



KUMPULAN KITACON BERHAD
(Registration No. 202201006838 (1452535-V))
(Incorporated in Malaysia under the Companies Act 2016)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	209,166	136,943	780,875	487,761
Cost of sales	(184,426)	(111,799)	(686,627)	(396,412)
Gross profit	24,740	25,144	94,248	91,349
Other income	787	652	3,267	9,716
Administrative and other operating expenses	(13,156)	(18,416)	(49,081)	(48,418)
Finance costs	(131)	(6)	(360)	(131)
Share of profit of associate	-	-	-	782
Profit before taxation	12,240	7,374	48,074	53,298
Income tax expense	(2,967)	(2,294)	(11,705)	(12,992)
Profit for the financial period	9,273	5,080	36,369	40,306
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	9,273	5,080	36,369	40,306

Earnings per share:

Basic and diluted ⁽²⁾ (sen)	1.85	1.02	7.27	8.06
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Notes:

- (1) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of Kumpulan Kitacon Berhad ("**Kitacon**" or the "**Company**") for financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on the enlarged total number of 500,000,000 shares in issue after the initial public offering of the Company on the Main Market of Bursa Malaysia Securities Berhad ("**IPO**").



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023⁽¹⁾

	Unaudited as at 31 December 2023	Audited as at 31 December 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Equipment	32,739	13,213
Investment properties	5,073	4,710
Right-of-use assets	2,188	2,080
Other investment	-	30,894
Investment in club membership, at cost	85	85
Deferred tax assets	2,355	4,024
	<u>42,440</u>	<u>55,006</u>
Current assets		
Receivables	166,362	113,047
Prepayment	5	555
Contract costs	4,322	717
Contract assets	257,355	163,676
Current tax assets	1,879	-
Short-term investment	27,958	-
Cash and cash equivalents	66,110	75,868
	<u>523,991</u>	<u>353,863</u>
TOTAL ASSETS	<u>566,431</u>	<u>408,869</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	235,374	184,401
Merger deficit	(154,401)	(154,401)
Retained profits	216,076	184,707
TOTAL EQUITY	<u>297,049</u>	<u>214,707</u>



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	Unaudited as at 31 December 2023	Audited as at 31 December 2022
	RM'000	RM'000
Non-current liabilities		
Lease liabilities	166	97
Deferred tax liabilities	1,968	898
	<u>2,134</u>	<u>995</u>
Current liabilities		
Payables	261,831	192,761
Lease liabilities	160	88
Bills payable	5,256	-
Current tax liabilities	1	318
	<u>267,248</u>	<u>193,167</u>
TOTAL LIABILITIES	269,382	194,162
TOTAL EQUITY AND LIABILITIES	566,431	408,869
Net assets per share ⁽²⁾ (RM)	0.59	0.43

Notes:

- (1) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Company for financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on the enlarged total number of 500,000,000 shares in issue after the initial public offering of the Company on the Main Market of Bursa Malaysia Securities Berhad ("IPO").

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	
	Share capital	Merger deficit	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023 (Audited)	184,401	(154,401)	184,707	214,707
Profit (representing total comprehensive income) for the financial period	-	-	36,369	36,369
Issuance of shares pursuant to public issue	51,740	-	-	51,740
Share issuance expenses	(767)	-	-	(767)
Dividend	-	-	(5,000)	(5,000)
Total transactions with owners	50,973	-	(5,000)	45,973
Balance as at 31 December 2023 (Unaudited)	235,374	(154,401)	216,076	297,049

Note:

- (1) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Company for financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023⁽¹⁾

	12-months ended 31 December 2023 RM'000	12-months ended 31 December 2022 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	48,074	53,298
Adjustments for:		
Depreciation of equipment	7,260	4,314
Depreciation of investment properties	79	122
Depreciation of rights-of-use assets	152	147
Equipment written off	-	88
Impairment losses on receivables	-	1,529
Interest expense for financial liabilities measured at amortised cost	317	124
Interest expense for lease liabilities	43	7
Loss on disposal of investment in an associate	-	782
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(1,416)	(513)
Gain on disposal of investment properties	-	(6,915)
Gain on disposal of equipment	(88)	(18)
Gain on disposal of short-term investment	(18)	-
Interest income	(1,546)	(1,431)
Share of profit of associate	-	(782)
Operating profit before changes in working capital	52,857	50,752
Changes in contract assets	(93,679)	1,997
Changes in contract cost	(3,605)	4,379
Changes in receivables and prepayment	(52,765)	(10,294)
Changes in payables	69,070	(21,750)
Cash generated (for)/from operations	(28,122)	25,084
Interest paid	(360)	(131)
Tax paid	(11,161)	(8,831)
Net cash (for)/from operating activities	(39,643)	16,122

