

KUCINGKO BERHAD

(Registration No. 202301011068 (1504989-A))
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2024**

KUCINGKO BERHAD

(Registration No. 202301011068 (1504989-A))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024⁽¹⁾**

	Note	Individual quarter		Cumulative quarter	
		Unaudited Current year quarter ended 30.09.2024	Unaudited Preceding year quarter ended 30.09.2023 ⁽²⁾	Unaudited Current year-to-date 30.09.2024	Unaudited Preceding year-to-date 30.09.2023 ⁽²⁾
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	8,722	N/A	24,296	N/A
Other operating income		35	N/A	147	N/A
Changes in inventories		(21)	N/A	(60)	N/A
Staff costs		(3,123)	N/A	(9,574)	N/A
Depreciation		(368)	N/A	(1,072)	N/A
Other operating expenses		(2,234)	N/A	(5,739)	N/A
Profit from operations		3,011	N/A	7,998	N/A
Finance costs		(38)	N/A	(103)	N/A
Finance income		142	N/A	303	N/A
Net finance income		104	N/A	200	N/A
Profit before tax		3,115	N/A	8,198	N/A
Income tax expense	B5	(1,301)	N/A	(2,135)	N/A
Net profit / Total comprehensive income for the period		1,814	N/A	6,063	N/A
Net profit / Total comprehensive income attributable to:					
Owners of the Company		1,814	N/A	6,063	N/A
Non-controlling interest		-	N/A	-	N/A
		1,814	N/A	6,063	N/A
Basic and diluted earnings per share (sen) ⁽³⁾	B12	0.36	N/A	1.21	N/A

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Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the prospectus of the Company dated 28 June 2024 issued in relation to the initial public offering ("IPO") ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.*
- (2) *This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*
- (3) *Computed based on the profit attributable to owners of the Company divided by the number of ordinary shares of 500,000,000 after the company was listed on the ACE Market of Bursa Securities on 26 July 2024. The diluted earnings per share is equivalent to the basic earnings per share at the end of current quarter and year-to-date.*

N/A - Not applicable.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024⁽¹⁾

	Note	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
Non current assets			
Plant and equipment		2,789	3,153
Right of use assets		3,031	2,575
Goodwill		63	63
Deferred tax assets		13	13
		<u>5,896</u>	<u>5,804</u>
Current assets			
Inventories		7	7
Trade receivables		5,241	2,594
Other receivables, deposits and prepayments		1,040	902
Contract assets		-	856
Fixed deposits with licensed banks		31,805	7,175
Cash and bank balances		12,879	8,047
		<u>50,972</u>	<u>19,581</u>
Total assets		<u>56,868</u>	<u>25,385</u>
Equity			
Share capital		38,638	*
Invested equity		-	6,611
Merger reserve		(2,949)	-
Retained earnings		12,375	11,331
Total equity		<u>48,064</u>	<u>17,942</u>
Non current liabilities			
Borrowings	B8	129	290
Lease liabilities		2,701	2,167
		<u>2,830</u>	<u>2,457</u>
Current liabilities			
Trade payables		304	130
Other payables and accruals		3,871	2,303
Contract liabilities		-	755
Borrowings	B8	214	558
Lease liabilities		453	510
Tax payable		1,132	730
		<u>5,974</u>	<u>4,986</u>
Total liabilities		<u>8,804</u>	<u>7,443</u>
Total equity and liabilities		<u>56,868</u>	<u>25,385</u>
Net assets per share (RM) ⁽²⁾		0.10	0.04

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Notes:

* *Amount is less than RM1,000*

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the total number of 500,000,000 ordinary shares in issue as at 30 September 2024.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

	Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000
As at 1 January 2024	*	6,611	-	11,331	17,942
Transactions with owners:					
Dividends	-	-	-	(5,019)	(5,019)
Net profit/Total comprehensive income for the period	-	-	-	6,063	6,063
Issuance of ordinary shares pursuant to IPO	30,000	-	-	-	30,000
Shares issuance expenses	(922)	-	-	-	(922)
Contributions by and distributions to owners of the Company:					
Issuance of ordinary shares pursuant to acquisition of a subsidiary	9,560	(6,611)	(2,949)	-	-
As at 30 September 2024 (unaudited)	38,638	-	(2,949)	12,375	48,064

