

# KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

## UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2023

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### 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<br>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<br>Estimates and Errors - Definition of Accounting Estimates | 1 January 2023  |
| Amendments to MFRS 112: Income Tax - Deferred Tax related to Assets<br>and Liabilities arising from a Single Transaction        | 1 January 2023  |
| Amendments to MFRS 17: Insurance Contracts - Initial Application of<br>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<br>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<br>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 year ended 31 December 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 year ended 31 December 2023.

**A9 Changes in the Composition of the Group**

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

**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:

|   | <b>31/12/2023</b> | <b>31/12/2022</b> |
|---|-------------------|-------------------|
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| Purchase of spare parts and upkeep of tools to:<br>Kia Lim Timber Trading Sdn Bhd   | 2                 | -                 |
| Rental payable to:<br>Kia Lim Timber Trading Sdn Bhd<br>Sri Senanggar Batu Bata Sdn Bhd   | 113<br>22         | 113<br>24         |
| Transport charges receivable from:<br>Original Clay Industries Sdn Bhd  | 2                 | 4                 |
| Other charges payable to:<br>Kia Lim Timber Trading Sdn Bhd<br>Sri Senanggar Batu Bata Sdn Bhd                                      | 1<br>2            | -<br>-            |
| Other charges receivable from:<br>E.S.Ng Pembinaan Perniagaan Sdn Bhd<br>Kia Lim Timber Trading Sdn Bhd<br>Rengam Batu Bata Sdn Bhd | 8<br>25<br>4      | -<br>-<br>-       |

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

**B1 Review of Performance**

|   | Individual Quarter   |                      |              | Cumulative Quarter   |                      |              |
|---|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
|   | 31/12/2023<br>RM'000 | 31/12/2022<br>RM'000 | Changes<br>% | 31/12/2023<br>RM'000 | 31/12/2022<br>RM'000 | Changes<br>% |
| Revenue   | 11,227               | 8,077                | 39           | 36,258               | 29,236               | 24           |
| Operating profit/(loss)   | 2,239                | 215                  | 941          | 4,141                | (266)                | (1,657)      |
| Profit/(Loss) before interest and tax                               | 2,239                | 215                  | 941          | 4,141                | (266)                | (1,657)      |
| Profit/(Loss) before tax  | 2,136                | 87                   | 2,355        | 3,682                | (733)                | (602)        |
| Profit/(Loss) after tax   | 3,328                | 87                   | 3,725        | 4,874                | (733)                | (765)        |
| Profit/(Loss) attributable to ordinary equity holders of the parent | 3,328                | 87                   | 3,725        | 4,874                | (733)                | (765)        |

For the current quarter, the Group registered revenue of RM11.2 million and profit before taxation of RM2.1 million as compared to revenue of RM8.1 million and profit before taxation of RM0.1 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 brick products.

For the year ended 31 December 2023, the Group registered revenue of RM36.3 million and profit before taxation of RM3.7 million as compared to revenue of RM29.2 million and loss before taxation of RM0.7 million respectively for the preceding year. Whilst sales volume was marginally higher for the current year, the increase in revenue and improved result were mainly attributable to the much improved average 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**

|  | Individual Quarter   |                      | Changes<br>% |
|--|----------------------|----------------------|--------------|
|  | 31/12/2023<br>RM'000 | 30/09/2023<br>RM'000 |              |
| Revenue  | 11,227               | 11,424               | (2)          |
| Operating profit   | 2,239                | 2,541                | (12)         |
| Profit before interest and tax                               | 2,239                | 2,541                | (12)         |
| Profit before tax  | 2,136                | 2,420                | (12)         |
| Profit after tax   | 3,328                | 2,420                | 38           |
| Profit attributable to ordinary equity holders of the parent | 3,328                | 2,420                | 38           |

The Group recorded profit before taxation of RM2.1 million for the current quarter as compared to profit before taxation of RM2.4 million for the immediate preceding quarter. The lower profit before taxation for the current quarter was primarily due to lower revenue and other operating income. In addition, the lower profit before taxation was also partly due to a provision for slow moving inventories during the quarter under review.

**B3 Commentary on Prospects**

As reported by Bank Negara Malaysia (“BNM”), the country’s economy showed resilience in the fourth quarter of 2023, expanding by 3 per cent. Household spending remained supported by improving labour market conditions and easing cost pressure. The ongoing construction of Johor Bahru – Singapore Rapid Transit System (“RTS”) Link project would be a catalyst to enhance vibrancy and augur well for the property market, particularly in Johor State.

Amid the backdrop of ongoing improvement in Malaysia’s broader economic environment and inflation continues to moderate, 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 recovery in selling prices of clay bricks would be sustained and that the pressure on our margin would ease further in the face of challenges from high energy and labour costs, especially with the introduction of the progressive wage model and the outlook on inflation going forward, with the government rationalizing subsidies by adoption of more targeted approaches.

