



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

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2022	⁽²⁾ 31.12.2021	31.12.2022	⁽²⁾ 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	137,648	N/A	488,467	N/A
Cost of sales	(111,921)	N/A	(396,534)	N/A
Gross profit	25,727	N/A	91,933	N/A
Other income	652	N/A	9,715	N/A
Administrative and other operating expenses	(16,970)	N/A	(46,972)	N/A
Finance costs	(6)	N/A	(131)	N/A
Share of profit of associate	-	-	782	-
Profit before taxation	9,403	N/A	55,327	N/A
Income tax expense	(2,750)	N/A	(13,448)	N/A
Profit for the financial period	6,653	N/A	41,879	N/A
Other comprehensive income for the financial period	-	N/A	-	N/A
Total comprehensive income for the financial period	6,653	N/A	41,879	N/A
Earnings per share:				
Basic and diluted ⁽³⁾ (sen)	1.33	N/A	8.38	N/A

Notes:

N/A Not applicable.

- (1) The Unaudited Combined Statements of Comprehensive Income should be read in conjunction with the Accountants' Report disclosed in the prospectus of Kumpulan Kitacon Berhad ("**Kitacon**" or the "**Company**") dated 28 December 2022 ("**Prospectus**") and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results for the fourth quarter ended 31 December 2022 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").
- (3) 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**").



KUMPULAN KITAÇON BERHAD
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UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾

	Unaudited as at 31 December 2022	Audited as at 31 December 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Investment in an associate	-	7,318
Equipment	13,213	9,580
Investment properties	6,609	21,027
Right-of-use assets	181	209
Other investment	30,894	47,063
Investment in club membership, at cost	85	85
Deferred tax assets	3,568	4,566
	<u>54,550</u>	<u>89,848</u>
Current assets		
Receivables	114,208	104,833
Prepayment	555	5
Contract costs	717	5,096
Contract assets	164,381	165,672
Current tax assets	-	2,843
Cash and cash equivalents	75,868	82,917
	<u>355,729</u>	<u>361,366</u>
TOTAL ASSETS	<u>410,279</u>	<u>451,214</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	184,401	-
Invested equity	-	30,000
Merger deficit	(154,401)	-
Retained profits	186,280	154,401
TOTAL EQUITY	<u>216,280</u>	<u>184,401</u>



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UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾

	Unaudited as at 31 December 2022	Audited as at 31 December 2021
	RM'000	RM'000
Non-current liabilities		
Term loans	-	6,365
Lease liabilities	97	87
Deferred tax liabilities	898	440
	<hr/> 995	<hr/> 6,892
Current liabilities		
Payables	192,598	258,641
Term loans	-	1,156
Lease liabilities	89	124
Current tax liabilities	317	-
	<hr/> 193,004	<hr/> 259,921
TOTAL LIABILITIES	<hr/> 193,999	<hr/> 266,813
TOTAL EQUITY AND LIABILITIES	<hr/> 410,279	<hr/> 451,214
Net assets per share ⁽²⁾ (RM)	0.43	0.37

Note:

- (1) The Unaudited Combined Statements of Financial Position should be read in conjunction with the Accountants' Report disclosed in the Prospectus 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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KUMPULAN KITACON BERHAD
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**UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2022⁽¹⁾**

	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total equity</u> RM'000
	<u>Share capital</u>	<u>Invested equity</u>	<u>Merger deficit</u>	<u>Retained profits</u>	
	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2022	-	30,000	-	154,401	184,401
Profit (representing total comprehensive income) for the financial period	-	-	-	41,879	41,879
Effects pursuant to the acquisition of a subsidiary	184,401	(30,000)	(154,401)	-	-
Issuance of shares	*	-	-	-	*
Dividend paid to former shareholders of a subsidiary	-	-	-	(10,000)	(10,000)
Balance as at 31 December 2022	184,401	-	(154,401)	186,280	216,280

Notes:

* Less than RM1,000.

- (1) The Unaudited Combined Statements of Changes in Equity should be read in conjunction with the Accountants' Report disclosed in the Prospectus and the accompanying explanatory notes attached to the interim financial report.

