



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

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021

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

	Quarter Ended		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Revenue	156,547	151,066	669,210	640,390
Cost of sales	(140,216)	(134,366)	(600,630)	(570,242)
Gross profit	16,331	16,700	68,580	70,148
Other operating income	656	608	1,958	1,855
Administrative expenses	(6,658)	(5,835)	(20,667)	(27,825)
Selling and distribution expenses	(6,309)	(7,648)	(28,657)	(25,475)
Other expenses	(281)	(2,560)	(2,190)	(2,727)
Profit from operations	3,739	1,265	19,024	15,976
Finance costs	(1,379)	(1,892)	(5,303)	(9,343)
Profit/(Loss) before tax	2,360	(627)	13,721	6,633
Income tax expense	(1,246)	(1,148)	(5,012)	(2,478)
Profit/(Loss) for the financial period/ year	1,114	(1,775)	8,709	4,155
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of a foreign operation	13	151	80	27
Item that will not be reclassified subsequently to profit or loss:				
Revaluation surplus on leasehold land and buildings, net of deferred tax	-	-	-	2,445
Total comprehensive income for the financial period/year	1,127	(1,624)	8,789	6,627



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

	Quarter Ended		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Profit/(Loss) attributable to:				
Owners of the Company	774	(1,866)	7,464	3,546
Non-controlling interests	340	91	1,245	609
	<u>1,114</u>	<u>(1,775)</u>	<u>8,709</u>	<u>4,155</u>
Total comprehensive income attributable to:				
Owners of the Company	782	(1,776)	7,512	6,007
Non-controlling interests	345	152	1,277	620
	<u>1,127</u>	<u>(1,624)</u>	<u>8,789</u>	<u>6,627</u>
Earning/(Loss) per share attributable to the Company:				
Basic (sen)	0.12	(0.32)	1.11	0.67
Diluted (sen)	0.12	(0.32)	1.11	0.67

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 30-Jun-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	98,295	100,412
Goodwill on consolidation	5,981	5,981
Total non-current assets	104,276	106,393
Current assets		
Inventories	87,151	105,924
Trade and other receivables	101,212	134,338
Tax recoverable	2,367	1,193
Cash and bank balances	10,273	2,012
Total current assets	201,003	243,467
TOTAL ASSETS	305,279	349,860
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share capital	99,360	99,360
Other reserves	30,297	30,249
Merger reserve/reorganisation deficit	(47,971)	(47,962)
Retained earnings	38,225	30,761
	119,911	112,408
Non-controlling interests	5,722	4,445
TOTAL EQUITY	125,633	116,853
Non-current liabilities		
Loans and borrowings	21,167	21,693
Deferred tax liabilities	11,814	11,522
Total non-current liabilities	32,981	33,215



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

	As at 30-Jun-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
Current liabilities		
Trade and other payables	42,563	46,218
Loans and borrowings	103,034	152,879
Taxation	1,068	695
Total current liabilities	146,665	199,792
TOTAL LIABILITIES	179,646	233,007
TOTAL EQUITY AND LIABILITIES	305,279	349,860
Net asset per share (RM)	0.19	0.22

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 →				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	Merger reserve/ reorganisation deficit RM'000				
Balance at 1 July 2020	99,360	30,343	(94)	(47,962)	30,761	112,408	4,445	116,853
Profit for the financial year	-	-	-	-	7,464	7,464	1,245	8,709
Other comprehensive income - Foreign currency translation	-	-	48	-	-	48	32	80
Total comprehensive income for the financial year	-	-	48	-	7,464	7,512	1,277	8,789
Merger reserve arising from the acquisition of new subsidiary	-	-	-	(9)	-	(9)	-	(9)
Balance at 30 June 2021	99,360	30,343	(46)	(47,971)	38,225	119,911	5,722	125,633



