|-----------------|---------------|
| Proceeds from conversion of warrants | 339 | - |
| New drawdown of term loan | 1,655 | 2,022 |
| Repayment of lease liabilities | (418) | (586) |
| Drawdown/(Repayment) of bank borrowings | (12,422) | 7,550 |
| Net Financing Cash Flows | (10,846) | 8,986 |
| Net change in cash and cash equivalents | (9,529) | 2,239 |
| Cash and cash equivalents at beginning of the financial period | 70,610 | 55,895 |
| Effect of the exchange rate fluctuations | 2 | 14 |
| Cash and cash equivalents at end of the financial period | 61,083 | 58,148 |

Notes:

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

| | | |
|--|---------------|---------------|
| Cash on hand and at banks | 29,029 | 28,385 |
| Deposits with licensed banks | 43,796 | 58,725 |
| Cash and bank balances | 72,825 | 87,110 |
| Less: Bank overdrafts | (7,981) | (16,863) |
| Less: Deposits pledged to licensed banks | (3,761) | (12,099) |
| Cash and cash equivalents | 61,083 | 58,148 |

- (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.

Citaglobal Berhad (formerly known as WZ Satu Berhad)
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Notes To The Interim Financial Report
For The First Quarter Ended 31 March 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 (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 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.

Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2023
(Unaudited)

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:

| <u>Amendments/Improvements to MFRSs</u> | Effective for financial periods beginning on or after |
|---|---|
| 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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Notes To The Interim Financial Report
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7 Changes in Debts and Equity Securities

Pursuant to the Company's share consolidation of every 5 ordinary shares in Citaglobal Berhad (formerly known as WZ Satu Berhad) ("Citaglobal") into 1 Citaglobal share and on the 3 March 2023, Citaglobal securities were consolidated as follows:

| Name of Securities | Number of existing securities pre-consolidation | Securities Consolidation | Number of new securities post-consolidation |
|------------------------|---|--------------------------|---|
| Citaglobal Berhad | 1,897,333,790 | 1 : 5 | 379,466,490 |
| Citaglobal Berhad - PA | 15,403,675 | 1 : 5 | 3,080,717 |
| Citaglobal Berhad - WA | 183,241,446 | 1 : 5 | 36,648,073 |
| Citaglobal Berhad - WB | 61,839,915 | 1 : 5 | 12,367,913 |

During the quarter under review:

Prior to Citaglobal securities consolidation on the 3 March 2023

- 16,873,566 Irredeemable Convertible Preference Shares ("ICPS") were converted to 16,873,566 new Citaglobal shares with no additional cash payments to the Company.
- 2,118,134 Warrants B were converted to 2,118,134 new Citaglobal shares with an exercise price of RM338,901.44.

Post Citaglobal securities consolidation on the 3 March 2023

- 102,360 ICPS were converted to 102,360 new Citaglobal shares with no additional cash payments to the Company.

The new ordinary shares issued above 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 First Quarter Ended 31 March 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 | 23,156 | (4,156) | 19,000 |
| Energy | 7,231 | (1,995) | 5,236 |
| Manufacturing | 9,189 | - | 9,189 |
| Others | 6,025 | (1,211) | 4,814 |
| Total | 45,601 | (7,362) | 38,239 |

Results

| | |
|--|---------------------|
| | RM'000 |
| Civil Engineering and Construction | 8,366 |
| Energy | (1,416) |
| Manufacturing | (301) |
| Others | (2,086) |
| Add/(Less): elimination | (1,055) |
| Profit/(Loss) from operations | <u>3,508</u> |
| Finance cost | (939) |
| Share of results of associates, net of tax | 204 |
| Taxation | (706) |
| Profit/(Loss) for the period | <u><u>2,067</u></u> |

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Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2023
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9 Segmental Reporting (cont'd)

Assets and Liabilities

| | Segment |
|------------------------------------|----------------------|
| | <u>Assets</u> |
| | RM'000 |
| Civil Engineering and Construction | 175,227 |
| Energy | 58,639 |
| Manufacturing | 87,136 |
| Others | 395,861 |
| Add/(Less): elimination | (247,683) |
| Total | <u>469,180</u> |

| | Segment |
|------------------------------------|---------------------------|
| | <u>Liabilities</u> |
| | RM'000 |
| Civil Engineering and Construction | 141,611 |
| Energy | 46,302 |
| Manufacturing | 24,458 |
| Others | 40,097 |
| Add/(Less): elimination | (102,205) |
| Total | <u>150,263</u> |