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	12-months ended 31 December 2023 RM'000	12-months ended 31 December 2022 RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Dividend received	-	4,900
Interest received	1,546	1,431
Decrease in term deposits pledged with licensed banks	36,273	2,632
Purchase of equipment	(26,786)	(8,037)
Purchase of investment properties	(442)	(3,431)
Purchase of short-term investment	(86,364)	-
Purchase of unit trusts	-	(20,000)
Proceeds from disposal of unit trusts	90,734	36,682
Proceeds from disposal of investment in an associate	-	2,418
Proceeds from disposal of equipment	88	20
Proceeds from disposal of investment properties	-	2,248
Net cash from investing activities	15,049	18,863

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	12-months ended 31 December 2023 RM'000	12-months ended 31 December 2022 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Dividend paid	(5,000)	(31,740)
Increase in bills payable	5,256	-
Proceeds from issuance of ordinary shares, net	50,973	*
Repayment of lease liabilities	(119)	(141)
Repayment of term loans	-	(7,521)
Net cash from/(for) financing activities	51,110	(39,402)
Net increase/(decrease) in cash and cash equivalents	26,516	(4,417)
Cash and cash equivalents at beginning of financial period	39,594	44,011
Cash and cash equivalents at end of financial period	66,110	39,594
Cash and cash equivalents comprised:		
Fixed deposits with licensed banks	22,579	36,273
Cash and bank balances	43,531	39,594
	66,110	75,867
Less: Pledged deposits	-	(36,273)
	66,110	39,594

Notes:

* Less than RM1,000

(1) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements of the Company for financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Kitacon and its subsidiary (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements.

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following MFRSs and Amendment to MFRSs and Interpretation.

(a) New MFRSs adopted during the financial period.

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the MASB for annual financial period beginning on or after 1 January 2023:

Title	Effective Date
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112: <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

There is no material impact upon the adoption of the above Standards during the financial period.

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A2. Significant Accounting Policies (Cont'd)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024.

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group are disclosed below. The Group intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
<i>Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
<i>Amendments to MFRS 16: Lease Liability in a Sale and Leaseback</i>	1 January 2024
<i>Amendment to MFRS 101: Classification of Liabilities as Current or Non-current</i>	1 January 2024
<i>Amendments to MFRS 101: Non-current Liabilities with Covenants</i>	1 January 2024
<i>Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements</i>	1 January 2024
<i>Amendments to MFRS 121: Lack of Exchangeability</i>	1 January 2025

The Group will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. The initial application of the above MFRSs is not expected to have any material impacts on the interim financial report of the Group for both the current period and prior period.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical trend during the current quarter and financial period under review.

A5. Material Unusual Items

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

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial period under review.

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A7. Debt and Equity Securities

	Number of ordinary shares '000	Amount RM'000
Issued share capital:		
As at 1 January 2023	423,911	184,401
Issuance of shares pursuant to public issue	76,089	51,740
Share issuance expenses	-	(767)
As at 31 December 2023	500,000	235,374

On 28 December 2022, the Company issued the Prospectus in relation to the IPO comprising the public issue of 76,088,500 new ordinary shares in Kitacon ("**Issue Shares**") ("**Public Issue**") and the offer for sale of 62,500,000 existing shares in Kitacon ("**Offer Shares**") at an issue/offer price of RM0.68 per Issue Share/Offer Share.

The Company's entire issued share capital were listed on the Main Market of Bursa Malaysia Securities Berhad ("**Listing**") on 17 January 2023.

A8. Dividend Paid

On 23 May 2023, the Board of Directors has declared a first interim dividend of 1.0 sen per ordinary share amounting to RM5 million in respect of financial year ended 31 December 2023. The total amount of RM5 million was paid on 13 July 2023.

A9. Segmental Information

The Group is principally involved in the provision of construction services.

Information on operating segment has not been reported as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely construction services.

Information about geographical areas has also not been reported as the Group's principal market is only in Malaysia.

A10. Material Events Subsequent to the end of the Quarter

There were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period under review.



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A12. Contingent Liabilities and Contingent Assets

Save as disclosed below, there were no material contingent liabilities or contingent assets as at the date of this interim financial report.