Notes:

* Amount is less than RM1,000

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

	Unaudited Current year-to- date 30.09.2024 <u>RM'000</u>	Unaudited Preceding year- to-date ⁽²⁾ 30.09.2023 <u>RM'000</u>
Cash flows from operating activities		
Profit before tax	8,198	N/A
Adjustments for:		
Depreciation	1072	N/A
Interest income	(303)	N/A
Interest expense	103	N/A
Plant and equipment written off	*	N/A
Operating profit before working capital changes	9,070	N/A
Change in working capital:		
Decrease in inventories	*	N/A
Increase in trade and other receivables	(2,785)	N/A
Changes in contract assets/liabilities	101	N/A
Increase in trade and other payables	1,803	N/A
Cash generated from operating activities	8,189	N/A
Income tax paid	(1,734)	N/A
Net cash from operating activities	6,455	N/A
Cash flows from/(used in) investing activities		
Purchase of plant and equipment	(284)	N/A
Increase in fixed deposit with maturity of more than 3 months	(19,000)	N/A
Interest received	303	N/A
Net cash from investing activities	(18,981)	N/A
Cash flows from/(used in) financing activities		
Repayment to a director	(60)	N/A
Proceeds from issuance of ordinary shares	29,078	N/A
Repayment of lease liabilities	(403)	N/A
Repayment of borrowings	(155)	N/A
Interest paid	(103)	N/A
Dividend paid	(5,019)	N/A
Net cash used in financing activities	23,338	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D) ⁽¹⁾

	Unaudited Current year-to- date 30.09.2024 RM'000	Unaudited Preceding year- to-date ⁽²⁾ 30.09.2023 RM'000
Net increase in cash and cash equivalents	10,812	N/A
Cash and cash equivalents at beginning of the financial period	12,122	N/A
Cash and cash equivalents at end of the financial period	22,934	N/A
Cash and cash equivalents comprise:		
Cash and bank balances	12,879	N/A
Fixed deposit with licensed banks	31,805	N/A
	44,684	N/A
Less: Fixed deposits pledged with licensed banks	(750)	N/A
Less: Fixed deposits with initial maturity of more than 3 months	(21,000)	N/A
	22,934	N/A

Notes:

* Amount is less than RM1,000

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date available as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed consolidated interim financial statements of Kucingko Berhad (“**Kucingko**” or the **Company**) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Rule 9.22 and Appendix 9B of Listing Requirements.

This is the interim financial report for the third quarter ended 30 September 2024 announced by the Company in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding period.

The interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

The Group has adopted the new and revised MFRS and their related interpretations that have become mandatory for the current reporting period. The adoption of these new and revised MFRS and IC Interpretations does not result in significant changes in the accounting policies of the Group.

The Group has not adopted the following new standards, amendments to published standards and IC Interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current quarter:

Amendments/improvements to MFRSs that have been issued, but yet to be effective

	<u>Effective Date</u>
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 1: First time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9: Financial Instruments	1 January 2026
Amendments to MFRS 10: Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107: Statement of Cash Flows	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)

A3. Auditors’ report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal or cyclical factors.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A6. Material changes in estimates

There were no material changes in estimates that have material effects for the current financial quarter under review.

A7. Debt and equity securities

On 26 July 2024, the Company was listed on the ACE Market of Bursa Securities (“**Listing**”) pursuant to the IPO of 100,000,000 ordinary shares at an issue price of RM0.30 per ordinary share in the following manner:

- (a) 25,000,000 ordinary shares available for application by the Malaysian public;
- (b) 10,000,000 ordinary shares available for application by the eligible Directors and employees as well as persons who have contributed to the Group’s success; and
- (c) 65,000,000 ordinary shares by way of private placement to selected institutional/selected investors.