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KUMPULAN KITACON BERHAD
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UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	12-month ended 31 December 2022 RM'000	12-month ended 31 December 2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	55,327	N/A
Adjustments for:		
Depreciation of equipment	4,314	N/A
Depreciation of investment properties	127	N/A
Depreciation of rights-of-use assets	142	N/A
Interest expense for financial liabilities measured at amortised cost	124	N/A
Interest expense for lease liabilities	7	N/A
Loss on disposal of investment in an associate	782	N/A
Equipment written off	88	N/A
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(513)	N/A
Gain on disposal of investment properties	(6,915)	N/A
Gain on disposal of equipment	(18)	N/A
Interest income	(1,431)	N/A
Share of profit of associate	(782)	N/A
Operating profit before changes in working capital	51,252	N/A
Changes in contract assets	1,291	N/A
Changes in contract cost	4,379	N/A
Changes in in receivables and prepayment	(9,925)	N/A
Changes in payables	(21,913)	N/A
Cash generated from operations	25,084	N/A
Interest paid	(131)	N/A
Tax paid	(8,831)	N/A
Net cash from operating activities	16,122	N/A
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Dividend received	4,900	N/A
Interest received	1,255	N/A
Decrease in term deposits pledged with licensed banks	2,632	N/A
Purchase of equipment	(8,037)	N/A
Purchase of investment properties	(3,432)	N/A
Purchase of unit trusts	(20,000)	N/A
Proceeds from disposal of unit trusts	36,857	N/A
Proceeds from disposal of investment in an associate	2,418	N/A
Proceeds from disposal of equipment	20	N/A
Proceeds from disposal of investment properties	2,248	N/A
Net cash from investing activities	18,861	N/A



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UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	12-month ended 31 December 2022 RM'000	12-month ended 31 December 2021 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	*	N/A
Dividends paid	(31,740)	N/A
Repayment of lease liabilities	(139)	N/A
Repayment of term loans	(7,521)	N/A
Net cash used in financing activities	(39,400)	N/A
Net decrease in cash and cash equivalents	(4,417)	N/A
Cash and cash equivalents at beginning of financial period	44,011	N/A
Cash and cash equivalents at end of financial period	39,594	N/A

Notes:

N/A Not applicable.

* Less than RM1,000

(1) The Unaudited Combined Statements of Cash Flows should be read in conjunction with the Accountants' Report disclosed in the Prospectus and the accompanying explanatory notes attached to the interim financial report.

(2) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results for the fourth quarter ended 31 December 2022 announced by the Company in compliance with the Listing Requirements.

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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 is the second interim financial report on the Company’s combined results for the fourth quarter ended 31 December 2022 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This 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 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 years ended 31 December 2019, 31 December 2020, 31 December 2021, 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 2022:

Title	Effective Date
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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 2023.

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
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
<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>Amendments to MFRS 17: Insurance Contracts</i>	1 January 2023
<i>Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
<i>Amendment to MFRS 101: Classification of Liabilities as Current or Non-current</i>	1 January 2024
<i>Amendments to MFRS 101: Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 101: Non-current Liabilities with Covenants</i>	1 January 2024
<i>Amendments to MFRS 108: Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2021.

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.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.



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A8. Dividend

On 17 October 2022, Kitacon Sdn Bhd declared an interim dividend amounting to RM10.0 million for the financial year ended 31 December 2022, which was subsequently paid on 19 October 2022.

Save for the above, there are no other dividend declared or paid during the current quarter and financial period under review.

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

Save as disclosed in Note B6 on the Status of Corporate Proposals, 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.

In conjunction with the IPO, the Company had on 21 October 2022 completed the acquisition of the entire equity interest in Kitacon Sdn Bhd comprising 30,000,000 ordinary shares for a purchase consideration of RM184,401,459 which was satisfied by way of issuance of 423,911,400 new ordinary shares in the Company at an issue price of RM0.435 each to the existing shareholders of Kitacon Sdn Bhd.

A12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets as at the date of this interim financial report.

A13. Material Capital Commitment

The Group does not have any material capital commitment as at the date of this interim financial report.

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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	
	31.12.2022	⁽¹⁾ 31.12.2021	31.12.2022	⁽¹⁾ 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Progress billings raised on construction services provided to:				
• related parties ⁽²⁾	9,165	N/A	27,954	N/A
• a former associate	-	N/A	19,071	N/A
Disposal of investment properties to related parties	-	N/A	24,638	N/A

Notes:

N/A Not applicable.

