

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		9 Months Ended		Changes	
	30/09/22	30/09/21			30/09/22	30/09/21		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	53,556	62,708	(9,152)	-15%	142,935	190,412	(47,477)	-25%
Cost of sales	(45,600)	(49,528)	3,928	-8%	(115,789)	(159,993)	44,204	-28%
Gross profit	7,956	13,180	(5,224)	-40%	27,146	30,419	(3,273)	-11%
Other income	5,791	1,139	4,652	408%	15,868	7,697	8,171	106%
Operating expenses	(9,927)	(10,515)	588	-6%	(33,449)	(32,049)	(1,400)	4%
Profit from operations	3,820	3,804	16	0%	9,565	6,067	3,498	58%
Finance costs	(1,005)	(1,133)	128	-11%	(2,952)	(3,567)	615	-17%
Share of results of associates, net of tax	(451)	(441)	(10)	2%	236	(1,713)	1,949	-114%
Profit before taxation	2,364	2,230	134	6%	6,849	787	6,062	770%
Taxation	(450)	(167)	(283)	169%	(846)	(1,101)	255	-23%
Profit/(Loss) for the period	1,914	2,063	(149)	-7%	6,003	(314)	6,317	-2012%
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	1,914	2,063	(149)	-7%	6,003	(314)	6,317	-2012%
Profit/(Loss) attributable to:								
Owners of the Company	2,007	2,157	(150)	-7%	6,433	127	6,306	4965%
Non-controlling interests	(93)	(94)	1	-1%	(430)	(441)	11	-2%
Profit/(Loss) for the period	1,914	2,063	(149)	-7%	6,003	(314)	6,317	-2012%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	2,007	2,157	(150)	-7%	6,433	127	6,306	4965%
Non-controlling interests	(93)	(94)	1	-1%	(430)	(441)	11	-2%
Total comprehensive income/(loss) for the period	1,914	2,063	(149)	-7%	6,003	(314)	6,317	-2012%
Earnings/(Loss) per share attributable to Owners of the Company (sen):								
-Basic	0.19	0.30	(0.11)	-37%	0.61	0.02	0.59	2950%
-Diluted	0.17	0.24	(0.07)	-29%	0.54	0.01	0.53	5300%
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 SEPTEMBER 2022**

	Unaudited 30/09/22 RM'000	Audited 31/12/21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,485	44,816
Right-of-use assets	12,313	16,908
Goodwill on consolidation	9,800	9,800
Intangible asset	1,537	-
Investment in associates	3,997	3,761
Club memberships	205	205
Total non-current assets	<u>77,337</u>	<u>75,490</u>
Current assets		
Inventories	37,083	30,934
Trade and other receivables	93,598	104,577
Prepayments	4,728	3,047
Contract assets	37,170	32,506
Tax recoverable	1,866	1,349
Short term deposits, cash and bank balances	79,240	85,426
Total current assets	<u>253,685</u>	<u>257,839</u>
TOTAL ASSETS	<u>331,022</u>	<u>333,329</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	306,857	300,453
Irredeemable convertible preference shares ("ICPS")	7,273	13,677
Reserves	(138,085)	(144,518)
	<u>176,045</u>	<u>169,612</u>
Non-controlling interests	(127)	303
Total equity	<u>175,918</u>	<u>169,915</u>
Non-current liabilities		
Borrowings	12,563	10,701
Deferred tax liabilities	5,595	5,697
Lease liabilities	1,555	2,836
Total non-current liabilities	<u>19,713</u>	<u>19,234</u>
Current liabilities		
Trade and other payables	66,456	65,134
Contract liabilities	20,151	25,897
Borrowings	46,753	50,753
Provision for liabilities	373	504
Lease liabilities	1,658	1,892
Total current liabilities	<u>135,391</u>	<u>144,180</u>
TOTAL EQUITY AND LIABILITIES	<u>331,022</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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

<----- 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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (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	
<u>9 months ended 30 September 2021</u>								
At 1 January 2021	242,813	-	-	16,725	(174,805)	84,733	298	85,031
Total comprehensive loss for the period	-	-	-	-	127	127	(441)	(314)
Changes in revaluation reserve	-	-	-	(150)	150	-	-	-
Right issue of ICPS with warrants	-	45,741	9,888	-	-	55,629	-	55,629
Conversion of ICPS to ordinary shares	20,476	(20,476)	-	-	-	-	-	-
Subscription of shares in subsidiary	-	-	-	-	(18)	(18)	184	166
At 30 September 2021	263,289	25,265	9,888	16,575	(174,546)	140,471	41	140,512