In conjunction with the Listing, the Company has established a long-term incentive plan (“**LTIP**”) of up to 10.00% of the total number of issued shares of the Company, comprising employees’ share option scheme (“**ESOS**”) and employees’ share grant scheme, to be granted to the executive directors and employees who meet the criteria of eligibility for participation in the LTIP in accordance with the By-Laws (“**Eligible Persons**”). The implementation of LTIP has taken effect upon the completion of the IPO. As at 30 September 2024, a total of 14,300,000 ESOS options has been offered to the Eligible Persons.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividend paid

There was no dividend paid during the current financial quarter under review.

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A9. Segment information**

The Group is organized into business units based on the nature of business and has four reportable operating segments as follows:

<u>Operating Segments</u>	<u>Nature</u>
Animation services	- Animation entertainment production and distribution
Information Technology (“IT”) services	- Software and hardware distribution, IT and network infrastructure support and technology training
Food and beverage	- Restaurant operator
Others	- Investment holding and other businesses that do not fall into the above segments

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A9. Segment information (Cont’d)**

The Group’s revenue is segmented as follows:

Revenue by business activities

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM’000	Unaudited Preceding year quarter ended 30.09.2023 ⁽¹⁾ RM’000	Unaudited Current year-to-date 30.09.2024 RM’000	Unaudited Preceding year- to-date 30.09.2023 ⁽¹⁾ RM’000
Revenue by business segments:				
External revenue:				
<i>Animation services</i>	8,699	N/A	24,238	N/A
<i>Food and beverage</i>	23	N/A	58	N/A
<i>IT services</i>	-	N/A	-	N/A
<i>Others</i>	-	N/A	-	N/A
Inter-segment revenue:				
<i>Animation services</i>	216	N/A	1,230	N/A
<i>Food and beverage</i>	11	N/A	41	N/A
<i>IT services</i>	352	N/A	733	N/A
<i>Others</i>	-	N/A	-	N/A
	9,301	N/A	26,300	N/A
Elimination of inter-segment sales	(579)	N/A	(2,004)	N/A
	8,722	N/A	24,296	N/A

Notes:

- (1) This is the interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A9. Segment information (Cont’d)**

The Group’s profit is segmented as follows:

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding year quarter ended 30.09.2023 ⁽¹⁾ RM'000	Unaudited Current year-to-date 30.09.2024 RM'000	Unaudited Preceding year- to-date 30.09.2023 ⁽¹⁾ RM'000
Segment results:				
Animation services	3,710	N/A	9,071	N/A
Food and beverage	(66)	N/A	(192)	N/A
IT services	(27)	N/A	(228)	N/A
Others	(606)	N/A	(653)	N/A
Profit from operations	3,011	N/A	7,998	N/A
Finance income	142	N/A	303	N/A
Finance cost	(38)	N/A	(103)	N/A
Profit before taxation	3,115	N/A	8,198	N/A
Income tax expenses	(1,301)	N/A	(2,135)	N/A
Profit after taxation	1,814	N/A	6,063	N/A

Notes:

- (1) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A9. Segment information (Cont’d)****Revenue by geographical market**

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024	Unaudited Preceding year quarter ended 30.09.2023 ⁽¹⁾	Unaudited Current year-to-date 30.09.2024	Unaudited Preceding year -to-date 30.09.2023 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
North America				
USA	3,117	N/A	9,813	N/A
Canada	2,503	N/A	8,673	N/A
Europe				
France	3,056	N/A	5,688	N/A
Asia Pacific				
Singapore	23	N/A	64	N/A
Malaysia	23	N/A	58	N/A
	8,722	N/A	24,296	N/A

Notes:

- (1) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A9. Segment information (Cont’d)**

	Unaudited as at 30.09.2024	Audited as at 31.12.2023
	RM'000	RM'000
Segment assets:		
Animation services	28,802	25,566
Food and beverage	97	110
IT services	397	482
Others	38,475	89
	<u>67,771</u>	<u>26,247</u>
Elimination	(10,903)	(862)
	<u>56,868</u>	<u>25,385</u>
	Unaudited as at 30.09.2024	Audited as at 31.12.2023
	RM'000	RM'000
Segment liabilities:		
Animation services	8,777	7,456
Food and beverage	979	803
IT services	86	221
Others	640	135
	<u>10,482</u>	<u>8,615</u>
Elimination	(1,678)	(1,172)
	<u>8,804</u>	<u>7,443</u>

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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT’D)**A10. Material events subsequent to the end of the reporting period**

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

A11. Changes in the Composition of the Group

On 11 September 2024, the Company had incorporated new wholly-owned subsidiary, namely Pipapo Sdn Bhd with issued share capital of RM100.00 comprising 100 ordinary shares. The principal activity of Pipapo Sdn Bhd is to undertake the creation and development of original animated intellectual properties, including but not limited to characters, stories and unique worlds.

