

# KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

## UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2024

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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 2023. 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 2023.

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 2023, 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 2024.

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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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 121: Lack of Exchangeability	1 January 2025
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 2024.

**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 2024.

**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 2023.

**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>30/09/2024</b>	<b>30/09/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
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	85	85
Sri Senanggar Batu Bata Sdn Bhd	14	18
Sales of spare parts and upkeep of tools to:		
Kia Lim Timber Trading Sdn Bhd	-	2
Sri Senanggar Batu Bata Sdn Bhd	9	-
Transport charges receivable from:		
Original Clay Industries Sdn Bhd	1	2
Other charges payable to:		
Kia Lim Timber Trading Sdn Bhd	5	1
Sri Senanggar Batu Bata Sdn Bhd	2	1
Other charges receivable from:		
E.S.Ng Pembinaan Perniagaan Sdn Bhd	1	5
Kia Lim Timber Trading Sdn Bhd	12	9
Rengam Batu Bata Sdn Bhd	2	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 %
	30/09/2024 RM'000	30/09/2023 RM'000		30/09/2024 RM'000	30/09/2023 RM'000	
Revenue	11,166	11,424	(2)	33,114	25,031	32
Operating profit	2,194	2,541	(14)	6,616	1,902	248
Profit before interest and tax	2,194	2,541	(14)	6,616	1,902	248
Profit before tax	2,180	2,420	(10)	6,455	1,546	318
Profit after tax	1,546	2,420	(36)	4,595	1,546	197
Profit attributable to ordinary equity holders of the parent	1,546	2,420	(36)	4,595	1,546	197

There was no material change in revenue of RM11.2 million for the current quarter as compared to RM11.4 million for the preceding year corresponding quarter. The marginally lower profit before taxation of RM2.2 million for the current quarter as compared to RM2.4 million for the preceding year corresponding quarter was mainly due to higher administrative expenses and selling & distribution costs.

For the current 9-month period to date, the Group registered revenue of RM33.1 million and profit before taxation of RM6.6 million as compared to revenue of RM25.0 million and profit before taxation of RM1.5 million respectively for the preceding year corresponding period to date. The higher revenue and improved result for the period to date were mainly attributable to higher sales volume as well as higher average selling prices for the Group's brick products. The higher average selling prices had resulted in improved margin for the Group.

The lower profit before taxation for the preceding year period to date was also partly due to the significant loss of sales as a result of the shutdown of the production plant for major repair in the second quarter of the period. The shutdown of the production plant had also resulted in certain fixed costs being consequently unabsorbed.

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

	Individual Quarter		Changes %
	30/09/2024 RM'000	30/06/2024 RM'000	
Revenue	11,166	10,929	2
Operating profit	2,194	2,145	2
Profit before interest and tax	2,194	2,145	2
Profit before tax	2,180	2,108	3
Profit after tax	1,546	1,507	3
Profit attributable to ordinary equity holders of the parent	1,546	1,507	3

There was no material change in profit before taxation of RM2.2 million for the current quarter as compared to RM2.1 million for the immediate preceding quarter under review.

**B3 Commentary on Prospects**

Amid the robust performance of the economy, sentiment in the Malaysian residential property market continued to show resilience. The Group is hopeful that the uptick in housing project construction activities continue to support increasing demand for clay bricks and sustain healthy selling prices. On the costs side, the recent implementation of the targeted diesel subsidy in Peninsular Malaysia as well as the inclusion of the logistics services in the Sales and Service Tax (SST) regime have brought the impact of elevating our operational costs that would adversely affect the Group's bottom line. The imminent increase in minimum wage from RM1,500 to RM1,700 from February 2025 as announced during the Budget 2025 will bring further pressures on the margins of the Group's products in the coming financial year.

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	
	30/09/2024 RM '000	30/09/2023 RM '000	30/09/2024 RM '000	30/09/2023 RM '000
Income tax				
- Current year	200	-	524	-
Deferred tax	434	-	1,336	-
	<u>634</u>	<u>-</u>	<u>1,860</u>	<u>-</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 were not tax deductible.

**B6 Additional Disclosures on Profit Before Tax**

Included in the profit before tax are the following items:

	Individual Quarter		Cumulative Quarter	
	30/09/2024 RM '000	30/09/2023 RM '000	30/09/2024 RM '000	30/09/2023 RM '000
Depreciation of investment property	7	7	21	21
Depreciation of property, plant and equipment	666	591	1,823	1,748
Gain on disposal of property, plant and equipment	(52)	(87)	(212)	(137)
(Gain)/Loss on foreign exchange				
- realised	(98)	23	(235)	(33)
Interest expense	14	121	161	356
Other income (including investment income)	(50)	(10)	(60)	(10)
Rental income	(15)	(14)	(45)	(42)
Vehicle rental income	(9)	(14)	(31)	(29)

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**

	<b>30/09/2024</b>	<b>31/12/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Trade receivables		
Third parties	7,887	8,049
Less: Allowance for expected loss	(76)	(76)
	<u>7,811</u>	<u>7,973</u>
Other receivables		
Deposits	100	99
Related parties	1	2
Sundry receivables	898	551
	<u>999</u>	<u>652</u>
Total trade and other receivables (current)	<u>8,810</u>	<u>8,625</u>
<b>Non-current</b>		
Other receivables	-	-
<b>Total trade and other receivables (current and non-current)</b>	<u><u>8,810</u></u>	<u><u>8,625</u></u>
<b><u>Ageing analysis of trade receivables</u></b>		
Neither past due nor impaired	6,192	6,134
1 to 30 days past due not impaired	1,563	1,767
31 to 60 days past due not impaired	2	2
More than 61 days past due not impaired	54	70
	1,619	1,839
Impaired	76	76
	<u>7,887</u>	<u>8,049</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2023: 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:-

	<b>As At 30/09/2024</b>			<b>As At 31/12/2023</b>		
	<b>Short</b>	<b>Long</b>		<b>Short</b>	<b>Long</b>	
	<b>Term</b>	<b>Term</b>	<b>Total</b>	<b>Term</b>	<b>Term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>						
- Bank overdrafts	-	-	-	1,274	-	1,274
- Bankers' acceptances	140	-	140	626	-	626
- Obligations under hire purchase	171	432	603	225	349	574
	<u>311</u>	<u>432</u>	<u>743</u>	<u>2,125</u>	<u>349</u>	<u>2,474</u>

**B10 Material Litigation**

The Group is not engaged in any material litigation as at 14 November 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 period ended 30 September 2024 (2023: 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
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
Net Profit For The Period Attributable To Equity Holders Of The Parent (RM'000)	1,546	2,420	4,595	1,546
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	2.50	3.91	7.42	2.50

(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 2023.

By order of the Board

Santhi A/P Saminathan  
(MAICSA No. 7069709)  
(CCM PC No. 201908002933)  
Secretary  
21 November 2024