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

	← 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 2019	99,360	27,898	(110)	(47,962)	27,686	106,872	3,854	110,726
Effect of adoption of MFRS 16	-	-	-	-	(471)	(471)	(29)	(500)
Restated balance at 1 July 2019	99,360	27,898	(110)	(47,962)	27,215	106,401	3,825	110,226
Profit for the financial year	-	-	-	-	3,546	3,546	609	4,155
Other comprehensive income								
- Foreign currency translation	-	-	16	-	-	16	11	27
- Revaluation surplus on leasehold land and buildings, net of deferred tax	-	2,445	-	-	-	2,445	-	2,445
Total comprehensive income for the financial year	-	2,445	16	-	3,546	6,007	620	6,627
Balance at 30 June 2020	99,360	30,343	(94)	(47,962)	30,761	112,408	4,445	116,853

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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year to Date Ended	
	30-Jun-2021	30-Jun-2020
	RM'000	RM'000
Cash Flows from operating activities		
Profit before taxation	13,721	6,633
Adjustments for:		
Bad debts written off	116	243
Reversal of bad debts written off	(14)	(1)
Depreciation of property, plant and equipment	5,756	6,277
(Gain)/Loss on disposal of property, plant and equipment	(293)	12
Gain on termination of lease liabilities	(15)	(192)
Interest expenses	5,303	9,343
Interest income	(156)	(182)
Inventories written off	2,473	1,285
(Reversal of)/Impairment charge of impairment on financial assets	(408)	1,431
Impairment on slow moving inventories	-	674
Other receivable written off	-	2
Unrealised loss on foreign exchange	199	1,110
Property, plant and equipment written off	-	1
	26,682	26,636
Operating profit before working capital changes		
Change in inventories	16,299	3,734
Change in receivables	33,232	6,095
Change in payables	(4,052)	(1,324)
	72,161	35,141
Cash generated from operating activities		
Income tax paid	(5,671)	(3,583)
Income tax refunded	151	904
Interests paid	(5,303)	(9,343)
Interests received	156	182
	61,494	23,301
Net cash generated from operating activities		
Cash flows from investing activities		
Acquisition of property, plant and equipment	(905)	(1,331)
Proceeds from disposal of property, plant and equipment	333	183
	(572)	(1,148)
Net cash used in investing activities		



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

	Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Cash flows from financing activities		
Repayments to directors	-	(14)
Advances from immediate holding company	-	4,466
Net payments of bankers' acceptances	(36,058)	(1,169)
Net payments of term loans	(766)	(871)
Net payments of revolving credit	-	(14,000)
Net payments of lease liabilities	(1,426)	(1,522)
Net payments of hire purchase payables	(830)	(1,340)
Net drawdown of trust receipts	910	1,637
Net cash used in financing activities	(38,170)	(12,813)
Net increase in cash and cash equivalents	22,752	9,340
Effect of exchange rate fluctuations	80	27
Cash and cash equivalents at beginning of the financial year	(13,819)	(23,186)
Cash and cash equivalents at end of the financial year	9,013	(13,819)

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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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 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 year-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 FOURTH (4TH) QUARTER ENDED 30 JUNE 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		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Distribution of consumer package goods	153,565	148,425	656,528	631,644
Manufacturing of bakery products	2,982	2,641	12,682	8,746
	<u>156,547</u>	<u>151,066</u>	<u>669,210</u>	<u>640,390</u>



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2021 (CONT'D)

A9. Segmental Reporting (Cont'd)

b) Revenue by Geographical Market:-

	Quarter Ended		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Sabah	86,308	83,896	461,482	337,896
Sarawak	42,502	41,674	112,573	201,476
Labuan and others	27,737	25,496	95,155	101,018
	<u>156,547</u>	<u>151,066</u>	<u>669,210</u>	<u>640,390</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 for the acquisition of Kim Teck Cheong Corporate Services Sdn Bhd (formerly known as “Kim Teck Cheong Jaya Sdn Bhd”) by merging its business with The Group on 11 May 2021, there were no other material changes in the composition of The Group during the current financial quarter.

