



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

**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

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

	Quarter Ended		Period to Date Ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000	30-Sep-2021 RM'000	30-Sep-2020 RM'000
Revenue	171,539	172,314	171,539	172,314
Cost of sales	(152,631)	(155,125)	(152,631)	(155,125)
<b>Gross profit</b>	<b>18,908</b>	<b>17,189</b>	<b>18,908</b>	<b>17,189</b>
Other operating income	673	1,009	673	1,009
Administrative expenses	(4,350)	(4,865)	(4,350)	(4,865)
Selling and distribution expenses	(7,276)	(7,565)	(7,276)	(7,565)
Other expenses	(304)	(1,239)	(304)	(1,239)
<b>Profit from operations</b>	<b>7,651</b>	<b>4,529</b>	<b>7,651</b>	<b>4,529</b>
Finance costs	(1,007)	(1,408)	(1,007)	(1,408)
<b>Profit before tax</b>	<b>6,644</b>	<b>3,121</b>	<b>6,644</b>	<b>3,121</b>
Income tax expense	(2,280)	(1,081)	(2,280)	(1,081)
<b>Profit for the financial period</b>	<b>4,364</b>	<b>2,040</b>	<b>4,364</b>	<b>2,040</b>
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of a foreign operation	(51)	(131)	(51)	(131)
<b>Total comprehensive income for the financial period</b>	<b>4,313</b>	<b>1,909</b>	<b>4,313</b>	<b>1,909</b>



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

	Quarter Ended		Period to Date Ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000	30-Sep-2021 RM'000	30-Sep-2020 RM'000
<b>Profit attributable to:</b>				
Owners of the Company	4,011	2,050	4,011	2,050
Non-controlling interests	353	(10)	353	(10)
	<b>4,364</b>	<b>2,040</b>	<b>4,364</b>	<b>2,040</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	3,980	1,972	3,980	1,972
Non-controlling interests	333	(63)	333	(63)
	<b>4,313</b>	<b>1,909</b>	<b>4,313</b>	<b>1,909</b>
<b>Earning per share attributable to the Company:</b>				
Basic (sen)	0.60	0.31	0.60	0.31
Diluted (sen)	0.60	0.31	0.60	0.31

**Note:**

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other 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 2021 and the accompanying explanatory notes attached to this interim financial report.



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**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30-Sep-2021 RM'000 Unaudited	As at 30-Jun-2021 RM'000 Audited
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	97,368	98,295
Goodwill on consolidation	5,981	5,981
<b>Total non-current assets</b>	<b>103,349</b>	<b>104,276</b>
<b>Current assets</b>		
Inventories	76,440	95,376
Trade and other receivables	111,965	100,588
Tax recoverable	2,488	2,368
Cash and bank balances	12,136	10,273
<b>Total current assets</b>	<b>203,029</b>	<b>208,605</b>
<b>TOTAL ASSETS</b>	<b>306,378</b>	<b>312,881</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	99,360	99,360
Other reserves	30,268	30,299
Merger reserve/reorganisation deficit	(47,971)	(47,971)
Retained earnings	42,236	38,225
	123,893	119,913
Non-controlling interests	6,056	5,723
<b>TOTAL EQUITY</b>	<b>129,949</b>	<b>125,636</b>
<b>Non-current liabilities</b>		
Loans and borrowings	20,306	20,965
Deferred tax liabilities	11,866	11,814
<b>Total non-current liabilities</b>	<b>32,172</b>	<b>32,779</b>



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

	<b>As at 30-Sep-2021 RM'000 Unaudited</b>	<b>As at 30-Jun-2021 RM'000 Audited</b>
<b>Current liabilities</b>		
Loans and borrowings	100,405	103,234
Trade and other payables	43,158	50,163
Taxation	694	1,069
<b>Total current liabilities</b>	<b>144,257</b>	<b>154,466</b>
<b>TOTAL LIABILITIES</b>	<b>176,429</b>	<b>187,245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>306,378</b>	<b>312,881</b>
<b>Net asset per share (RM)</b>	<b>0.19</b>	<b>0.19</b>

**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 2021 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	Total	Non-controlling interests	Total equity
	← Non-distributable →		Merger reserve/ reorganisation deficit					
	Share capital RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 July 2021</b>	99,360	30,344	(45)	(47,971)	38,225	119,913	5,723	125,636
Profit for the financial period	-	-	-	-	4,011	4,011	353	4,364
Other comprehensive income - Foreign currency translation	-	-	(31)	-	-	(31)	(20)	(51)
Total comprehensive income for the financial period	-	-	(31)	-	4,011	3,980	333	4,313
<b>Balance at 30 September 2021</b>	99,360	30,344	(76)	(47,971)	42,236	123,893	6,056	129,949



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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				
<b>Balance at 1 July 2020</b>	99,360	30,342	(93)	(47,962)	30,761	112,408	4,445	116,853
Profit for the financial period	-	-	-	-	2,050	2,050	(10)	2,040
Other comprehensive income - Foreign currency translation	-	-	(78)	-	-	(78)	(53)	(131)
Total comprehensive income for the financial period	-	-	(78)	-	2,050	1,972	(63)	1,909
<b>Balance at 30 September 2020</b>	99,360	30,342	(171)	(47,962)	32,811	114,380	4,382	118,762

**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 2021 and the accompanying explanatory notes attached to this interim financial report.