(1) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results for the fourth quarter ended 31 December 2022 announced by the Company in compliance with the Listing Requirements.

(2) 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

	CUMULATIVE QUARTER 31.12.2022 RM'000
Revenue	
- Residential	421,380
- Non-residential	
• Commercial	14,761
• Industrial	42,827
• Others	2,032
	59,620
- Other related services	7,467
Total revenue	488,467

The Group achieved revenue and profit before tax (“PBT”) of RM488.47 million and RM55.33 million respectively for the cumulative quarter under review. The revenue and PBT are contributed by the Group’s construction services segment which consisted mainly from its residential and non-residential segments of RM421.38 million and RM59.62 million respectively. The non-residential segment is mainly attributed from its commercial segment and industrial segment of RM14.76 million and RM42.83 million respectively. The PBT of RM55.33 million include the gain on disposal of investment properties of RM6.92 million.

There are no comparative figures for the preceding year’s corresponding quarter as this is the second interim financial statements on the combined results for the quarter ended 31 December 2022 being announced by the Company in compliance with the Listing Requirements.

B2. Comparison with Immediate Preceding Quarter

The Group’s performance for the fourth quarter ended 31 December 2022 (Q4FY2022) are tabled below:

Description	Q4FY2022	Q3FY2022	Variance	
	RM'000	RM'000	RM'000	%
Revenue	137,648	116,085	21,563	18.6
Profit before tax (“PBT”)	9,403	11,846	(2,443)	(20.6)

The Group’s revenue for the current financial quarter ended 31 December 2022 increased by RM21.6 million or approximately 18.6% to RM137.6 million compared to RM116.1 million in the preceding financial quarter ended 30 September 2022. The increase in revenue was mainly contributed by higher revenue contributed from the residential segment and industrial segment by RM11.4 million and RM4.8 million respectively.

The Group’s PBT for the current financial quarter ended 31 December 2022 decreased by RM2.4 million or approximately 20.6% to RM9.4 million compared to RM11.8 million in the preceding financial quarter ended 30 September 2022. The decrease in profit before tax was mainly due to increase in employees’ emoluments and IPO expenses in the current financial quarter under review.



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B3. Prospects for the Current Financial Year

In 2022, the overall construction industry in Malaysia continues to be affected by the numerous challenges such as shortage of foreign workers to undertake construction activities and the increase in cost of construction materials such as steel and concrete. The Group is mindful of these challenges, and will continue to monitor and take proactive measures to address these issues. The Group had submitted application for 500 foreign construction workers and the said application was approved by the Ministry of Human Resources on 21 June 2022. As of 14 February 2023, 257 workers have arrived and the rest are expected to arrive in the second quarter of this year.

As at 31 December 2022, the Group has outstanding order book of approximately RM821.0 million based on unbilled contract value. Subsequently, from 1 January 2023 to 14 February 2023, the Group secured additional three new orders with total contract value of approximately RM379.2 million comprising of two new residential projects and one new industrial project with contract value of RM151.4 million and RM227.8 million respectively.

The total outstanding order book of approximately RM1.2 billion is expected to sustain the Group's earnings and cash flow contribution for the next 2 years.

Barring any unforeseen circumstances against the backdrop of a challenging operating environment with inflationary pressures on project costs, the Group is optimistic that its fundamentals will remain strong and register good growth for the financial year ending 31 December 2023 supported by our existing strong order book.

B4. Profit Forecast

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

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	
	31.12.2022	⁽¹⁾ 31.12.2021	31.12.2022	⁽¹⁾ 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
• current year provision	2,447	N/A	11,474	N/A
• under provision in prior year	-	N/A	47	N/A
Deferred tax				
• original and reversal of temporary differences	303	N/A	1,450	N/A
• under provision in prior year	-	N/A	7	N/A
Real property gain tax	-	N/A	470	N/A
Overall tax expenses	2,750	N/A	13,448	N/A
Effective tax rate (%)	29.2	N/A	24.3	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A



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B5. Taxation (Cont'd)

Notes:

N/A Not applicable.