Citaglobal Berhad (formerly known as WZ Satu Berhad)
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Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2023
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10 Profit/(Loss) Before Taxation

| | 3 Months Ended |
|--|-----------------------|
| | 31/03/23 |
| | RM'000 |
| Profit/(Loss) before taxation is arrived at after charging/(crediting): | |
| Deposits written off | 5 |
| Depreciation for property, plant and equipment | 1,234 |
| Depreciation for rights-of-use assets | 407 |
| Fair value adjustments on conversion of warrants | (11) |
| Gain on disposal of plant and equipment | (49) |
| Interest expense | 939 |
| Interest income | (349) |
| Reversal of impairment loss on contract assets | (200) |
| Reversal of impairment loss on receivables | (413) |
| Share of results of associates | (204) |
| Unrealised loss on foreign exchange | 30 |
| | <hr/> |

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.

Citaglobal Berhad (formerly known as WZ Satu Berhad)
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Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2023
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13 Changes In The Composition Of The Group

- (a) On 4 January 2023, the Company entered into a share sale agreement with Titanium Triangle Sdn Bhd, Tan Jing Xin ("the Purchaser") and WZS Technologies Sdn Bhd ("WZS Technologies") for the disposal by the Company of 6,600,000 ordinary shares, representing 32.04% equity interest in WZS Technologies ("Sale Shares") to the Purchaser for a total cash consideration of RM640,800 only ("Disposal"). Upon the completion of the Disposal, WZS Technologies ceased to be an associate of the Company.
- (b) On 11 January 2023, the Company entered into a share sale agreement with Dominic James How Eng Li, Dato' Indera Tun Putera Abdul Mubin Shah Bin Dato' Munir (hereinafter collectively referred to as "the Vendors") and Citaglobal Powergen Sdn Bhd (formerly known as WZS Powergen Sdn Bhd) ("Citaglobal Powergen"), an existing 61.11% owned subsidiary of the Company, for the acquisition by Citaglobal Berhad of the remaining 1,166,667 ordinary shares, representing 38.89% of the equity interest in Citaglobal Powergen ("Sale Shares") from the Vendors for a purchase consideration of RM1,194,916.67 in cash and Shared Profit (as defined in announcement to Bursa Malaysia Securities Berhad on even date) ("Acquisition"). Upon the completion of the Acquisition, Citaglobal Powergen became the wholly-owned subsidiary of the Company.

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

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 31 March 2023 were as follows:

| | Group | |
|---------------------------------------|-----------------|-----------------|
| | 31/03/23 | 31/12/22 |
| | RM'000 | RM'000 |
| Guarantees in favour of third parties | <u>30,894</u> | <u>28,546</u> |

15 Capital Commitments

The capital commitments as at 31 March 2023 were as follows:

| | RM'000 |
|---------------------------------------|---------------|
| (a) Contracted and not provided for | 2,019 |
| (b) Authorised and not contracted for | - |
| | <u>2,019</u> |

Analysed as follows:

| | |
|------------------------------------|--------------|
| Acquisition of plant and equipment | <u>2,019</u> |
|------------------------------------|--------------|

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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 | |
| | 31/03/23 | 31/03/22 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 38,239 | 45,712 | (7,473) | -16% |
| Profit/(Loss) before taxation | 2,773 | 2,371 | 402 | 17% |

The Group registered a lower revenue of RM38.2 million in the current quarter compared to RM45.7 million in the preceding year corresponding quarter. The decrease in revenue of RM7.5 million was due to the lower revenues of RM5.4 million, RM3.9 million and RM3.0 million from the Civil Engineering and Construction ("CEC"), Manufacturing and Energy segments, respectively. However, this was offset by the higher revenue of RM4.8 million from the remaining segments. The lower revenue in the current quarter was due to the lower project revenues from the CEC and Energy segments. The lower revenue in the Manufacturing segment was due to the lower sales volume attributed to the higher steel prices. The Telecommunications division contributed RM4.4 million to the higher revenue from the remaining segment.

The Group registered a higher profit before taxation of RM2.8 million in the current quarter compared to RM2.4 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 higher profit before taxation of RM4.0 million from the CEC segment. This was offset by the weaker results of RM1.6 million, RM0.9 million and RM1.1 million from the Manufacturing, Energy and remaining segments, respectively.

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2 Variation Of Results Against Preceding Quarter

| | 3 Months Ended | |
|-------------------------------|-----------------------|-----------------|
| | 31/03/23 | 31/12/22 |
| | RM'000 | RM'000 |
| Revenue | 38,239 | 72,501 |
| Profit/(Loss) before taxation | 2,773 | (45,945) |

The Group registered a lower revenue of RM38.2 million in this quarter compared to RM72.5 million in the preceding quarter. The decrease in revenue of RM34.3 million was due to the lower revenues of RM13.2 million, RM10.5 million, RM2.5 million and RM8.1 million registered by the CEC, Energy, Manufacturing and the remaining segments, respectively. The lower revenue was mainly due to lower project revenues from the CEC, Energy and remaining segments.