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

9 Months Ended	
30/09/22	30/09/21
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	6,849	787
Adjustments for non-cash items	(3,177)	10,313
	<u>3,672</u>	<u>11,100</u>
Changes in working capital		
Net change in assets	(2,407)	(27,387)
Net change in liabilities	6,280	(4,698)
	<u>7,545</u>	<u>(20,985)</u>
Interest paid	(2,952)	(3,567)
Interest received	863	542
Net taxes paid	(1,484)	(860)
Net Operating Cash Flows	<u>3,972</u>	<u>(24,870)</u>

Cash Flows From Investing Activities

Acquisition of a subsidiary, net of cash acquired	(789)	-
Deposits pledged to licensed banks	(1,781)	(10,000)
Purchase of intangible asset	(700)	-
Purchase of plant and equipment	(6,471)	(701)
Proceeds from disposal of plant and equipment	1,402	649
Proceeds from disposal of right-of-use assets	-	951
Net Investing Cash Flows	<u>(8,339)</u>	<u>(9,101)</u>

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

9 Months Ended	
30/09/22	30/09/21
RM'000	RM'000

Cash Flows From Financing Activities

Net proceeds from right issue of ICPS with warrants	-	55,629
Net proceeds from issuance of shares to non-controlling interest	-	166
New drawdown of term loan	4,449	-
Repayment of lease liabilities	(1,459)	(2,911)
Drawdown/(Repayment) of bank borrowings	4,072	(14,470)
Net Financing Cash Flows	7,062	38,414
Net change in cash and cash equivalents	2,695	4,443
Cash and cash equivalents at beginning of the financial period	55,895	28,032
Effect of the exchange rate fluctuations	(3)	5
Cash and cash equivalents at end of the financial period	58,587	32,480

Notes:

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

Cash on hand and at banks	29,444	36,965
Deposits with licensed banks	49,796	20,923
Cash and bank balances	79,240	57,888
Less: Bank overdrafts	(7,360)	(14,485)
Less: Deposits pledged to licensed banks	(13,293)	(10,923)
Cash and cash equivalents	58,587	32,480

- (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.

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Notes To The Interim Financial Report
For The Third Quarter Ended 30 September 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, 30,842,160 Irredeemable Convertible Preference Shares have been converted to 30,842,160 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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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	102,169	(27,065)	75,104
Oil and gas	18,709	-	18,709
Manufacturing	38,435	-	38,435
Others	17,150	(6,463)	10,687
Total	176,463	(33,528)	142,935

Results

	RM'000
Civil engineering and construction	6,686
Oil and gas	541
Manufacturing	3,402
Others	(2,374)
Add/(Less): elimination	1,310
Profit from operations	9,565
Finance cost	(2,952)
Share of results of associates, net of tax	236
Taxation	(846)
Profit for the period	6,003

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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	177,712
Oil and gas	44,006
Manufacturing	90,949
Others	273,773
Add/(Less): elimination	(255,418)
Total	<u>331,022</u>

	Segment
	<u>Liabilities</u>
	RM'000
Civil engineering and construction	155,906
Oil and gas	28,856
Manufacturing	30,098
Others	42,109
Add/(Less): elimination	(101,865)
Total	<u>155,104</u>

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10 Profit Before Taxation

	3 Months Ended	9 Months Ended
	30/09/22	30/09/22
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Deposits written off	-	3
Depreciation for property, plant and equipment	1,159	3,536
Depreciation for rights-of-use assets	474	1,585
Gain on disposal of plant and equipment	(226)	(336)
Gain on lease modification	-	(28)
Interest expense	1,005	2,952
Interest income	(357)	(863)
Plant and equipment written off	180	180
Reversal of impairment loss on contract assets	(4,152)	(9,880)
Reversal of impairment loss on receivables	(1,328)	(197)
Share of results of associates	451	(236)
Unrealised loss on foreign exchange	112	107
	<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

Acquisition by Citaglobal Berhad (Citaglobal) of the entire equity interest in Citaglobal Engineering Services Sdn Bhd ("CESSB") from TIZA Global Sdn Bhd at a purchase consideration of RM140,000,000 to be satisfied entirely via issuance of 736,842,105 new ordinary shares in Citaglobal (Consideration Shares) at an issue price of RM0.19 per Consideration Shares (Acquisition)

In relation to the above and on the 10 November 2022, Citaglobal announced to Bursa Malaysia Securities Berhad that the Acquisition has been completed on the 10 November 2022 and the Consideration Shares have been issued and allotted on even date, in accordance with the terms of the Share Purchase Agreement. Hence, CESSB is now a wholly-owned subsidiary of Citaglobal.

