

# KIA LIM BERHAD

Registration No.: 199501013667 (342868-P)

## UNAUDITED QUARTERLY REPORT ON FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 June 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:

	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental payable to:		
Kia Lim Timber Trading Sdn Bhd	57	57
Sri Senanggar Batu Bata Sdn Bhd	12	12
Transport charges receivable from:		
Original Clay Industries Sdn Bhd	2	3
Other charges receivable from:		
E.S.Ng Pembinaan Perniagaan Sdn Bhd	5	-
Kia Lim Timber Trading Sdn Bhd	6	-
Rengam Batu Bata Sdn Bhd	1	-
	<hr/>	<hr/>

**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 %
	30/06/2023 RM'000	30/06/2022 RM'000		30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	5,279	6,620	(20)	13,607	13,649	(0)
Operating loss	(1,123)	(394)	185	(639)	(334)	91
Loss before interest and tax	(1,123)	(394)	185	(639)	(334)	91
Loss before tax	(1,237)	(510)	143	(874)	(585)	49
Loss after tax	(1,237)	(510)	143	(874)	(585)	49
Loss attributable to ordinary equity holders of the parent	(1,237)	(510)	143	(874)	(585)	49

The Group recorded lower revenue of RM5.3 million for the current quarter as compared to RM6.6 million for the preceding year corresponding quarter. The decline in revenue for the current quarter was mainly attributable to the shutdown of the entire production plant for a major repair and maintenance from mid-April until end of May 2023, which had resulted in both the loss of production and sales for the Group's brick products during the quarter. In tandem with lower revenue, the Group recorded higher loss before taxation of RM1.2 million for the current quarter as compared to RM0.5 million for the preceding year corresponding quarter.

For the 6 months ended 30 June 2023, there was no material change in revenue for the current period as compared to the preceding year corresponding period, both of which stood almost the same at RM13.6 million. This is on the back of a significant loss of sales following the shutdown of the production plant for a major repair and maintenance during the current period but its impact was compensated to an extent by the improving sales prices of the Group's brick products. The Group however recorded higher loss before taxation of RM0.9 million for the current period to date as compared to RM0.6 million for the preceding year corresponding period to date.

The higher loss before taxation for the current quarter and period to date was also partly due to the shutdown of the production plant having resulted in certain fixed costs being consequently unabsorbed.

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

	Individual Quarter		Changes %
	30/06/2023 RM'000	31/03/2023 RM'000	
Revenue	5,279	8,328	(37)
Operating (loss)/profit	(1,123)	484	(332)
(Loss)/Profit before interest and tax	(1,123)	484	(332)
(Loss)/Profit before tax	(1,237)	363	(441)
(Loss)/Profit after tax	(1,237)	363	(441)
(Loss)/Profit attributable to ordinary equity holders of the parent	(1,237)	363	(441)

The Group recorded loss before taxation of RM1.2 million for the current quarter as compared to profit before taxation of RM0.4 million for the immediate preceding quarter. The loss before taxation for the current quarter was primarily due to lower revenue as a result of the loss of production and sales following the shutdown of the entire production plant for a major repair and maintenance as mentioned in Note B1 above.

The higher loss before taxation for the current quarter was also partly due to the shutdown of the production plant having resulted in certain fixed costs being consequently unabsorbed.

**B3 Commentary on Prospects**

Amid the backdrop of continue improvement in labour market conditions as well as continue increase in household spending, the signs of improving sentiment in the property market are sustaining. However, inflationary pressure, though easing, has left cost of living at an elevated level which, together with the high interest rate environment 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 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 Loss Before Tax**

Included in the loss before tax are the following items:

	Individual Quarter		Cumulative Quarter	
	30/06/2023 RM '000	30/06/2022 RM '000	30/06/2023 RM '000	30/06/2022 RM '000
Depreciation of investment property	7	7	14	14
Depreciation of property, plant and equipment	578	592	1,157	1,184
Gain on disposal of property, plant and equipment	-	-	(50)	(89)
Gain on foreign exchange - realised	(13)	(17)	(56)	(49)
Interest expense	114	116	235	251
Other income (including investment income)	-	(3)	-	(47)
Rental income	(14)	(14)	(28)	(28)
Reversal of impairment loss on trade receivables	-	(25)	-	(25)
Vehicle rental income	(6)	(7)	(15)	(19)

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>30/06/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Trade receivables		
Third parties	3,804	6,469
Less: Allowance for expected loss	(76)	(76)
	<u>3,728</u>	<u>6,393</u>
Other receivables		
Deposits	99	101
Related parties	2	-
Sundry receivables	215	168
	<u>316</u>	<u>269</u>
Total trade and other receivables (current)	<u>4,044</u>	<u>6,662</u>
<b>Non-current</b>		
Other receivables	-	-
	<u>-</u>	<u>-</u>
<b>Total trade and other receivables (current and non-current)</b>	<u><u>4,044</u></u>	<u><u>6,662</u></u>
<u>Ageing analysis of trade receivables</u>		
Neither past due nor impaired	2,795	5,272
1 to 30 days past due not impaired	696	1,057
31 to 60 days past due not impaired	160	64
More than 61 days past due not impaired	77	-
	933	1,121
Impaired	76	76
	<u>3,804</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 30/06/2023			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
<b>Secured</b>						
- Bank overdrafts	852	-	852	1,206	-	1,206
- Bankers' acceptances	744	-	744	782	-	782
- Obligations under hire purchase	172	118	290	178	202	380
	<u>1,768</u>	<u>118</u>	<u>1,886</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 22 August 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 30 June 2023 (2022: Nil).

**B12 Earnings Per Share**

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30/06/2023	Preceding Year Corresponding Quarter 30/06/2022	Current Year 30/06/2023	Preceding Year 30/06/2022
Net Loss For The Period Attributable To Equity Holders Of The Parent (RM'000)	(1,237)	(510)	(874)	(585)
Weighted Average Number Of Ordinary Shares ('000)	61,938	61,938	61,938	61,938
Basic Earnings Per Share (Sen)	(2.00)	(0.82)	(1.41)	(0.94)

(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  
29 August 2023