The current quarter registered a profit before taxation of RM2.8 million compared to a loss before taxation of RM45.9 million in the preceding quarter. The stronger result in the current quarter despite the lower revenue was mainly due to the impairment of goodwill arising on the acquisition of Citaglobal Engineering Services Sdn Bhd of RM47.9 million in the preceding quarter.

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**Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2023
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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 31 March 2023, the Group has a total outstanding order book of RM704.7 million. The Group through its indirect subsidiary has diversified into property development business namely the PR1MA Phase 2 Project with an estimated gross development value of RM372.5 million.

On 8 May 2023, the Group via its wholly-owned subsidiary company Citaglobal Engineering Services Sdn Bhd, accepted a Letter of Award from Dhaya Maju Infrastructure (Asia) Sdn Berhad in respect of the subcontract works which form part of the upgrading of the infrastructure facilities of the Klang Valley Double Track Phase 2 Project (KVDT 2 Project) for a lump sum subcontract sum of RM261 million ("the Contract"). The Contract shall commence on 1 June 2023 and be completed within 36 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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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 31/03/23 RM'000 |
|-------------------------------|---|
| Current taxation | 760 |
| Movement in deferred taxation | (54) |
| | <u>706</u> |

The effective tax rate for the current quarter was higher than the statutory tax rate due to losses attributed to 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 31 March 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 gross proceeds raised are expected to be used in the following manner:

| <u>Purpose</u> | <u>RM'000</u> | <u>Estimated timeframe for use of proceeds*</u> |
|--|---------------|---|
| (i) Investment/Expansion in the existing businesses of the Group | 33,000 | Within 12 months |
| (ii) General working capital for the Group | 15,873 | Within 12 months |
| (iii) Estimated expenses in relation to the Proposed Placement | 1,230 | Within 2 months |
| Total | <u>50,103</u> | |

* From the date of completion of the Proposed Placement

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7 Borrowings And Debts Securities

The Group's borrowings were as follows:

| | As at | |
|---------------------------|----------|----------|
| | 31/03/23 | 31/03/22 |
| | RM'000 | RM'000 |
| Non-current | | |
| <u>Secured</u> | | |
| Floating rate bank loan | 4,317 | 5,736 |
| Hire purchase liabilities | 861 | 902 |
| Term Loans | 9,726 | 6,122 |
| <u>Unsecured</u> | | |
| Lease liabilities | 608 | 1,503 |
| Term Loan | 173 | - |
| | 15,685 | 14,263 |
| Current | | |
| <u>Secured</u> | | |
| Floating rate bank loan | 1,489 | 1,362 |
| Hire purchase liabilities | 390 | 337 |
| Term Loans | 2,127 | 2,008 |
| Trade financing | 5,067 | 7,298 |
| <u>Unsecured</u> | | |
| Bank overdrafts | 7,981 | 16,863 |
| Lease liabilities | 1,078 | 1,400 |
| Term Loan | 53 | - |
| Trade financing | 17,814 | 30,481 |
| | 35,999 | 59,749 |
| Total | 51,684 | 74,012 |

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 (formerly known as WZS Misi Setia Sdn Bhd)

On 27 July 2022, the Company via its wholly-owned subsidiary Citaglobal Energy Sdn Bhd (formerly known as WZS Misi Setia 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 abovementioned suits shall be heard together before Yang Arif Puan Sumathi Murugiah, Judicial Commissioner, on 20 July 2023.

The Company is of the opinion that it has sufficient grounds to set aside the Adjudication Decision, 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 (formerly known as WZ Satu 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 (formerly known as WZS Misi Setia Sdn Bhd) (“Plaintiff”), 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 Ledag 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.

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 31/03/23 |
|---|--|
| <u>Basic</u> | |
| Profit/(Loss) attributable to owners of the Company (RM'000) | 2,071 |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 379,179 |
| Earnings/(Loss) per ordinary share (sen) | 0.55 |
| <u>Diluted</u> | |
| Profit/(Loss) attributable to owners of the Company (RM'000) | 2,071 |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 379,179 |
| Effect of dilution due to warrants ('000) | 9,342 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000) | 388,521 |
| Earnings/(Loss) per ordinary share (sen) | 0.53 |

12 Approval For The Release Of Quarterly Results

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