



KIM TECK CHEONG CONSOLIDATED BERHAD
(Company No. 1113927-H)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL REPORT FOR THE THIRD (3TH) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter Ended		Period to Date Ended	
	31-Mar-2021 RM'000	31-Mar-2020 RM'000	31-Mar-2021 RM'000	31-Mar-2020 RM'000
Revenue	173,875	160,830	512,663	489,335
Cost of sales	(156,545)	(143,741)	(460,414)	(434,932)
Gross profit	17,330	17,089	52,249	54,403
Other operating income	62	80	1,302	1,337
Administrative expenses	(4,409)	(3,925)	(14,009)	(14,286)
Selling and distribution expenses	(7,406)	(8,198)	(22,348)	(24,793)
Other expenses	(347)	(456)	(1,909)	(1,522)
Profit from operations	5,230	4,590	15,285	15,139
Finance costs	(1,132)	(2,419)	(3,924)	(7,405)
Profit before tax	4,098	2,171	11,361	7,734
Income tax expense	(1,590)	(332)	(3,766)	(1,777)
Profit for the financial period	2,508	1,839	7,595	5,957
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of a foreign operation	179	(58)	67	(125)
Total comprehensive income for the financial period	2,687	1,781	7,662	5,832



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Quarter Ended		Period to Date Ended	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
	RM	RM	RM	RM
Profit attributable to:				
Owners of the Company	1,985	1,601	6,690	5,763
Non-controlling interests	523	238	905	194
	<u>2,508</u>	<u>1,839</u>	<u>7,595</u>	<u>5,957</u>
Total comprehensive income attributable to:				
Owners of the Company	2,092	1,566	6,730	5,688
Non-controlling interests	595	215	932	144
	<u>2,687</u>	<u>1,781</u>	<u>7,662</u>	<u>5,832</u>
Earning per share attributable to the Company:				
Basic (sen)	0.30	0.31	1.00	1.13
Diluted (sen)	0.30	0.24	1.00	0.86

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the audited financial statements of Kim Teck Cheong Consolidated Berhad (“**KTC Consolidated**” or the “**Company**”) and its subsidiaries (“**KTC Group**” or the “**Group**”) for the financial year ended (“FYE”) 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Mar-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	97,556	100,412
Goodwill on consolidation	5,981	5,981
Total non-current assets	103,537	106,393
Current assets		
Inventories	88,794	105,924
Trade and other receivables	109,171	134,338
Tax recoverable	1,949	1,193
Cash and bank balances	21,791	2,012
Total current assets	221,705	243,467
TOTAL ASSETS	325,242	349,860
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share capital	99,360	99,360
Other reserves	30,289	30,249
Reorganisation deficit	(47,962)	(47,962)
Retained earnings	37,451	30,761
	119,138	112,408
Non-controlling interests	5,377	4,445
TOTAL EQUITY	124,515	116,853
Non-current liabilities		
Loans and borrowings	20,142	21,693
Deferred tax liabilities	11,522	11,522
Total non-current liabilities	31,664	33,215



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	As at 31-Mar-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
Current liabilities		
Trade and other payables	51,578	46,218
Loans and borrowings	114,680	152,879
Taxation	2,805	695
Total current liabilities	169,063	199,792
TOTAL LIABILITIES	200,727	233,007
TOTAL EQUITY AND LIABILITIES	325,242	349,860
Net asset per share (RM)	0.19	0.23

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →				Distributable Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Reorganisation deficit RM'000				
Balance at 1 July 2020	99,360	30,342	(93)	(47,962)	30,761	112,408	4,445	116,853
Profit for the financial period	-	-	-	-	6,690	6,690	905	7,595
Other comprehensive loss - Foreign currency translation	-	-	40	-	-	40	27	67
Total comprehensive income for the financial period	-	-	40	-	6,690	6,730	932	7,662
Balance at 31 March 2021	99,360	30,342	(53)	(47,962)	37,451	119,138	5,377	124,515