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**

|                                 | 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                  | 3                  | -          | 3                  | -          |
| - Under provision in prior year | 2                  | -          | 2                  | -          |
|                                 | <u>5</u>           | <u>-</u>   | <u>5</u>           | <u>-</u>   |
| Deferred tax                    | (1,197)            | -          | (1,197)            | -          |
|                                 | <u>(1,192)</u>     | <u>-</u>   | <u>(1,192)</u>     | <u>-</u>   |

For the current quarter and year to date, the effective tax rate for the Group was lower than the statutory tax rate principally due to recognition of deferred tax assets on unabsorbed reinvestment allowances which was not previously recognized by a subsidiary of the Group.

**B6 Additional Disclosures on Profit/(Loss) Before Tax**

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

|   | Individual Quarter    |                       | Cumulative Quarter    |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 31/12/2023<br>RM '000 | 31/12/2022<br>RM '000 | 31/12/2023<br>RM '000 | 31/12/2022<br>RM '000 |
| Allowance for slow moving inventories                         | 75                    | 277                   | 75                    | 277                   |
| Depreciation of investment property                           | 7                     | 7                     | 28                    | 28                    |
| Depreciation of property, plant<br>and equipment              | 615                   | 651                   | 2,363                 | 2,434                 |
| Gain on deferment of amount due to a<br>corporate shareholder | -                     | (348)                 | -                     | (348)                 |
| Gain on disposal of property,<br>plant and equipment          | (63)                  | -                     | (200)                 | (105)                 |
| (Gain)/Loss on foreign exchange                               |                       |                       |                       |                       |
| - realised  | 50                    | 28                    | 17                    | (23)                  |
| - unrealised  | 15                    | 14                    | 15                    | 14                    |
| Interest expense  | 103                   | 128                   | 459                   | 467                   |
| Other income (including<br>investment income)                 | (4)                   | (3)                   | (14)                  | (56)                  |
| Rental income   | (15)                  | (14)                  | (57)                  | (56)                  |
| Reversal of impairment loss on trade<br>receivables           | -                     | -                     | -                     | (25)                  |
| Slow moving inventories written back                          | -                     | (3)                   | -                     | (3)                   |
| Vehicle rental income   | (18)                  | (12)                  | (47)                  | (46)                  |

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**

|  | 31/12/2023<br>RM'000 | 31/12/2022<br>RM'000 |
|--|----------------------|----------------------|
| <b>Current</b>   |                      |                      |
| Trade receivables  |                      |                      |
| Third parties  | 8,039                | 6,469                |
| Less: Allowance for expected loss                                  | (76)                 | (76)                 |
|  | <u>7,963</u>         | <u>6,393</u>         |
| Other receivables  |                      |                      |
| Deposits   | 99                   | 101                  |
| Related parties  | 2                    | -                    |
| Sundry receivables   | 551                  | 168                  |
|  | <u>652</u>           | <u>269</u>           |
| Total trade and other receivables (current)                        | <u>8,615</u>         | <u>6,662</u>         |
| <b>Non-current</b>   |                      |                      |
| Other receivables  | -                    | -                    |
| <b>Total trade and other receivables (current and non-current)</b> | <u><u>8,615</u></u>  | <u><u>6,662</u></u>  |

**Ageing analysis of trade receivables**

|   |              |              |
|---|--------------|--------------|
| Neither past due nor impaired           | 6,134        | 5,272        |
| 1 to 30 days past due not impaired      | 1,765        | 1,057        |
| 31 to 60 days past due not impaired     | 2            | 64           |
| More than 61 days past due not impaired | 62           | -            |
|   | 1,829        | 1,121        |
| Impaired                                | 76           | 76           |
|   | <u>8,039</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 31/12/2023        |                        |                 | As At 31/12/2022        |                        |                 |
|--------------------------------------|-------------------------|------------------------|-----------------|-------------------------|------------------------|-----------------|
|                                      | Short<br>Term<br>RM'000 | Long<br>Term<br>RM'000 | Total<br>RM'000 | Short<br>Term<br>RM'000 | Long<br>Term<br>RM'000 | Total<br>RM'000 |
| <b>Secured</b>                       |                         |                        |                 |                         |                        |                 |
| - Bank overdrafts                    | 1,274                   | -                      | 1,274           | 1,206                   | -                      | 1,206           |
| - Bankers' acceptances               | 626                     | -                      | 626             | 782                     | -                      | 782             |
| - Obligations under<br>hire purchase | 225                     | 349                    | 574             | 178                     | 202                    | 380             |
|                                      | <u>2,125</u>            | <u>349</u>             | <u>2,474</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 January 2024 (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 year ended 31 December 2023 (2022: Nil).

**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 |
|  | 31/12/2023         | 31/12/2022                           | 31/12/2023         | 31/12/2022     |
| Net Profit/(Loss) For The Period Attributable To Equity Holders Of The Parent (RM'000) | 3,328              | 87                                   | 4,874              | (733)          |
| Weighted Average Number Of Ordinary Shares ('000)                                      | 61,938             | 61,938                               | 61,938             | 61,938         |
| Basic Earnings Per Share (Sen)   | 5.37               | 0.14                                 | 7.87               | (1.18)         |

(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 February 2024