

KIA LIM BERHAD (342868-P)
UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE
QUARTER ENDED 31 MARCH 2013

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 2012. The explanatory notes attached to these 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 2012.

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 2012 except for the adoption of the following accounting standards, interpretations and amendments:

MFRS 101 Presentation of Items of Other Comprehensive Income
(Amendments to MFRS 101)
Amendments to MFRS 101: Presentation of Financial Statements
(Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations
(IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investment in Associate and Joint Ventures
MFRS 127 Consolidated and Separate Financial Statements
(IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar
Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards –
Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
(Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment
(Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation
(Annual Improvements 2009-2011 Cycle)
Amendments to MFRS134: Interim Financial Reporting
(Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards, interpretations and amendments do not have significant financial impact 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 31 March 2013.

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 31 March 2013.

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 2012.

A11 Capital Commitment

RM'000

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

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

B1 Review of Performance

In tandem with lower revenue of RM16.0 million for the current quarter and period to date as compared to RM18.4 million for the preceding year corresponding quarter and period to date, the Group recorded lower profit before taxation of RM1.1 million for the current quarter and period to date as compared to RM2.8 million for the preceding year corresponding quarter and period to date respectively.

The decline in revenue for the current quarter and period to date was mainly attributable to lower average selling prices and sales volume for the Group's brick products. The decline in profit margin for the current quarter and period to date was also partly due to higher labour costs as a result of the implementation of minimum wage policy, effective from the beginning of this financial year.

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

The Group recorded higher profit before taxation of RM1.1 million for the current quarter as compared to RM0.7 million for the immediate preceding quarter. The improved results was primarily due to higher sales volume for the Group's brick products as well as better profit margin arising from lower production cost as a result of lower repair and maintenance expenses for the quarter under review.

B3 Commentary on Prospects

As reported by the Bank Negara Malaysia, Malaysian economy was significantly affected by the weakness in external demand in the first quarter 2013. The gross domestic product ("GDP") expanded by 4.1% in the quarter as compared to the same quarter of 5.1% a year ago. However, growth continued to be supported by strong domestic demand.

The 10th Malaysia Plan ("10th MP") and the Economic Transformation Programme ("ETP") continue to play a vital role in sustaining the country's economic growth. The various development projects under 10th MP and ETP augur well for the construction sector and could in turn increase the demand for the Group's brick products. However, the implementation of minimum wage policy and the increase in raw materials prices as well as rising maintenance expenses will continue to add pressure on the Group's margin.

Nevertheless, the Management will continue its effort in improving cost efficiency and optimizing productivity. Thus, the Group expects to achieve satisfactory financial results in year 2013.

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 Before Tax

Included in the profit before tax are the following items:

	Individual Quarter		Cumulative Quarter	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
Depreciation of property, plant and equipment	1,607	1,505	1,607	1,505
Gain/(Loss) on disposal of property, plant and equipment	39	(65)	39	(65)
Gain on foreign exchange - realised	(70)	27	(70)	27
Interest expenses	539	602	539	602
Other income (including investment income)	19	30	19	30
Rental income	20	20	20	20
Reversal of impairment of trade receivables	28	-	28	-

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:-

		31/03/2013
		RM'000
Short term	- secured	10,398
	- unsecured	-
Long term	- secured	15,357
	- unsecured	-
Total		<u>25,755</u>

B9 Material Litigation

The Group is not engaged in any material litigation as at 23 May 2013 (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 31 March 2013 (2012: Nil).

B11 Realised and Unrealised Profits/Losses Disclosure

	31/03/2013	31/12/2012
	RM'000	(Restated)
		RM'000
Total accumulated losses of the Company and its subsidiaries:		
Realised	(29,666)	(30,824)
Unrealised	22,418	22,518
	<u>(7,248)</u>	<u>(8,306)</u>
Total share of retained profits from associated company:		
Realised	31	31
Unrealised	-	-
	<u>(7,217)</u>	<u>(8,275)</u>
Less: Consolidation adjustments	6,762	6,690
Total Group accumulated losses as per consolidated accounts	<u>(455)</u>	<u>(1,585)</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
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Net Profit For The Period Attributable To Equity Holders Of The Parent (RM'000)	1,130	2,839	1,130	2,839
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	1.82	4.58	1.82	4.58

(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 2012.

By order of the Board

Leong Siew Foong
Secretary (MAICSA No. 7007572)
Batu Pahat
23 May 2013