Save as disclosed above, there were no changes in the composition of the Group during the current financial quarter under review.

A12. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 30 September 2024.

A13. Capital commitments

There were no capital commitments as at 30 September 2024.

A14. Fair value of financial instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review.

A15. Significant related party transaction

The significant related party transaction is as follows:

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding year quarter ended 30.09.2023 ⁽¹⁾ RM'000	Unaudited Current year-to-date 30.09.2024 RM'000	Unaudited Preceding year-to-date 30.09.2023 ⁽¹⁾ RM'000
With companies in which the directors have interest: Subscription of software license	670	N/A	670	N/A

Notes:

(1) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of financial performance****Current and cumulative quarter ended 30 September 2024:**

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding year quarter ended 30.09.2023 ⁽¹⁾ RM'000	Unaudited Current year-to-date 30.09.2024 RM'000	Unaudited Preceding year-to-date 30.09.2023 ⁽¹⁾ RM'000
Revenue	8,722	N/A	24,296	N/A
Profit before tax	3,115	N/A	8,198	N/A
Profit after tax	1,814	N/A	6,063	N/A

Notes:

(1) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

N/A - Not applicable

The Group recorded revenue of RM8.72 million and RM24.30 million for the current quarter ended and financial year-to-date 30 September 2024, which was mainly derived from the 2D animation production services segment, contributing approximately 99.74% and 99.76%, respectively of the Group's total revenue for the current quarter ended and financial year-to-date under review respectively.

The North America region was the Group's largest revenue contributor for the current quarter, contributing to approximately RM5.62 million or 64.43% of the Group's revenue. The revenue from the North America region was derived from the Group's 2D animation production services during the current quarter.

The Group registered a profit before tax and profit after tax of approximately RM3.12 million and RM1.81 million, respectively during the current quarter.

B2. Comparison with the immediate preceding quarter results

	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding quarter ended 30.06.2024 RM'000	Changes	
			RM'000	%
Revenue	8,722	8,514	208	2.44
Profit before tax	3,115	3,093	22	0.71
Profit after tax	1,814	2,484	(670)	(26.97)

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

On a quarter-on-quarter basis, the Group recorded revenue of RM8.72 million, which is 2.44% higher when compared to the preceding quarter ended 30 June 2024 of RM8.51 million. The overall increase in revenue was mainly derived from 2D animation production services, which recorded an increase by RM0.21 million.

The Group recorded a profit before tax of RM3.12 million for the current quarter, reflecting a modest increase of RM0.02 million, or 0.71%, over the preceding quarter.

Despite the revenue growth, profit after tax declined to RM1.81 million in the current quarter, a decrease of RM0.67 million, or 26.97%, compared to RM2.48 million in the preceding quarter. This reduction is largely attributable to increased income tax expenses, driven by certain non-deductible expenses, which impacted the net profit margin.

B3. Prospects

The Group will continue to build on its core strengths in animation production to drive growth, particularly by capitalizing on the demand and opportunities created by the expansion of digital streaming platforms like Netflix, Amazon Prime Video, Disney+, Max, Tencent Video, iQiyi, and YouTube. The Group will also explore market opportunities to expand its capacity to include other related areas in animation production, such as 3D animation and game animation. The Group is cautiously optimistic with the Group's future prospects and outlook.

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee in any public document in respect of the current financial quarter under review.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B5. Income tax expense**

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding year quarter ended 31.09.2023 ⁽¹⁾ RM'000	Unaudited Current year-to-date 30.09.2024 RM'000	Unaudited Preceding year- to-date 31.09.2023 ⁽¹⁾ RM'000
Current tax ⁽²⁾	1,301	N/A	2,135	N/A
Deferred tax	-	N/A	-	N/A
Total income tax expense	1,286	N/A	2,120	N/A
Effective tax rate (%)	41.8%	N/A	26.0%	N/A
Statutory tax rate (%)	24.0%	N/A	24.0%	N/A

Notes:

(1) *This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*

(2) *Income tax is recognized based on management's best estimate.*

N/A - Not applicable.

