

KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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 2022. 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 2022.

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 2022, 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 2023.

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	
- Classification of Liabilities as Current or Non-current	1 January 2023
- Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023

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.

Standards and interpretations issued but not yet effective

The Standards, Amendments, Annual Improvements and IC interpretation that are issued but not yet effective up to the date of issuance of the Group’s and Company’s financial statements are disclosed below. The Group and Company intend to adopt these Standards, Amendments, Annual Improvements and IC Interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	
- Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 September 2023.

A7 Segmental Information

No segmental reporting by activity is prepared as the Group is principally involved in one industry and one country. The sales of the Group's products 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 September 2023.

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 2022.

A11 Capital Commitment

There is no capital commitment not recognised in the current interim financial statements and during the current reporting period.

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:

	30/09/2023	30/09/2022
	RM'000	RM'000
Purchase of spare parts and upkeep of tools to: Kia Lim Timber Trading Sdn Bhd	2	-
Rental payable to: Kia Lim Timber Trading Sdn Bhd Sri Senanggar Batu Bata Sdn Bhd	85 18	85 18
Sales of spare parts and upkeep of tools to: Kia Lim Timber Trading Sdn Bhd	2	-
Transport charges receivable from: Original Clay Industries Sdn Bhd	2	3
Other charges payable to: Kia Lim Timber Trading Sdn Bhd Sri Senanggar Batu Bata Sdn Bhd	1 1	- -
Other charges receivable from: E.S.Ng Pembinaan Perniagaan Sdn Bhd Kia Lim Timber Trading Sdn Bhd Rengam Batu Bata Sdn Bhd	5 9 1	- - -

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

B1 Review of Performance

	Individual Quarter		Changes %	Cumulative Quarter		Changes %
	30/09/2023 RM'000	30/09/2022 RM'000		30/09/2023 RM'000	30/09/2022 RM'000	
Revenue	11,424	7,510	52	25,031	21,159	18
Operating profit/(loss)	2,541	(149)	(1,805)	1,902	(482)	(495)
Profit/(Loss) before interest and tax	2,541	(149)	(1,805)	1,902	(482)	(495)
Profit/(Loss) before tax	2,420	(236)	(1,125)	1,546	(821)	(288)
Profit/(Loss) after tax	2,420	(236)	(1,125)	1,546	(821)	(288)
Profit/(Loss) attributable to ordinary equity holders of the parent	2,420	(236)	(1,125)	1,546	(821)	(288)

For the current quarter, the Group registered revenue of RM11.4 million and profit before taxation of RM2.4 million as compared to revenue of RM7.5 million and loss before taxation of RM0.2 million respectively for the preceding year corresponding quarter. The increase in revenue and improved result for the current quarter were mainly attributable to higher sales volume as well as much improved average selling prices for the Group's products.

For the current 9-month period to date, the Group registered revenue of RM25.0 million and profit before taxation of RM1.5 million as compared to revenue of RM21.2 million and loss before taxation of RM0.8 million respectively for the preceding year corresponding period to date. Despite robust demand, sales volume for the current period was marginally lower due to a significant loss of sales following the shutdown of the production plant for major repair and maintenance. The increase in revenue and improved result for the current period to date were mainly attributable to the much improved average selling prices of the Group's products.

B2 Material Change in Profit/(Loss) Before Taxation for the Current Quarter compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	30/09/2023 RM'000	30/06/2023 RM'000	
Revenue	11,424	5,279	116
Operating profit/(loss)	2,541	(1,123)	(326)
Profit/(Loss) before interest and tax	2,541	(1,123)	(326)
Profit/(Loss) before tax	2,420	(1,237)	(296)
Profit/(Loss) after tax	2,420	(1,237)	(296)
Profit/(Loss) attributable to ordinary equity holders of the parent	2,420	(1,237)	(296)

The Group recorded profit before taxation of RM2.4 million for the current quarter as compared to loss before taxation of RM1.2 million for the immediate preceding quarter. The loss before taxation for the immediate preceding quarter was primarily due to the shutdown of the production plant for repair and maintenance having resulted in the loss of production and sales, as well as certain fixed costs being consequently unabsorbed.

In addition, the profit before taxation for the current quarter was also partly due to improved margins with higher average selling prices for the brick products.

