

KIA LIM BERHAD (342868-P)**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015***(These figures have not been audited)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	CURRENT QUARTER ENDED 30/06/2015 RM '000	COMPARATIVE QUARTER ENDED 30/06/2014 RM '000	6 MONTHS CUMULATIVE TO DATE 30/06/2015 RM '000	COMPARATIVE 6 MONTHS CUMULATIVE TO DATE 30/06/2014 RM '000
Continuing Operations				
Revenue	18,188	16,575	38,030	33,665
Cost Of Sales	(13,451)	(12,581)	(27,999)	(25,184)
Gross Profit	4,737	3,994	10,031	8,481
Other Operating Income	222	51	132	121
Selling And Distribution Expenses	(1,895)	(1,725)	(3,807)	(3,535)
Administrative Expenses	(1,119)	(1,166)	(2,231)	(2,197)
Finance Costs	(341)	(490)	(798)	(927)
Share Of Loss Of Associated Companies	-	-	-	-
Other Investment Income	-	-	-	-
Profit Before Tax	1,604	664	3,327	1,943
Income Tax	(495)	(95)	(1,004)	(242)
Net Profit	1,109	569	2,323	1,701
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For The Year	1,109	569	2,323	1,701
Profit Attributable To: Owners Of The Parent	1,109	569	2,323	1,701
Total Comprehensive Income Attributable To: Owners Of The Parent	1,109	569	2,323	1,701
Earnings Per Share				
- Basic (Sen)	1.79	0.92	3.75	2.75
- Fully Diluted (Sen)	1.79	0.92	3.75	2.75

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

KIA LIM BERHAD (342868-P)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30/06/2015 RM '000	AUDITED AS AT 31/12/2014 RM '000
Assets		
Non-current assets		
Property, plant and equipment	75,525	76,489
Investment in associated	86	86
Investment in securities	5	5
Deferred tax assets	2,917	3,695
	<u>78,533</u>	<u>80,275</u>
Current assets		
Inventories	19,661	19,507
Trade and other receivables	16,788	13,217
Tax recoverable	-	68
Cash and bank balances	236	444
	<u>36,685</u>	<u>33,236</u>
Total assets	<u>115,218</u>	<u>113,511</u>
Equity and Liabilities		
Non-current liability		
Borrowings	1,148	7,849
Current liabilities		
Trade and other payables	16,309	15,137
Tax payable	227	-
Borrowings	14,833	10,147
Total liabilities	<u>32,517</u>	<u>33,133</u>
Equity attributable to equity holders of the parent		
Share capital	61,938	61,938
Reserves		
- Share premium	7,283	7,283
- Retained earnings	13,480	11,157
Total equity	<u>82,701</u>	<u>80,378</u>
Total equity and liabilities	<u>115,218</u>	<u>113,511</u>
Net assets per share (RM)	<u>1.3352</u>	<u>1.2977</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

KIA LIM BERHAD (342868-P)**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	6 MONTHS ENDED 30/06/2015 RM '000	6 MONTHS ENDED 30/06/2014 RM '000
Operating activities		
Profit before tax	3,327	1,943
Adjustment for:		
Depreciation of property, plant and equipment	3,465	3,288
Interest expense	798	927
Loss/(Gain) on disposal of property, plant and equipment	183	(24)
Operating cash flows before changes in working capital	<u>7,773</u>	<u>6,134</u>
Inventories	(154)	(1,840)
Receivables	(3,571)	829
Payables	1,173	1,943
Cash flows generated from operations	<u>5,221</u>	<u>7,066</u>
Income tax refunded	68	-
Interest paid	(531)	(584)
Net cash flows generated from operating activities	<u>4,758</u>	<u>6,482</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	259	33
Purchase of property, plant and equipment	(2,603)	(2,235)
Net cash flows used in investing activities	<u>(2,344)</u>	<u>(2,202)</u>
Financing activities		
Repayment of bankers' acceptances	(384)	(272)
Proceeds from trust receipts	-	12
Repayment of obligations under finance lease	(528)	(340)
Repayment of Redeemable Convertible Secured Loan Stocks	(2,000)	(2,500)
Net cash flows used in financing activities	<u>(2,912)</u>	<u>(3,100)</u>
Net (decrease)/increase in cash and cash equivalents	(498)	1,180
Cash and cash equivalents brought forward	(2,873)	(2,789)
Cash and cash equivalents carried forward	<u>(3,371)</u>	<u>(1,609)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