The Group's effective tax rate exceeded the statutory rate mainly due to non-deductible expenses, notably listing expenses and depreciation charges. These expenses have directly impacted on the Group's income tax obligations and resulted in an effective tax rate above the statutory rate.

B6. Status of corporate proposals

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

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B7. Utilisation of proceeds from the public issue**

The gross proceeds from the public issue amounting to RM30.00 million is intended to be utilised in the following manner:

Utilisation of proceeds⁽¹⁾	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from date of the listing
Capacity expansion	17,767	-	17,767	Within 36 months
USA sales office	4,377	86	4,291	Within 36 months
Working capital	4,256	520	3,736	Within 12 months
Listing expenses	3,600	3,600	-	Immediate
Total	30,000	4,206	25,794	

Note:

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

B8. Borrowings

The Group's borrowings as at 30 September 2024 are as follows:

	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
Non-current portion		
Term loan	129	290
	129	290
Current portion		
Term loan	214	208
Overdraft	-	350
	214	558
Total borrowings	343	848

All the borrowings are secured and denominated in Ringgit Malaysia.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B9. Dividends proposed**

The Board of Directors has proposed an interim single tier dividend of 0.85 sen per ordinary share, amounting to RM4,250,000 in respect of the financial year ending 31 December 2024. The entitlement date is fixed on 9 December 2024 and payment will be made on 23 December 2024.

B10. Material litigation

There were no material litigations involving the Group as at 30 September 2024.

B11. Derivative financial instruments

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

B12. Earnings per share (“EPS”)

The basic and diluted EPS for the current quarter and year-to-date are computed as follows:

	<u>Individual quarter</u>		<u>Cumulative quarter</u>	
	<u>Unaudited Current year quarter ended</u>	<u>Unaudited Preceding year quarter ended</u>	<u>Unaudited Current year-to-date</u>	<u>Unaudited Preceding year- to-date</u>
	<u>30.09.2024</u>	<u>30.09.2023⁽¹⁾</u>	<u>30.09.2024</u>	<u>30.09.2023⁽¹⁾</u>
Profit attributable to owners of the Company (RM'000)	1,814	N/A	6,063	N/A
Number of ordinary shares in issue ('000)	500,000	N/A	500,000	N/A
Basic/Diluted EPS (sen) ⁽²⁾	0.36	N/A	1.21	N/A

Notes:

(1) *This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.*

(2) *Basic EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 30 September 2024. The diluted EPS is equivalent to the basic EPS as at the end of the current quarter and year-to-date.*

N/A – Not applicable

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B13. Notes to the Condensed Consolidated Statements of Comprehensive Income**

The following items have been charged/(credited) in arriving at the profit before tax for the current quarter and the profit before tax for the financial year-to-date:

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter ended 30.09.2024 RM'000	Unaudited Preceding year quarter ended (¹)30.09.2023 RM'000	Unaudited Current year-to-date 30.09.2024 RM'000	Unaudited Preceding year -to-date (¹)30.09.2023 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of plant and equipment	214	N/A	648	N/A
Depreciation of right-of-use assets	154	N/A	424	N/A
Interest expenses	38	N/A	103	N/A
Listing expenses	540	N/A	1253	N/A
Interest income	(142)	N/A	(303)	N/A
Wage subsidy / Grants	(23)	N/A	(82)	N/A
Realised loss / (gain) on foreign exchange	186	N/A	185	N/A

Notes:

(1) This interim financial report for the third quarter ended 30 September 2024 is announced in compliance with the Listing Requirements. As the Company was only listed on the ACE Market of Bursa Securities on 26 July 2024, there are no comparative figures for the preceding year corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period.

N/A – Not applicable

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

**BY ORDER OF THE BOARD
KUCINGKO BERHAD
22 NOVEMBER 2024**