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**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period to Date Ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000
<b>Cash Flows from operating activities</b>		
Profit before taxation	6,644	3,121
Adjustments for:		
Bad debts written off	65	-
Bad debts recovered	(6)	(9)
Depreciation of property, plant and equipment	1,454	1,413
Gain on disposal of property, plant and equipment	(27)	-
Interest expenses	1,007	1,408
Interest income	(54)	(29)
Inventories written off	363	1,239
Reversal of impairment on financial assets	(124)	(98)
Unrealised loss/(gain) on foreign exchange	39	(332)
	<b>9,361</b>	<b>6,713</b>
<b>Operating profit before working capital changes</b>		
Change in inventories	10,348	20,589
Change in receivables	(10,725)	4,864
Change in payables	596	(7,841)
	<b>9,580</b>	<b>24,325</b>
<b>Cash generated from operating activities</b>		
Income tax paid	(2,723)	(591)
Interests paid	(1,007)	(1,408)
Interests received	54	29
	<b>5,904</b>	<b>22,355</b>
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(536)	(459)
Proceeds from disposal of property, plant and equipment	35	52
	<b>(501)</b>	<b>(407)</b>
<b>Net cash used in investing activities</b>		



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

	Period to Date Ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000
<b>Cash flows from financing activities</b>		
Net payments of bankers' acceptances	30	(9,361)
Net payments of term loans	(345)	-
Net payments of lease liabilities	(349)	(341)
Net payments of hire purchase payables	(325)	(318)
Net drawdown of trust receipts	(3,472)	1,245
<b>Net cash used in financing activities</b>	<b>(4,461)</b>	<b>(8,775)</b>
<b>Net increase in cash and cash equivalents</b>	<b>942</b>	<b>13,173</b>
Effect of exchange rate fluctuations	(51)	(131)
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>9,013</b>	<b>(13,819)</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>9,904</b>	<b>(777)</b>

**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 2021 and the accompanying explanatory notes attached to this interim financial report.





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**INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 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 Financial Reporting Standard (“**IFRSs**”), requirements of the Companies Act, 2016 in Malaysia, 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 2021.

**A2. Significant accounting policies**

**Adoption of new and revised MFRS**

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 2021.

**Standards issued but not yet effective**

Certain new accounting standards and interpretations have been issued but not yet effective for 30 June 2022 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 2021 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-to-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 FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 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	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000	30-Sep-2021 RM'000	30-Sep-2020 RM'000
Distribution of consumer package goods	168,386	169,646	168,386	169,646
Manufacturing of bakery products	3,153	2,668	3,153	2,668
	<u>171,539</u>	<u>172,314</u>	<u>171,539</u>	<u>172,314</u>



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**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021 (CONT'D)**

**A9. Segmental Reporting (Cont'd)**

**b) Revenue by Geographical Market:-**

	Quarter Ended		Period to Date Ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000	30-Sep-2021 RM'000	30-Sep-2020 RM'000
Sabah	100,840	94,521	100,840	94,521
Sarawak	44,813	51,163	44,813	51,163
Labuan and others	25,886	26,630	25,886	26,630
	<u>171,539</u>	<u>172,314</u>	<u>171,539</u>	<u>172,314</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**

There were no changes in the composition of the Group during the current financial quarter under review.

**A12. Contingent Liabilities and Contingent Assets**

Contingent liabilities

	As at 30-Sep-2021 RM'000 Unaudited	As at 30-Jun-2021 RM'000 Audited
Bank guarantees in favour of third parties	<u>33,218</u>	<u>33,530</u>

There were no material contingent assets of the Group as at the end of 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 FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2021 (CONT'D)**

**A13. Material Capital Commitments**

The are 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 valuation of property, plant and equipment of the Group have been brought forward without amendments from the previous annual financial statements.

**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	
	30-Sep-2021	30-Sep-2020	RM'000	%	30-Sep-2021	30-Sep-2020
	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue	171,539	172,314	(775)	-0.45%	171,539	172,314
Profit before tax	6,644	3,121	3,523	112.88%	6,644	3,121

**Comparison with preceding period's corresponding quarter**

The Group recorded a decrease in revenue by RM0.78 million or 0.45% to RM171.54 million as compared to RM172.31 million in the financial quarter ended 30 September 2020. The decrease was mainly due to the decrease in 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 Group's revenue resulting in a drop, the Group has continued to uphold the business and registered a profit before tax of RM6.64 million for the current financial quarter compared to RM3.12 million in the financial quarter ended 30 September 2020.