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	←——— Attributable to owners of the Company ———→				Distributable	Total	Non- controlling interests	Total equity
	Share capital RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Reorganisation deficit RM'000				
Balance at 1 July 2019	99,360	27,898	(110)	(47,962)	27,686	106,872	3,854	110,726
Effect of adoption of MFRS 16	-	-	-	-	(336)	(336)	-	(336)
Restated balance at 1 July 2019	99,360	27,898	(110)	(47,962)	27,350	106,536	3,854	110,390
Profit for the financial period	-	-	-	-	5,763	5,763	194	5,957
Other comprehensive loss - Foreign currency translation	-	-	(75)	-	-	(75)	(50)	(125)
Total comprehensive (loss)/income for the financial period	-	-	(75)	-	5,763	5,688	144	5,832
Balance at 31 March 2020	99,360	27,898	(185)	(47,962)	33,113	112,224	3,998	116,222

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.



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INTERIM FINANCIAL REPORT FOR THE THIRD (3TH) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period to Date Ended	
	31-Mar-2021 RM'000	31-Mar-2020 RM'000
Cash Flows from operating activities		
Profit before taxation	11,361	7,734
Adjustments for:		
Bad debts written off	26	75
Reversal of bad debts written off	(13)	(1)
Depreciation of property, plant and equipment	4,329	4,025
(Gain)/Loss on disposal of property, plant and equipment	(251)	2
Interest expenses	3,924	7,405
Interest income	(99)	(136)
Inventories written off	1,987	1,444
(Reversal)/Impairment of impairment on financial assets	(104)	371
Unrealised gain on foreign exchange	132	-
Operating profit before working capital changes	21,292	20,919
Change in inventories	15,144	(2,363)
Change in receivables	25,126	7,404
Change in payables	5,414	(7,579)
Cash generated from operating activities	66,976	18,381
Income tax paid	(2,412)	(2,626)
Interests paid	(235)	(1,881)
Interests received	99	136
Net cash generated from operating activities	64,428	14,010
Cash flows from investing activities		
Acquisition of property, plant and equipment	(833)	(508)
Proceeds from disposal of property, plant and equipment	304	23
Net cash used in investing activities	(529)	(485)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Period to Date Ended	
	31-Mar-2021 RM'000	31-Mar-2020 RM'000
Cash flows from financing activities		
Net payments of bankers' acceptances	(23,557)	(9,465)
Net payments of term loans	(462)	(883)
Net payments of lease liabilities	(1,051)	(1,046)
Net payments of hire purchase payables	(868)	(568)
Net drawdown/(payments) of trust receipts	1,271	(4,287)
Interests paid	(3,689)	(5,524)
Net cash used in financing activities	(28,356)	(21,773)
Net increase/(decrease) in cash and cash equivalents	35,543	(8,248)
Effect of exchange rate fluctuations	67	(125)
Cash and cash equivalents at beginning of the financial period	(13,819)	(23,186)
Cash and cash equivalents at end of the financial period	21,791	(31,559)

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the FYE 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.



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INTERIM FINANCIAL REPORT FOR THE THIRD (3TH) QUARTER ENDED 31 MARCH 2021

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2021

A1. Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), International Accounting Standards (“**IAS**”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“**IASB**”), Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

These 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 FYE 30 June 2020.

A2. Significant accounting policies

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the FYE 30 June 2020.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

A3. Audited Report of Preceding Annual Financial Statements

The audited financial statements for the financial year ended 30 June 2020 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group does not experience significant fluctuation in operations due to seasonal factors during the current financial quarter and period-do-date under review.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2021 (CONT'D)

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature in size or incidence during the current financial quarter under review.

A6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported that have material effect on the results for the current financial quarter under review.