	Unaudited as at 31.12.2023 RM'000
Performance and tender bonds granted to contract customers	114,227

A13. Material Capital Commitment

	Unaudited as at 31.12.2023 RM'000
Property and equipment	
Authorised and contracted for	9,113

Save as disclosed above, the Group does not have any other material capital commitment as at the date of this interim financial report.

A14. Significant Related Party Transactions

The following are significant related party transactions during the current quarter and financial period under review.

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Progress billings raised on construction services provided to:				
• related parties ⁽¹⁾	7,435	9,165	27,699	27,954

Notes:

N/A Not applicable.

(1) Being companies in which certain directors of the Company have substantial financial interests.

A15. Derivatives

There were no derivatives used in the current quarter and financial period under review.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.



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B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Residential	158,295	114,143	614,520	420,717
- Non-residential				
• Commercial	22,132	6,075	67,541	14,761
• Industrial	28,119	14,705	96,758	42,827
• Others	-	1,382	50	2,032
	50,251	22,162	164,349	59,620
- Other related services	620	638	2,006	7,424
Total revenue	209,166	136,943	780,875	487,761

Results for current quarter ended 31 December 2023

The Group's revenue for the current financial quarter increased by approximately RM72.2 million or 52.7% to RM209.1 million as compared to RM136.9 million for the same quarter last year. The higher revenue recorded in current financial quarter is mainly due to increase of construction activities for the on-going projects and the commencement of new projects.

The Group's PBT for the current financial quarter increased by approximately RM4.8 million or 66.0% to RM12.2 million compared to RM7.4 million in the same quarter last year.

Results for financial year to date ended 31 December 2023

The Group's revenue for the current financial period increased by approximately RM293.1 million or 60.0% to RM780.9 million as compared to RM487.8 million for the same period last year. The higher revenue recorded in current financial period is mainly due to increase of construction activities for the on-going projects and the commencement of new projects.

The Group's PBT for the current financial period decreased by approximately RM5.2 million or 9.8% to RM48.1 million compared to RM53.3 million in the same period last year.

Notwithstanding the increase in revenue, the bottom-line profitability continued to be affected due to high raw material costs resulting from the lingering consequences of the pandemic and the on-going war, which led to the rising of construction material prices. The profit margin compression recorded in the current financial year mainly due to completion of few projects obtained and carried out during the pandemic period between Year 2020 to Year 2022 which were impacted by the escalated construction material prices, labour cost and higher operating costs.



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B2. Comparison with Immediate Preceding Quarter

The Group's performance for the fourth quarter ended 31 December 2023 (Q4FY2023) are tabled below:

Description	Q4FY2023	Q3FY2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	209,166	219,131	(9,965)	(4.5)
Profit before tax ("PBT")	12,240	9,789	2,451	25.0

The Group's revenue for the current financial quarter ended 31 December 2023 decreased by approximately RM9.9 million or 4.5% to RM209.1 million compared to RM219.1 million in the preceding financial quarter ended 30 September 2023. The reduced revenue in the current quarter is mainly attributed to a higher number of projects reaching completion compared to the previous quarter.

The Group's PBT for the current financial quarter ended 31 December 2023 increased by approximately RM2.4 million or 25.0% to RM12.2 million compared to RM9.8 million in the preceding financial quarter ended 30 September 2023. The Group saw an improvement in the profit margin for the current quarter resulting from projects secured in Year 2023, post pandemic period.

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B3. Prospects for the Current Financial Year

a) Order Book

Our Group resilience is underpinned by its strong order book. We are seeing steady demand for construction activities as evidenced by our recent contract wins in both residential landed and commercial properties. From 1 January 2024 to 28 February 2024, we have been awarded RM207.7 million from contract wins. Overall, our outstanding order book stands at RM1.27 billion.

b) Prospects

The global economy is anticipated to exhibit moderate growth after experiencing a period of economic downturn. On the domestic front, Malaysia's GDP is projected to achieve growth within the range of 4% to 5% in 2024, surpassing the growth of approximately 3.7% for 2023. On the industry outlook, the construction sector is anticipated to achieve a substantial growth rate of 6.8% in 2024, driven by enhanced construction output across all subsectors.

Given the promising economic outlook, Kitacon is cautiously optimistic of its growth prospects, despite the high interest rates and increasing inflationary pressures. The Group will remain vigilant on the procurement of the building materials and will continue to adopt a cautious approach when tendering for projects. We remain committed in delivering high quality projects within the given timeline and expand our order book to ensure a sustainable earnings visibility for the Group.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group will perform satisfactorily in year 2024 and continue to deliver long terms value for its shareholders.