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

**B2. Comparison with Immediate Preceding Quarter's Result**

	<b>Current Quarter 30-Sep-2021 RM'000</b>	<b>Immediate Preceding Quarter 30-Jun-2021 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	171,539	156,547	14,992	9.58%
Profit before tax	6,644	2,360	4,284	181.53%

The Group's revenue for the current financial quarter ended 30 September 2021 increased by RM14.99 million or 9.58% to RM171.54 million as compared to RM156.55 million in the preceding financial quarter ended 30 June 2021.

The Group's profit before tax for the current financial quarter of RM6.64 million represented an increase in profit before tax of RM4.28 million or 181.53% as compared to RM2.36 million in the preceding financial quarter. The increase in profit before tax for the current financial quarter was mainly attributable to higher gross profits from the household products.



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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**

Covid-19 pandemic is widely expected to evolve into an endemic. With the efforts of the Malaysian government in accelerating the rolling out vaccination program, Malaysia has achieved more than 90% adult population vaccination rate, which is a step closer enter into the endemic phase.

While it is almost impossible to predict the future accurately, premised on the Group's strong sales network and backed by decades of industry experience and fundamentals, the Group is optimistic and continue with their business plans to embark on cost control measures in improving operational efficiency and put effort into continuing 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 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:

	<b>Current Quarter 30-Sep-2021 RM'000</b>	<b>Period to Date Ended 30-Sep-2021 RM'000</b>
Current taxation	2,228	2,228
Deferred tax expenses	52	52
	<u>2,280</u>	<u>2,280</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	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000	30-Sep-2021 RM'000	30-Sep-2020 RM'000
Bad debts recovered	(6)	(9)	(6)	(9)
Interest income	(54)	(29)	(54)	(29)
Rental incomes				
- Motor vehicles	(80)	(83)	(80)	(83)
- Warehouse and offices	(53)	(56)	(53)	(56)
Supply chain income	(179)	(126)	(179)	(126)
Gain on disposal of property, plant and equipment	(27)	-	(27)	-
Auditors' remuneration				
- Statutory audit				
- Current year	124	60	124	60
Bad debts written off	65	-	65	-
Depreciation of property, plant and equipment	1,454	1,413	1,454	1,413
Reversal of impairment on financial assets	(124)	(98)	(124)	(98)
Inventories written off	363	1,239	363	1,239
Interest expenses	1,007	1,408	1,007	1,408
Rental expenses				
- Warehouse and offices	16	206	16	206
- Office equipments	-	29	-	29
Realised loss on foreign exchange	119	88	119	88
Unrealised loss/(gain) on foreign exchange	39	(332)	39	(332)



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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 September 2021 are as follows:

	As at 30-Sep-2021		As at 30-Jun-2021
	RM'000	RM'000	RM'000
	Foreign Currency	Unaudited	Audited
<b><u>Non-current</u></b>			
<b><u>Secured</u></b>			
Term loans	RM	15,849	16,083
Hire purchase payables	RM	2,499	2,648
	BND	31 95	108
		18,443	18,839
<b><u>Unsecured</u></b>			
Lease liabilities	RM	1,181	1,320
	BND	221 682	806
		20,306	20,965
<b><u>Current</u></b>			
<b><u>Secured</u></b>			
Bankers' acceptances	RM	72,393	72,362
Bank overdrafts	RM	2,233	1,260
Trust receipts	BND	7,213 22,197	25,669
Term loans	RM	1,315	1,427
Hire purchase payables	RM	997	1,162
	BND	16 51	51
		99,186	101,931
<b><u>Unsecured</u></b>			
Lease liabilities	RM	674	794
	BND	177 545	509
		100,405	103,234
Total loans and borrowings		120,711	124,199





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

**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.

**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	
	30-Sep-2021	30-Sep-2020	30-Sep-2021	30-Sep-2020
Profit net of tax attributable to the owners of the Company (RM'000)	4,011	2,050	4,011	2,050
Weighted average number of ordinary shares in issue (basic) ('000)	670,289	670,289	670,289	670,289
Basic EPS (sen) <sup>(1)</sup>	0.60	0.31	0.60	0.31
Diluted EPS (sen) <sup>(1)</sup>	0.60	0.31	0.60	0.31

**Note:**

<sup>(1)</sup> Diluted earnings per share of the Group for the current quarter and financial period to date ended 30 September 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.



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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**

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”).

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:

<b>Purpose</b>	<b>RM'million</b>	<b>Estimated timeframe for utilisation of proceeds (from date of receipt of proceeds)</b>
Repayment of borrowings	7.3	Within 6 months
Working capital	7.5	Within 12 months
Estimated expenses	0.5	Within 1 month
<b>Total</b>	<b>15.3</b>	



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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 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 application for the Placement Shares had closed on 5 November 2021. MITI is in the midst of processing the applications and finalising the allocation for the Placement Shares. Taking cognizance that the deadline for KTC to comply with the Bumiputra condition as granted by the Security Commission Malaysia ("SC") was 23 November 2021, the Company had applied to SC for an extension of time to complete the same by end December 2021.

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