B3 Commentary on Prospects

Amid the backdrop of continued improvement in the broader economic environment, the signs of improving sentiment in the property market are sustaining, and uptick in housing project construction activities continue to support increasing demand for clay bricks. With robust demand, the Group is hopeful for the recovery in selling prices of clay bricks to be sustained and that the pressure on our margin would ease further in the face of challenges from high energy and labour costs, particularly with the steep increase in electricity tariff surcharge.

Given the aforementioned scenario, the Group will continue to focus on its strategy and effort to contain the production costs, optimise its operational efficiency and product quality in order to stay competitive in the industry.

B4 Variances from Profit Forecast and Profit Guarantee

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

B5 Taxation

No provision for taxation is necessary, as the Group and Company have no chargeable income.

B6 Additional Disclosures on Profit/(Loss) Before Tax

Included in the profit/(loss) before tax are the following items:

	Individual Quarter		Cumulative Quarter	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM '000	RM '000	RM '000	RM '000
Depreciation of investment property	7	7	21	21
Depreciation of property, plant and equipment	591	599	1,748	1,783
Gain on disposal of property, plant and equipment	(87)	(16)	(137)	(105)
(Gain)/Loss on foreign exchange - realised	23	(1)	(33)	(50)
Interest expense	121	87	356	339
Other income (including investment income)	(10)	(6)	(10)	(53)
Rental income	(14)	(14)	(42)	(42)
Reversal of impairment loss on trade receivables	-	-	-	(25)
Vehicle rental income	(14)	(15)	(29)	(34)

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 Trade and Other Receivables

	30/09/2023	31/12/2022
	RM'000	RM'000
Current		
Trade receivables		
Third parties	7,339	6,469
Less: Allowance for expected loss	(76)	(76)
	<u>7,263</u>	<u>6,393</u>
Other receivables		
Deposits	99	101
Related parties	3	-
Sundry receivables	294	168
	<u>396</u>	<u>269</u>
Total trade and other receivables (current)	<u>7,659</u>	<u>6,662</u>
Non-current		
Other receivables	-	-
	<u>-</u>	<u>-</u>
Total trade and other receivables (current and non-current)	<u><u>7,659</u></u>	<u><u>6,662</u></u>
<u>Ageing analysis of trade receivables</u>		
Neither past due nor impaired	6,087	5,272
1 to 30 days past due not impaired	1,086	1,057
31 to 60 days past due not impaired	-	64
More than 61 days past due not impaired	90	-
	1,176	1,121
Impaired	76	76
	<u>7,339</u>	<u>6,469</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms.

B9 Borrowings and Debt Securities

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

	As At 30/09/2023			As At 31/12/2022		
	Short Term RM'000	Long Term RM'000	Total RM'000	Short Term RM'000	Long Term RM'000	Total RM'000
Secured						
- Bank overdrafts	926	-	926	1,206	-	1,206
- Bankers' acceptances	890	-	890	782	-	782
- Obligations under hire purchase	218	325	543	178	202	380
	<u>2,034</u>	<u>325</u>	<u>2,359</u>	<u>2,166</u>	<u>202</u>	<u>2,368</u>

B10 Material Litigation

The Group is not engaged in any material litigation as at 21 November 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report).

B11 Dividend

The Board of Directors has not recommended any interim dividend for the period ended 30 September 2023 (2022: Nil).

B12 Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/09/2023	Preceding Year Corresponding Quarter 30/09/2022	Current Year 30/09/2023	Preceding Year 30/09/2022
Net Profit/(Loss) For The Period Attributable To Equity Holders Of The Parent (RM'000)	2,420	(236)	1,546	(821)
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	3.91	(0.38)	2.50	(1.33)

(ii) Diluted earnings per share

The diluted earnings per share was presented same as basic earnings per share as there was no potential diluted ordinary shares outstanding as at the end of the current quarter under review.

B13 Auditors' Report on Preceding Annual Financial Statements

There was no audit qualification in the annual audit report of the Company's previous annual financial statements for the year ended 31 December 2022.

By order of the Board

Santhi A/P Saminathan
(MAICSA No. 7069709)
(CCM PC No. 201908002933)
Secretary
28 November 2023