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13 Changes In The Composition Of The Group

There were no 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 2022 were as follows:

	Group	
	30/09/22	31/12/21
	RM'000	RM'000
Guarantees in favour of third parties	<u>28,861</u>	<u>36,886</u>

15 Capital Commitments

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

	RM'000
(i) Contracted and not provided for	4,918
(ii) Authorised and not contracted for	<u>-</u>
	<u>4,918</u>

Analysed as follows:

Acquisition of plant and equipment	<u>4,918</u>
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**Notes To The Interim Financial Report
For The Third Quarter Ended 30 September 2022
(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	
	30/09/22	30/09/21		
	RM'000	RM'000	RM'000	%
Revenue	53,556	62,708	(9,152)	-15%
Profit before taxation	2,364	2,230	134	6%

The Group registered a lower revenue of RM53.6 million in the current quarter compared to RM62.7 million in the preceding year corresponding quarter. The decrease in revenue of RM9.2 million was due to lower revenues of RM14.6 million and RM4.2 million from the oil and gas ("OG") and civil engineering and construction ("CEC") segments, respectively. However, this was offset by higher revenues of RM6.2 million and RM3.4 million in the manufacturing and remaining segments, respectively. The lower revenues in the OG and CEC segments were due to lower project revenues because of the existing projects are nearing completion while new projects have yet to commence. Manufacturing segment revenue was higher due to the higher sales volume and steel prices in the current quarter.

The Group registered a slightly higher profit before taxation of RM2.4 million in the current quarter compared to RM2.2 million in the preceding year corresponding quarter in spite of the lower revenue. The increase in profit before taxation of RM0.2 million was due to the stronger results of RM1.7 million and RM0.2 million in the remaining and manufacturing segments, respectively. This was offset by the weaker results of RM1.2 million and RM0.5 million in the CEC and OG segments, respectively. The stronger result in the remaining segments was mainly due to the reversal of impairment of RM0.9 million of the Company's marked to market securities in the current quarter.

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			
	9 Months Ended		Changes	
	30/09/22	30/09/21		
RM'000	RM'000	RM'000	%	
Revenue	142,935	190,412	(47,477)	-25%
Profit/(Loss) before taxation	6,849	787	6,062	770%

The Group registered a lower revenue of RM142.9 million in the current year-to-date compared to RM190.4 million in the preceding year corresponding year-to-date. The decrease in revenue of RM47.5 million was due to the lower revenues of RM46.2 million and RM11.4 million in the OG and CEC segments, respectively. This was offset by the higher revenues of RM4.4 million and RM5.7 million registered in the manufacturing and remaining segments, respectively. The lower revenue in the OG segment was due to both lower project and product & services revenues whilst the CEC segment was lower due to the lower project revenue. The lower project revenues were due to existing projects are nearing completion while new projects have yet to commence. Manufacturing segment revenue was higher due to the higher sales volume and steel prices.

The Group registered a significantly higher profit before taxation of RM6.8 million in the current year-to-date compared to RM0.8 million in the preceding year corresponding year-to-date despite the lower revenue. The increase in profit before taxation of RM6.1 million was due to the stronger result of RM10.1 million registered in the remaining segments. This was offset by the weaker results of RM2.7 million and RM1.3 million registered in the OG and manufacturing segments, respectively. The stronger result in the remaining segment was due to the reversal of impairment loss of RM5.7 million for the PR1MA Phase 2 project in the previous quarter and the impairment of marked to market securities of RM0.9 million in the comparative year-to-date which led to a lower profit before taxation in the comparative year-to-date.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	30/09/22	30/06/22
	RM'000	RM'000
Revenue	53,556	43,667
Profit before taxation	2,364	2,114

The Group registered a higher revenue of RM53.6 million in this quarter compared to RM43.7 million in the preceding quarter. The increase in revenue of RM9.9 million was due to the higher revenues of RM5.6 million, RM0.7 million and RM4.5 million registered by the CEC, manufacturing and the remaining segments, respectively. This was offset by the lower revenue of RM0.9 million registered in the OG segment.

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

The current quarter registered a higher profit before taxation of RM2.4 million compared to RM2.1 million in the preceding quarter. The higher profit before taxation of RM0.3 million was due to the stronger results of RM3.1 million, RM1.3 million and RM0.3 million registered by the CEC, OG and manufacturing segments, respectively. This was offset by the weaker result registered by the remaining segments of RM4.4 million in the current quarter mainly due to the reversal of impairment loss of RM5.7 million in the previous quarter.