KIA LIM BERHAD (342868-P)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

← ATTRIBUTABLE TO OWNERS OF THE PARENT →

	<u>SHARE CAPITAL</u> RM'000	<u>SHARE PREMIUM</u> RM'000	<u>RETAINED EARNINGS</u> RM'000	<u>TOTAL EQUITY</u> RM'000
<u>6 months period ended 30 June 2014</u>				
Balance at 1 January 2014	61,938	7,283	3,891	73,112
Total comprehensive income	-	-	1,701	1,701
Balance at 30 June 2014	<u>61,938</u>	<u>7,283</u>	<u>5,592</u>	<u>74,813</u>
<u>6 months period ended 30 June 2015</u>				
Balance at 1 January 2015	61,938	7,283	11,157	80,378
Total comprehensive income	-	-	2,323	2,323
Balance at 30 June 2015	<u>61,938</u>	<u>7,283</u>	<u>13,480</u>	<u>82,701</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CHAPTER 9, PART A OF APPENDIX 9B)

B1 Review of Performance

In tandem with higher revenue of RM18.2 million and RM38.0 million for the current quarter and period to date as compared to RM16.6 million and RM33.7 million for the preceding year corresponding quarter and period to date, the Group recorded higher profit before taxation of RM1.6 million and RM3.3 million for the current quarter and period to date as compared to RM0.7 million and RM1.9 million for the preceding year corresponding quarter and period to date respectively. The increase in revenue for the current quarter and period to date was mainly attributable to both higher sales volume and selling prices for the Group's brick products.

B2 Material Change in Profit Before Taxation for the Current Quarter compared to the Immediate Preceding Quarter

The Group recorded profit before taxation of RM1.6 million for the current quarter as compared to profit before taxation of RM1.7 million for the immediate preceding quarter. The decline in profit before taxation was primarily due to lower sales volume for the majority of the Group's brick products for the quarter under review.

B3 Commentary on Prospects

As reported by Bank Negara, Malaysia's gross domestic product ("GDP") registered a slower growth of 4.9% in the second quarter of 2015 (1Q 2015 : 5.6%), driven mainly by private sector demand. Private consumption expanded at a more moderate rate of 6.4% (1Q 2015 : 8.8%) as households adjust to the implementation of the Goods and Services Tax ("GST"). Against this backdrop, sentiment in the real property sector had shown signs of cooling with fewer new project launches. Nonetheless, the Management is still hopeful that with no foreseeable additional production capacity coming on stream in the market, supply of clay bricks would continue to be well absorbed by market demand.

Nevertheless in facing the challenging times ahead, the Management will continue its effort in improving cost efficiency and optimizing productivity, and the Group will strive to achieve satisfactory financial results for the year 2015.

B4 Variances from Profit Forecast and Profit Guarantee

Not applicable to the Group as no profit forecast or profit guarantee was published.

A12 Related Party Transactions

The related party transactions have been entered into in the normal course of business and have been established on terms and conditions which were mutually agreed between the relevant parties.

Related by virtue of having common director/(s) and/or substantial interest:

	30/06/2015	30/06/2014
	RM	RM
Sales of spare parts and upkeep of tools to: Sri Senanggar Batu Bata Sdn. Bhd.	19,979	19,505
Purchases of indirect materials from: Ban Dung Palm Oil Industries Sdn. Bhd. Kia Lim Timber Trading Sdn. Bhd.	33,559 -	300,849 7,661
Insurance premium payable to: Kia Lim Timber Trading Sdn. Bhd.	42,817	151,908
Rental payable to: Kia Lim Timber Trading Sdn. Bhd. Sri Senanggar Batu Bata Sdn. Bhd.	72,000 22,275	72,000 23,794

KIA LIM BERHAD (342868-P)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
QUARTER ENDED 30 JUNE 2015

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS - MFRS 134

A1 Basis of Preparation and Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements as set out in Malaysian Financial Reporting Standards ('MFRS') No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2014. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2014, except for the adoption of the following revised Malaysian Financial Reporting Standards (MFRSs) which are effective for annual periods beginning on or after 1 January 2015.

