

# KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

## UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2021

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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 2020. 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 2020.

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 2020, 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 2021.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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 MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
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 31 March 2021.

**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 31 March 2021.

**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 2020.

**A11 Capital Commitment**

Capital expenditure  
Approved but not contracted for:  
Property, plant and equipment

**As At 31/03/2021  
RM'000**

3,483

**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>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental payable to:		
Kia Lim Timber Trading Sdn Bhd	34	38
Sri Senanggar Batu Bata Sdn Bhd	6	6
Transport charges receivable from:		
Original Clay Industries Sdn Bhd	<u>1</u>	<u>-</u>

**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		
	31/03/2021 RM'000	31/03/2020 RM'000	Changes %	31/03/2021 RM'000	31/03/2020 RM'000	Changes %
Revenue	6,844	7,590	(10)	6,844	7,590	(10)
Operating loss	(539)	(1,368)	(61)	(539)	(1,368)	(61)
Loss before interest and tax	(539)	(1,368)	(61)	(539)	(1,368)	(61)
Loss before tax	(643)	(1,490)	(57)	(643)	(1,490)	(57)
Loss after tax	(643)	(1,490)	(57)	(643)	(1,490)	(57)
Loss attributable to ordinary equity holders of the parent	(643)	(1,490)	(57)	(643)	(1,490)	(57)

The Group recorded lower revenue of RM6.84 million for the current quarter and period to date as compared to RM7.59 million for the preceding year corresponding quarter and period to date. The decline in revenue was due to lower selling prices as well as lower sales volume for the Group's brick products as a result of softening demand following the imposition of MCO 2.0 in several States nationwide with effect from 13 January 2021.

Despite a decline in revenue, the Group recorded lower loss before taxation of RM0.64 million for the current quarter and period to date as compared to RM1.49 million for the preceding year corresponding quarter and period to date. The higher loss before taxation for the preceding year corresponding quarter and period to date was primarily due to the stoppage of all production lines during the imposition of MCO 1.0 nationwide which took effect from 18 March 2020 following the outbreak of the Covid-19 pandemic. This had resulted in lower gross profit margin as certain unavoidable fixed costs remained unabsorbed.

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

	Individual Quarter		Changes %
	31/03/2021 RM'000	31/12/2020 RM'000	
Revenue	6,844	8,223	(17)
Operating loss	(539)	(473)	14
Loss before interest and tax	(539)	(473)	14
Loss before tax	(643)	(569)	13
Loss after tax	(643)	(587)	10
Loss attributable to ordinary equity holders of the parent	(643)	(587)	10

The Group recorded higher loss before taxation of RM0.64 million for the current quarter as compared to RM0.57 million for the immediate preceding quarter. The increase in loss before taxation was primarily due to lower sales volume for the Group's brick products as a result of softening demand following the imposition of MCO 2.0 for the quarter under review.

### **B3 Commentary on Prospects**

Malaysia's economy remains on the road to recovery, with forecast for a positive GDP growth of between 6.0% and 7.5% by the Bank Negara Malaysia in year 2021, on the back of monetary and fiscal stimulus tailwinds.

Despite the optimism, it is expected to stay challenging as the Covid-19 pandemic has yet to be brought under control. The imposition of MCO to flatten the curve of infection and the declaration of state of emergency due to the rise in infections could affect businesses and dampen investors' and consumers' confidence, and could delay the recovery of the economy. On a more positive note however, the rollout of Covid-19 vaccination programme would likely help in controlling the Covid-19 pandemic and be the key factor in determining the strength of the economic recovery.

Against this backdrop and coupled with lingering issues of supply overhang and price affordability, the outlook for the real property market remains cautious. With no imminent recovery in sight in the real property sector, construction activities in the sector are unlikely to pick up momentum anytime soon, and hence the demand for clay bricks will likely stay soft. The industry is further challenged by overcapacity issue and selling prices will continue to be under pressure as a result.

The current low interest rates and the various measures and stimulus packages implemented by the government, could possibly serve to cushion the adverse impact on the demand for houses brought about by the economic fallout from the imposition of restrictive measures to combat the Covid-19 pandemic.

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. Amid this unprecedented challenge from the outbreak of Covid-19, the Management will strive to mitigate its adverse impact on the financial results for the financial year ending 31 December 2021.

### **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 Loss Before Tax**

Included in the loss before tax are the following items:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Depreciation of investment property	7	7	7	7
Depreciation of property, plant and equipment	608	635	608	635
Gain on disposal of property, plant and equipment	-	(22)	-	(22)
Gain on foreign exchange - realised	(37)	(9)	(37)	(9)
Insurance claim received	(78)	-	(78)	-
Interest expense	104	122	104	122
Other income (including investment income)	(79)	(29)	(79)	(29)
Rental income	(14)	(2)	(14)	(2)
Vehicle rental income	(10)	(7)	(10)	(7)

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**

	31/03/2021	31/12/2020
	RM'000	RM'000
<b>Current</b>		
Trade receivables		
Third parties	5,698	7,050
Less: Allowance for expected loss	(289)	(289)
	<u>5,409</u>	<u>6,761</u>
Other receivables		
Deposits	103	103
Sundry receivables	173	104
	<u>276</u>	<u>207</u>
Less: Allowance for expected loss	(19)	(19)
	<u>257</u>	<u>188</u>
Total trade and other receivables (current)	<u>5,666</u>	<u>6,949</u>
<b>Non-current</b>		
Other receivables	-	-
<b>Total trade and other receivables (current and non-current)</b>	<u><u>5,666</u></u>	<u><u>6,949</u></u>
<b><u>Ageing analysis of trade receivables</u></b>		
Neither past due nor impaired	3,856	4,454
1 to 30 days past due not impaired	1,336	1,790
31 to 60 days past due not impaired	110	464
More than 61 days past due not impaired	107	53
	1,553	2,307
Impaired	289	289
	<u>5,698</u>	<u>7,050</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 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 31/03/2021			As At 31/12/2020		
	Short Term RM'000	Long Term RM'000	Total RM'000	Short Term RM'000	Long Term RM'000	Total RM'000
<b>Secured</b>						
- Bank overdrafts	2,072	-	2,072	2,610	-	2,610
- Bankers' acceptances	2,650	-	2,650	2,479	-	2,479
- Obligations under hire purchase	178	521	699	174	567	741
	<u>4,900</u>	<u>521</u>	<u>5,421</u>	<u>5,263</u>	<u>567</u>	<u>5,830</u>

**B10 Material Litigation**

The Group is not engaged in any material litigation as at 20 May 2021 (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 31 March 2021 (2020: 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
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Net Loss For The Period Attributable To Equity Holders Of The Parent (RM'000)	(643)	(1,490)	(643)	(1,490)
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	(1.04)	(2.41)	(1.04)	(2.41)

(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 2020.

By order of the Board

Leong Siew Foong  
(MAICSA No. 7007572) (CCM PC No.: 202008001117)  
Secretary  
Batu Pahat  
27 May 2021