A7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

A8. Dividend Paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental Reporting

a) Revenue by Business Activities:-

	Quarter Ended		Period to Date Ended	
	31-Mar-2021 RM'000	31-Mar-2020 RM'000	31-Mar-2021 RM'000	31-Mar-2020 RM'000
Distribution of consumer package goods	170,618	158,677	503,173	483,230
Manufacturing of bakery products	3,257	2,153	9,490	6,105
	<u>173,875</u>	<u>160,830</u>	<u>512,663</u>	<u>489,335</u>



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2021 (CONT'D)

A9. Segmental Reporting (Cont'd)

b) Revenue by Geographical Market:-

	Quarter Ended		Period to Date Ended	
	31-Mar-2021 RM'000	31-Mar-2020 RM'000	31-Mar-2021 RM'000	31-Mar-2020 RM'000
Sabah	93,894	85,042	279,178	254,069
Sarawak	49,323	48,141	149,900	159,660
Labuan and others	30,658	27,647	83,585	75,606
	<u>173,875</u>	<u>160,830</u>	<u>512,663</u>	<u>489,335</u>

A10. Material Events Subsequent to The End of The Quarter

There was no material event subsequent to the end of the current financial quarter under review.

A11. Changes in The Composition of The Group

Save as the formation of two (2) wholly-owned subsidiaries on 29 January 2021, there were no other material changes in the composition of the Group during the current quarter under review:

- a. Kim Teck Cheong Development Sdn Bhd; and
- b. Kim Teck Cheong Agriculture Sdn Bhd

The abovementioned subsidiaries have yet to commence their business operations during the current financial quarter under review.

A12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities, either secured or unsecured and contingent assets of the Group as at the end of the current financial quarter under review.

A13. Material Capital Commitments

There is no material capital commitments as at the end of the current financial quarter under review.

A14. Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter under review.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2021 (CONT'D)

A15. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Quarter Ended		Variance		Period to Date Ended	
	31-Mar-2021	31-Mar-2020	RM'000	%	31-Mar-2021	31-Mar-2020
	RM'000	RM'000	RM'000	%	RM'000	RM'000
Revenue	173,875	160,830	13,045	8.11%	512,663	489,335
Profit before tax	4,098	2,171	1,927	88.76%	11,361	7,734

Comparison with preceding period's corresponding quarter

The Group recorded an increase in revenue by RM13.05 million or 8.11% to RM173.88 million as compared to RM160.83 million in the financial quarter ended 31 March 2020. The increased was mainly attributed to the grew in food and beverage, nutrition products as well as personal care and cosmetics products during this financial quarter.

Despite the recent outbreak of Covid-19 pandemic has disrupted the supply chains and contributing to short-term market uncertainties, the Group has continued to put effort in upholding the business and registered a profit before tax of RM4.10 million for the current financial quarter as compared to the profit before tax of RM2.17 million in the financial quarter ended 31 March 2020.

The grew in profit before tax was mainly due to decrease in finance costs as a result of the effective cost control measure as well as the improved cash flows management which resulted in the decrease in borrowings of the Group.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B2. Comparison with Immediate Preceding Quarter's Result

	Current Quarter 31-Mar-2021	Immediate Preceding Quarter 31-Dec-2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	173,875	166,474	7,401	4.45%
Profit before tax	4,098	4,142	(44)	-1.06%

The Group's revenue for the current financial quarter ended 31 March 2021 increased by RM7.40 million or 4.45% to RM173.88 million as compared to RM166.47 million in the preceding financial quarter ended 31 December 2020 and the Group's profit before tax for the current financial quarter of RM4.10 million represented a decrease in profit before tax of RM0.44 million or 1.06% as compared to RM4.14 million in the preceding financial quarter.

The decrease in profit before tax for the current financial quarter was mainly attributable to lower margin arising from alcoholic beverages due to promotional activities during the Movement Control Order ("MCO") imposed by the Malaysian Government as result of Coronavirus Disease 2019 ("Covid-19") pandemic.

B3. Group's Prospects

The recent outbreak of Covid-19 in worldwide has disrupted the supply chain, contributing to short-term market uncertainty and risk. The unprecedented risk on health and safety aspects from Covid-19 pandemic has caused adverse impact on the economic activities. The Covid-19 pandemic currently has yet to run its full course hence the current situation is still fluid. Therefore, the Group shall continuously assess the impact on Covid-19 and take the necessary actions to ensure the continuity of our Group's business activities and have a safe and healthy workforce.