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoptions of the above revised standards do not have any material financial impacts to the Group's consolidated financial statements upon their initial application.

A2 Seasonal or Cyclical Factors

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

A3 Items of Unusual Nature and Amount

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

A4 Changes in Estimates

There were no significant changes in estimates of amounts reported in prior interim periods of the current or previous financial years that have a material effect in the current interim period.

A5 Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares in the current quarter and period to date.

A6 Dividends Paid

There was no dividend paid for the period ended 30 June 2015.

A7 Segmental Information

No segmental reporting by activity is prepared as the Group is principally involved in one industry and one country. The sales is predominantly to the Malaysia and Singapore market.

A8 Subsequent Events

As of todate, there has been no other material event subsequent to the period ended 30 June 2015.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current period.

A10 Contingent Liabilities

As of todate, there have been no significant changes in contingent liabilities since the last annual date of the statement of financial position as at 31 December 2014.

A11 Capital Commitment

RM'000

Capital expenditure
Approved and contracted for:
Property, plant and equipment

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B5 Taxation

	Current Quarter		Current Period To Date	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Income tax				
- Current year	227	-	227	-
Deferred tax	268	95	777	242
	<u>495</u>	<u>95</u>	<u>1,004</u>	<u>242</u>

For the current quarter and period to date, the effective tax rate for the Group was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

B6 Additional Disclosures on Profit Before Tax

Included in the profit before tax are the following items:

	Individual Quarter		Cumulative Quarter	
	30/06/2015 RM '000	30/06/2014 RM '000	30/06/2015 RM '000	30/06/2014 RM '000
Depreciation of property, plant and equipment	1,740	1,644	3,465	3,288
Gain on foreign exchange - realised	94	18	133	47
Insurance received	105	-	105	-
Interest expenses	341	490	798	927
(Loss)/Gain on disposal of property, plant and equipment	(31)	9	(183)	24
Rental income	7	-	7	-
Vehicle rental income	25	-	25	-
Other income (including investment income)	22	24	45	50

Other disclosure items pursuant to Appendix 9B Note 16 of the listing requirements of Bursa Securities are not applicable.

B7 Corporate Proposals**a) Status of corporate proposals**

There were no corporate proposals announced and not completed as at the date of this report.

B8 Borrowings and Debt Securities

The tenure of Group borrowings (all denominated in Malaysian currency) classified as short and long term categories are as follows:-

	30/06/2015 RM'000
Short term - secured	14,833
- unsecured	-
Long term - secured	1,148
- unsecured	-
Total	<u>15,981</u>

B9 Material Litigation

The Group is not engaged in any material litigation as at 19 August 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report).

B10 Dividend

The Board of Directors has not recommended any interim dividend for the period ended 30 June 2015 (2014: Nil).

B11 Realised and Unrealised Profits/Losses Disclosure

	As At 30/06/2015 RM'000	As At 31/12/2014 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	(14,972)	(18,131)
Unrealised	<u>22,418</u>	<u>22,482</u>
	7,446	4,351
Total share of retained earnings from associated company:		
Realised	32	32
Unrealised	-	-
	<u>7,478</u>	<u>4,383</u>
Less: Consolidation adjustments	<u>6,002</u>	<u>6,774</u>
Total Group retained earnings as per consolidated accounts	<u>13,480</u>	<u>11,157</u>

The determination of realised and unrealised earnings is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profit or loss above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B12 Earnings Per Share

(i) The basic earnings per share is computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Net Profit For The Period Attributable To Equity Holders Of The Parent (RM'000)	1,109	569	2,323	1,701
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	1.79	0.92	3.75	2.75

(ii) Diluted earnings per share

The diluted earnings per share is presented same as basic earnings per share as the conversions of all potential ordinary shares from warrants are not dilutive.

B13 Auditors' Report on Preceding Annual Financial Statement

There was no audit qualification in the annual audit report of the Company's previous annual financial statements for the year ended 31 December 2014.

By order of the Board

Leong Siew Foong
Secretary (MAICSA No. 7007572)
Batu Pahat
26 August 2015