3 Prospects

Outlook

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

The order book of RM720.6 million as at 30 September 2022 will ensure that 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 Group through its indirect subsidiary has diversified into property development business namely the PRIMA Phase 2 project 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. On 30 August 2022, the Group via its wholly-owned subsidiary Citaglobal Land Sdn Bhd (formerly known as WZS Binaraya Sdn Bhd) entered into an Engineering, Procurement and Construction Agreement with Inland Port Perlis Berhad for the design, construction and equipping of Phase 1 of Perlis Inland Port with a contract sum of RM373.5 million. This is expected to contribute positively to the future earnings and net assets per share of the Group for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024.

On the 10 November 2022, Citaglobal Berhad completed the acquisition of Citaglobal Engineering Services Sdn Bhd ("CESSB"). Hence, CESSB is now a wholly-owned subsidiary of Citaglobal Berhad and is expected to contribute an aggregate of RM60 million profit (pre and post acquisition) to the Group for the financial years ending 2022 to 2024 pursuant to the Profit Guarantee in accordance with the Share Purchase Agreement dated 15 June 2022.

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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 30/09/22 RM'000	9 Months Ended 30/09/22 RM'000
Current taxation	467	948
Movement in deferred taxation	<u>(17)</u>	<u>(102)</u>
	<u>450</u>	<u>846</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 September 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")

Reference is made to the announcements dated 15 June 2022, 29 July 2022 and 9 August 2022 in relation to the Proposals. Bursa Securities had, vide its letter dated 13 September 2022, approved the following:

Proposed Share Consolidation comprising the listing and quotation of:

- (i) up to 431,563,765 consolidated Shares;
- (ii) up to 22,440,625 consolidated ICPS;
- (iii) up to 36,648,289 consolidated Warrants A; and
- (iv) up to 12,791,609 consolidated Warrants B.

The consolidated Shares, consolidated ICPS, consolidated Warrants A and consolidated Warrants B must be listed and quoted simultaneously.

The approval by Bursa Securities is subject to the following conditions:

- (i) Citaglobal and KAF IB must fully comply with the relevant provisions under the Main Market Listing Requirements ("Main LR") at all times pertaining to the implementation of the Proposals;
- (ii) Citaglobal and KAF IB are required to inform Bursa Securities upon completion of the Proposals;
- (iii) Citaglobal and KAF IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the respective Proposals are completed;
- (iv) Citaglobal / KAF IB is required to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at the extraordinary general meeting for the Proposals prior to the listing and quotation of the new ordinary shares to be issued pursuant to the Proposed Acquisition and the consolidated ordinary Shares, consolidated ICPS, consolidated Warrants A and consolidated Warrants B; and
- (v) Citaglobal / KAF IB is required to make the relevant announcements pursuant to Paragraphs 6.56 (2)(ii) and (iii) and Paragraph 13.20(2) of the Main LR.

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 September 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	(17,070)	-	Within 12 months
Estimated expenses*	800	(294)	506	(506)	-	Within 2 months
Total	25,576	-	25,576	(25,576)	-	

* 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	
	30/09/22	30/09/21
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Floating rate bank loan	5,061	6,466
Term Loan	7,502	-
	<u>12,563</u>	<u>6,466</u>
Current		
<u>Secured</u>		
Floating rate bank loan	1,421	1,274
Term Loan	2,073	-
Trade financing	8,911	8,892
<u>Unsecured</u>		
Bank overdrafts	7,360	14,485
Trade financing	26,988	34,637
	<u>46,753</u>	<u>59,288</u>
Total	<u>59,316</u>	<u>65,754</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:

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") (now known as Citaglobal Energy Sdn Bhd) 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 the Group 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	9 Months Ended
	30/09/22	30/09/22
<u>Basic</u>		
Profit attributable to owners of the Company (RM'000)	2,007	6,433
Weighted average number of ordinary shares for basic earnings per share ('000)	1,065,210	1,059,168
Earnings per ordinary share (sen)	0.19	0.61
<u>Diluted</u>		
Profit attributable to owners of the Company (RM'000)	2,007	6,433
Weighted average number of ordinary shares for basic earnings per share ('000)	1,065,210	1,059,168
Effect of dilution due to warrants ('000)	124,526	127,401
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,189,736	1,186,569
Earnings per ordinary share (sen)	0.17	0.54

12 Approval For The Release Of Quarterly Results

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