- (1) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results for the fourth quarter ended 31 December 2022 announced by the Company in compliance with the Listing Requirements.

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

Save as disclosed below, there were no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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.

B7. Utilisation of Proceeds from the Public Issue

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

Details	RM'000	%	Estimated time frame for use of proceeds from the date of the Listing
Purchase of construction equipment			
- Aluminium formwork systems	18,000	34.8	Within 36 months
- Scaffoldings and cabins	6,000	11.6	Within 36 months
Purchase of land and construction of a storage and refurbishment facility	20,000	38.7	Within 36 months
Working capital	3,280	6.3	Within 24 months
Estimated listing expenses	4,460	8.6	Within 1 month
Total	51,740	100.0	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus. As at 31 December 2022, the IPO and Listing are pending completion, and hence, the IPO proceeds have yet to be raised and utilised.



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B8. Borrowings

The Group does not have any borrowings as at the date of this interim financial report.

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. Earnings Per Share (“EPS”)

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

	Individual Quarter		Cumulative Quarter	
	31.12.2022	⁽¹⁾ 31.12.2021	31.12.2022	⁽¹⁾ 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit after tax (RM'000)	6,653	N/A	41,879	N/A
Number of ordinary shares in issue ('000)	500,000	N/A	500,000	N/A
Basic EPS ⁽²⁾ (sen)	1.33	N/A	8.38	N/A
Diluted EPS ⁽³⁾ (sen)	1.33	N/A	8.38	N/A

Notes:

N/A Not Applicable

- (1) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results announced by the Group in compliance with the Listing Requirements.
- (2) 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 after the IPO.
- (3) 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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B11. PBT

PBT was arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	31.12.2022	⁽¹⁾ 31.12.2021	31.12.2022	⁽¹⁾ 31.12.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of equipment	1,230	N/A	4,314	N/A
Depreciation of investment properties	24	N/A	127	N/A
Depreciation of right-of-use assets	37	N/A	142	N/A
Interest expense for financial liabilities measure at amortised cost	5	N/A	124	N/A
Interest expense of lease liabilities	1	N/A	7	N/A
Loss on disposal of investment in associate	-	N/A	782	N/A
Equipment write off	-	N/A	88	N/A
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(275)	N/A	(513)	N/A
Gain on disposal of investment properties	-	N/A	(6,915)	N/A
Gain on disposal of equipment	(9)	N/A	(18)	N/A
Interest income from financial assets measured at amortised cost	(234)	N/A	(1,256)	N/A
Interest income from financial assets measured at fair value through profit and loss	(41)	N/A	(175)	N/A

Notes:

N/A Not Applicable

(1) No comparative figures for the preceding year's corresponding quarter are presented as this is the second interim financial report on the combined results announced by the Group in compliance with the Listing Requirements.

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



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B12. Status of non-compliance incidents

Certificate for Accommodation

Pursuant to Section 24D(1) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (as amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019) ("**EMSH**"), no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. The Group provides such accommodation to its foreign workers at its project sites and the Group is required to obtain Certificate for Accommodation for these sites. Pursuant to Section 24D(3) of the EMSH, an employer who contravenes Section 24D(1) of the EMSH commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

The process to obtain the Certificate for Accommodation is estimated to take up to 7 months from the date of site possession. Upon site possession, the Group will prepare the relevant drawings and submission of application for temporary building permit to the local authority. Upon the receipt of approval by the local authority, the Group will commence the erection of workers' accommodation and will then submit applications to the Department of Labour of Peninsular Malaysia for the Certificate for Accommodation and physical inspection of the workers' accommodation.

The officers of the Department of Labour of Peninsular Malaysia will then conduct inspection and provide instructions for improvements to be made, if required, which is subject to further inspection. Approval from the Department of Labour of Peninsular Malaysia will be obtained after further inspection of the rectification to the workers' accommodation. As at 31 December 2022, the Group has not obtained Certificate for Accommodation for 3 out of 33 construction sites at which it provides accommodation to its foreign workers. The Group has submitted applications for the Certificates for Accommodation for all of its 3 construction sites which were recently secured projects in the current quarter. The said applications are in various stages of approval and are expected to be issued progressively to the Group.

Save as disclosed above, there are no other non-compliance incidents during the current quarter under review.

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