With a number of crises unfolding around the world and downside risks on the economic side, locally and globally with high volatility and multiple elements of disruption, the Group is optimistic and continue with their business plans to embark on cost control measures in improving operational efficiency and put effort into continue serve its existing customers better by maintaining a high service standard while offering innovative service, and at the same time attracting new agencies to complement the Group's highly diversified agencies portfolio. The Group shall exercise caution and hope to achieve a satisfactory performance in this turbulent business environment.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. Variance of Profit Forecast

The Group did not issue any profit forecast for the current financial period.

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

	Current Quarter 31-Mar-2021 RM'000	Period to Date Ended 31-Mar-2021 RM'000
Current taxation	1,748	3,868
Overprovision of tax expenses in prior year	(134)	(102)
Deferred tax expenses	(24)	-
	<u>1,590</u>	<u>3,766</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the fiscal year.

(a) The effective tax rate for current financial period was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

(b) Tax expense is recognised based on management's best estimate.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Profit before tax

Profit from operation is derived after charging/(crediting) the following:-

	Quarter Ended		Period to Date Ended	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
	RM'000	RM'000	RM'000	RM'000
Reversal of bad debts written off	-	-	(13)	(1)
Interest income	(45)	(39)	(99)	(136)
Rental incomes				
- Motor vehicles	(77)	(88)	(240)	(282)
- Warehouse and offices	(31)	(247)	(91)	(272)
Supply chain income	(143)	(145)	(416)	(413)
Auditors' remuneration				
- Statutory audit	72	70	208	195
Bad debts written off	-	-	26	75
Depreciation of property, plant and equipment	1,446	1,693	4,329	4,025
Impairment/(Reversal) of impairment on financial assets	131	(507)	(104)	371
Inventories written off	217	456	1,987	1,444
Interest expenses	1,132	2,419	3,924	7,405
(Gain)/Loss on disposal of property, plant and equipment	-	-	(251)	2
Rental expenses				
- Warehouse and offices	9	260	225	883
- Office equipments	9	32	41	91
Realised loss on foreign exchange	132	375	447	652
Unrealised loss on foreign exchange	396	-	132	-



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2021 are as follows:

	As at 31-Mar-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Term loans	16,518	16,915
Hire purchase payables	1,137	1,225
	17,655	18,140
<u>Unsecured</u>		
Lease liabilities	2,487	3,553
	20,142	21,693
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	84,863	108,420
Bank overdrafts	-	15,831
Revolving credit	-	4,000
Trust receipts	26,029	20,758
Term loans	1,296	1,361
Hire purchase payables	1,064	1,096
	113,252	151,466
<u>Unsecured</u>		
Lease liabilities	1,428	1,413
	114,680	152,879
Total loans and borrowings	134,822	174,572

All borrowings indicated above are denominated in Ringgit Malaysia.

B8. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. Dividend Proposed

No dividend has been declared or proposed during the current financial quarter under review and for the financial period-to-date.

B10. Earning Per Share (“EPS”)

The basic and diluted EPS for the current financial quarter and period-to-date are as follows:

	Quarter Ended		Period to Date Ended	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
Profit net of tax attributable to the owners of the Company (RM'000)	1,985	1,601	6,690	5,763
Weighted average number of ordinary shares in issue (basic) ('000)	670,289	510,277	670,289	510,277
Effect of dilution from:				
- redeemable convertible preference shares ('000)	-	160,012	-	160,012
	<u>670,289</u>	<u>670,289</u>	<u>670,289</u>	<u>670,289</u>
Basic EPS (sen)	0.30 ⁽¹⁾	0.31	1.00 ⁽¹⁾	1.13
Diluted EPS (sen)	<u>0.30 ⁽¹⁾</u>	<u>0.24 ⁽²⁾</u>	<u>1.00 ⁽¹⁾</u>	<u>0.86 ⁽²⁾</u>

Note:

- (1) Diluted earnings per share of the Group for the current quarter and financial period to date ended 31 March 2021 is equivalent to the basic earning per share as the Group does not have convertible options as at the end of the reporting period.
- (2) The diluted EPS was computed based on the profit net of tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue (basic) and assume the full conversion of the redeemable convertible preference shares into 160,012,387 ordinary shares in the Company.

B11. Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this report.