B4. Profit Forecast

The Group did not issue any revenue or profit estimate, forecast, projection or internal targets in any announcement or public document.

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B5. Taxation

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and financial period under review are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
• current year provision	826	2,448	9,132	11,474
• (over)/under provision in prior year	(166)	-	(166)	47
Deferred tax				
• original and reversal of temporary differences	2,307	(154)	2,727	993
• under provision in prior year	-	-	12	7
Real property gain tax	-	-	-	471
Overall tax expenses	2,967	2,294	11,705	12,992
Effective tax rate (%)	24.2	31.1	24.3	24.4
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The effective tax rate of the Group for the current financial quarter is higher than the statutory tax rate of 24% mainly due to expenses which were not deductible for income tax purposes.

B6. Status of Corporate Proposals

There were no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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B7. Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue amounting to approximately RM51.7 million is utilised in the following manner:

Details of Use of Proceeds	Proposed Utilisation	Actual Utilisation	Deviation ⁽¹⁾	Balance Unutilised	Estimated time frame for use of proceeds from the date of the Listing
	RM'000	RM'000	RM'000	RM'000	
Purchase of construction equipment					
- Aluminium formwork systems	18,000	(13,674)	-	4,326	Within 36 months
- Scaffoldings and cabins	6,000	(6,000)	-	-	Within 36 months
Purchase of land and construction of a storage and refurbishment facility	20,000	(3,905)	-	16,095	Within 36 months
Working capital	3,280	(3,328)	48	-	Within 24 months
Estimated listing expenses	4,460	(4,412)	(48)	-	Within 1 month
Total	51,740	(31,319)	-	20,421	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.

Note:

- (1) The actual listing expenses are lower than the estimated amount hence, the excess of approximately RM48,000 was re-allocated for working capital purposes.

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B8. Borrowings

The Group's bank borrowings were as follows:

	Unaudited as at 31.12.2023	Audited as at 31.12.2022
	RM'000	RM'000
Current:		
Bills payable	5,256	-
Total bank borrowings	5,256	-

All the Group's bank borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend

Total dividend for the financial year ended 31 December 2023 is summarised as follow:

	Net Dividend Per Share Sen	Total Amount RM'000	Date of Payment
<u>In respect of the financial year ended</u> <u>31 December 2023</u>			
First interim dividend	1.0	5,000	13 July 2023

On 28 February 2024, the Board of Directors has declared a second and final interim dividend of 1.0 sen per ordinary share amounting to RM5 million in respect of financial year ended 31 December 2023. The proposed entitlement date and payment date are on 18 March 2024 and 5 April 2024 respectively.

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B11. Earnings Per Share (“EPS”)

The basic and diluted EPS for the current quarter and financial period is computed as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit after tax (RM'000)	9,273	5,080	36,369	40,306
Number of ordinary shares in issue ('000)	500,000	500,000	500,000	500,000
Basic EPS ⁽¹⁾ (sen)	1.85	1.02	7.27	8.06
Diluted EPS ⁽²⁾ (sen)	1.85	1.02	7.27	8.06

Notes:

N/A Not Applicable

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the Company's enlarged total number of 500,000,000 shares upon listing.
- (2) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.

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KUMPULAN KITACON BERHAD
(Registration No. 202201006838 (1452535-V))
(Incorporated in Malaysia under the Companies Act 2016)

B12. PBT

PBT was arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of equipment	2,370	1,230	7,260	4,314
Depreciation of investment properties	22	19	79	122
Depreciation of right-of-use assets	17	42	152	147
Equipment written off	-	-	-	88
Impairment losses on receivables	-	1,529	-	1,529
Interest expense for financial liabilities measured at amortised cost	93	5	317	124
Interest expense of lease liabilities	38	1	43	7
Loss on disposal of investment in an associate	-	-	-	782
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(272)	(275)	(1,416)	(513)
Gain on disposal of equipment	(20)	(9)	(88)	(18)
Gain on disposal of investment properties	-	-	-	(6,915)
Gain on disposal of short-term investment	-	-	(18)	-
Interest income from financial assets measured at amortised cost	(351)	(235)	(1,214)	(1,257)
Interest income from financial assets measured at fair value through profit and loss	(65)	(40)	(332)	(174)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors.