

KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 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 31 March 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 31 March 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:

	31/03/2023	31/03/2022
	RM'000	RM'000
Rental payable to:		
Kia Lim Timber Trading Sdn Bhd	28	28
Sri Senanggar Batu Bata Sdn Bhd	6	6
Transport charges receivable from:		
Original Clay Industries Sdn Bhd	1	1
Other charges receivable from:		
E.S.Ng Pembinaan Perniagaan Sdn Bhd	5	-
Kia Lim Timber Trading Sdn Bhd	4	-
Rengam Batu Bata Sdn Bhd	1	-
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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

	Individual Quarter		Changes %	Cumulative Quarter		Changes %
	31/03/2023 RM'000	31/03/2022 RM'000		31/03/2023 RM'000	31/03/2022 RM'000	
Revenue	8,328	7,029	18	8,328	7,029	18
Operating profit	484	60	707	484	60	707
Profit before interest and tax	484	60	707	484	60	707
Profit/(Loss) before tax	363	(75)	(584)	363	(75)	(584)
Profit/(Loss) after tax	363	(75)	(584)	363	(75)	(584)
Profit/(Loss) attributable to ordinary equity holders of the parent	363	(75)	(584)	363	(75)	(584)

The Group recorded revenue of RM8.3 million and profit before taxation of RM0.4 million for the current quarter and period to date as compared to revenue of RM7.0 million and loss before taxation of RM0.1 million for the preceding year corresponding quarter and period to date. The higher revenue and improved result for the current quarter and period to date were mainly attributable to higher average selling prices despite marginally lower sales volume for the Group's brick products. The higher average selling prices had resulted in improved margin for the Group.

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

	Individual Quarter		Changes %
	31/03/2023 RM'000	31/12/2022 RM'000	
Revenue	8,328	8,077	3
Operating profit	484	215	125
Profit before interest and tax	484	215	125
Profit before tax	363	87	317
Profit after tax	363	87	317
Profit attributable to ordinary equity holders of the parent	363	87	317

The Group recorded profit before taxation of RM0.4 million for the current quarter as compared to RM0.1 million for the immediate preceding quarter. The improved result was primarily due to marginally higher revenue and better margin as a result of higher average selling prices for the brick products.

B3 Commentary on Prospects

Malaysia's economy recorded a better-than-expected expansion of 5.6% in the first quarter of 2023 driven mainly by private sector expenditure as reported by Bank Negara Malaysia ("BNM"). In addition, BNM also said that the Malaysian economy outlook for year 2023 is projected to expand moderately at 4% to 5% which will be driven by firm domestic demand amid external headwinds and tightening of monetary policy in many economies.

Amid the backdrop of improvement in wider economic activities on the domestic front, there are continuing signs of improving sentiment in the property market. However, inflationary pressure, though easing, has left cost of living at an elevated level which, together with increasing interest rate facing house buyers, continues to hold back the near term outlook of the residential property sector. Against this backdrop, uptick in housing project construction activities, and hence the demand for clay bricks is likely to be gradual. Nonetheless, with the continuing uptick in demand, albeit gradual, 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 recent 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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM '000	RM '000	RM '000	RM '000
Depreciation of investment property	7	7	7	7
Depreciation of property, plant and equipment	579	592	579	592
Gain on disposal of property, plant and equipment	(50)	(89)	(50)	(89)
Gain on foreign exchange - realised	(43)	(31)	(43)	(31)
Interest expense	121	135	121	135
Other income (including investment income)	-	(44)	-	(44)
Rental income	(14)	(14)	(14)	(14)
Vehicle rental income	(9)	(12)	(9)	(12)

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

	31/03/2023	31/12/2022
	RM'000	RM'000
Current		
Trade receivables		
Third parties	6,602	6,469
Less: Allowance for expected loss	(76)	(76)
	<u>6,526</u>	<u>6,393</u>
Other receivables		
Deposits	99	101
Related parties	4	-
Sundry receivables	238	168
	<u>341</u>	<u>269</u>
Total trade and other receivables (current)	<u>6,867</u>	<u>6,662</u>
Non-current		
Other receivables	<u>-</u>	<u>-</u>
Total trade and other receivables (current and non-current)	<u><u>6,867</u></u>	<u><u>6,662</u></u>
<u>Ageing analysis of trade receivables</u>		
Neither past due nor impaired	5,269	5,272
1 to 30 days past due not impaired	1,242	1,057
31 to 60 days past due not impaired	15	64
	1,257	1,121
Impaired	76	76
	<u>6,602</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 31/03/2023			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	1,080	-	1,080	1,206	-	1,206
- Bankers' acceptances	762	-	762	782	-	782
- Obligations under hire purchase	175	159	334	178	202	380
	<u>2,017</u>	<u>159</u>	<u>2,176</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 23 May 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 31 March 2023 (2022: Nil).

B12 Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/03/2023	Preceding Year Corresponding Quarter 31/03/2022	Current Year 31/03/2023	Preceding Year 31/03/2022
Net Profit/(Loss) For The Period Attributable To Equity Holders Of The Parent (RM'000)	364	(75)	364	(75)
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	0.59	(0.12)	0.59	(0.12)

(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
30 May 2023