Kim Teck Cheong Corporate Services Sdn Bhd provides corporate and administrative services for The Group during the current financial quarter under review.



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A12. Contingent Liabilities and Contingent Assets

Contingent liabilities

	As at 30-Jun-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
Bank guarantees in favour of third parties	11,930	12,643

There were no material contingent assets of the Group as at the end of the current financial quarter under review.

A13. Material Capital Commitments

The 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.

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		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	RM'000	%	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Revenue	156,547	151,066	5,481	3.63%	669,210	640,390
Profit/(Loss) before tax	2,360	(627)	2,987	-476.40%	13,721	6,633

Comparison with preceding period's corresponding quarter

The Group recorded an increase in revenue by approximately RM5.48 million or 3.63% to RM156.55 million as compared to RM151.07 million in the financial quarter ended 30 June 2020. The increase was mainly due to the growth in food and beverage and personal care, and cosmetics products during this financial quarter.



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

B1. Review of Performance (Cont'd)

Despite the ongoing Coronavirus Disease 2019 (“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 RM2.36 million for the current financial quarter as compared to the loss before tax of RM0.63 million in the financial quarter ended 30 June 2020.

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

B2. Comparison with Immediate Preceding Quarter’s Result

	Current Quarter 30-Jun-2021	Immediate Preceding Quarter 31-Mar-2021	Variance	
	RM'000	RM'000	RM'000	%
Revenue	156,547	173,875	(17,328)	-9.97%
Profit before tax	2,360	4,098	(1,738)	-42.41%

The Group’s revenue for the current financial quarter ended 30 June 2021 decreased by approximately RM17.33 million or 9.97% to RM156.55 million as compared to RM173.88 million in the preceding financial quarter ended 31 March 2021 and the Group’s profit before tax for the current financial quarter of RM2.36 million represented a decrease in profit before tax of RM1.74 million or 42.41% as compared to RM4.10 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 Covid-19 pandemic.



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

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.

B4. Variance of Profit Forecast

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

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

	Current Quarter 30-Jun-2021 RM'000	Year to Date Ended 30-Jun-2021 RM'000
Current taxation	954	4,822
Overprovision of tax expenses in prior year	-	(102)
Deferred tax expenses	292	292
	<u>1,246</u>	<u>5,012</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 year 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		Year to Date Ended	
	30-Jun-2021 RM'000	30-Jun-2020 RM'000	30-Jun-2021 RM'000	30-Jun-2020 RM'000
Reversal of bad debts written off	(1)	-	(14)	(1)
Interest income	(57)	(50)	(156)	(182)
Rental incomes				
- Motor vehicles	(84)	(85)	(324)	(227)
- Warehouse and offices	(147)	(106)	(238)	(488)
Supply chain income	(144)	(164)	(560)	(577)
Gain on disposal of property, plant and equipment	(50)	-	(301)	-
Auditors' remuneration				
- Statutory audit				
- Current year	26	71	234	233
- Over provision in prior year	2	-	2	-
- Other services	56	94	56	31
Bad debts written off	90	168	116	243
Depreciation of property, plant and equipment	1,427	2,243	5,756	6,277
(Reversal of)/Impairment charge of impairment on financial assets	(304)	671	(408)	1,431
Inventories written off	486	(159)	2,473	1,285
Interest expenses	1,379	1,938	5,303	9,343
Loss on disposal of property, plant and equipment	8	5	8	12
Rental expenses				
- Warehouse and offices	115	(321)	340	547
- Office equipments	44	15	85	91
Realised loss on foreign exchange	789	83	1,236	702
Unrealised loss on foreign exchange	67	1,110	199	1,110
Impairment on slow moving inventories	-	674	-	674
Other receivables written off	-	2	-	2
Property, plant and equipment written off	-	1	-	1
Gain on termination of lease liabilities	-	(192)	-	(192)



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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 30 June 2021 are as follows:

	As at 30-Jun-2021 RM'000 Unaudited	As at 30-Jun-2020 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Term loans	16,205	16,915
Hire purchase payables	2,783	1,225
	18,988	18,140
<u>Unsecured</u>		
Lease liabilities	2,179	3,553
	21,167	21,693
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	72,362	108,420
Bank overdrafts	1,260	15,831
Revolving credit	-	4,000
Trust receipts	25,670	20,758
Term loans	1,305	1,361
Hire purchase payables	1,185	1,096
	101,782	151,466
<u>Unsecured</u>		
Lease liabilities	1,252	1,413
	103,034	152,879
Total loans and borrowings	124,201	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 year-to-date.

B10. Earning Per Share (“EPS”)

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

	Quarter Ended		Year to Date Ended	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
Profit net of tax attributable to the owners of the Company (RM'000)	774	(1,866)	7,464	3,546
Weighted average number of ordinary shares in issue (basic) ('000)	670,289	584,129 ⁽¹⁾	670,289	528,689 ⁽¹⁾
Basic EPS (sen) ⁽²⁾	0.12	(0.32)	1.11	0.67
Diluted EPS (sen) ⁽²⁾	0.12	(0.32)	1.11	0.67

Notes:

- (1) The weighted average number of ordinary shares for basic earnings per share has taken into consideration of 160,012,387 preference shares converted into ordinary shares on 20 May 2020.
- (2) Diluted earnings per share of the Group for the current quarter and financial year to date ended 30 June 2021 is equivalent to the basic earning per share as the Group does not have convertible options as at the end of the reporting year.

B11. Status of Corporate Proposals

On behalf of the Board of Directors of KTC (“Board”), Mercury Securities Sdn Bhd (“Mercury Securities”) had on 13 September 2021 announced that the Company proposes to undertake a placement involving the issuance of up to 96,000,000 new ordinary shares in KTC (“Shares”) (“Placement Shares”) to Bumiputera investors to be identified and approved by the Ministry of International Trade and Industry (“MITI”) at an issue price to be determined and announced later, after obtaining all relevant approvals (“Proposed Placement”).



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

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

B11. Status of Corporate Proposals (Cont'd)

The Placement Shares shall be placed to third party Bumiputera investors to be identified and recognised by MITI. The Bumiputera investors shall be persons or corporations who fall under Schedules 6 and/or 7 of the Capital Markets and Services Act 2007. In compliance with Rule 6.05(c) of the ACE Market Listing Requirements of Bursa Securities (“Listing Requirements”), the Placement Shares will not be placed out to the following parties:

- (i) a director, major shareholder or chief executive of KTC or a holding company of KTC (“Interested Person”);
- (ii) a person connected with the Interested Person; and
- (iii) nominee corporations, unless the name of the ultimate beneficiaries is disclosed.

Subject to the prevailing market conditions and timing of identification of the Bumiputera investors, the Proposed Placement may be implemented in one or more tranches within 6 months from the date of approval from Bursa Securities for the Proposed Placement or any extended period as may be approved by Bursa Securities. For the avoidance of doubt, the Issue Price for each tranche of the Placement Shares shall be determined separately in accordance with the basis mentioned in Section 2.3 of this announcement.

For illustrative purposes, the Proposed Placement is expected to raise gross proceeds of approximately RM15.3 million based on the illustrative Issue Price of RM0.159 per Placement Share, which are intended to be utilised in the manner as set out below:

Purpose	RM'million	Estimated timeframe for utilisation of proceeds (from date of listing of the Placement Shares)
Repayment of borrowings	7.3	Within 6 months
Working capital	7.5	Within 12 months
Estimated expenses	0.5	Within 1 month
Total	15.3	

The actual proceeds to be raised from the Proposed Placement are dependent on the actual Issue Price to be determined and actual number of Placement Shares to be issued. Any excess or shortfall in the amount utilised for estimated expenses will be adjusted to/from the proceeds allocated for working capital.

The Proposed Placement is currently pending for submitting an application to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

Save for the Proposed Placement, The Group does not have any other corporate proposals which have been announced but pending completion.