



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

**INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2021**

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

	Quarter Ended		Period to Date Ended	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Revenue	172,607	166,474	344,146	338,788
Cost of sales	(153,650)	(148,744)	(306,281)	(303,869)
<b>Gross profit</b>	<b>18,957</b>	<b>17,730</b>	<b>37,865</b>	<b>34,919</b>
Other operating income	935	362	1,608	1,371
Administrative expenses	(4,008)	(4,866)	(8,357)	(9,731)
Selling and distribution expenses	(8,247)	(7,377)	(15,523)	(14,942)
Other expenses	(546)	(323)	(812)	(1,562)
<b>Profit from operations</b>	<b>7,091</b>	<b>5,526</b>	<b>14,781</b>	<b>10,055</b>
Finance costs	(947)	(1,384)	(1,954)	(2,792)
<b>Profit before tax</b>	<b>6,144</b>	<b>4,142</b>	<b>12,827</b>	<b>7,263</b>
Income tax expense	(1,926)	(1,095)	(4,206)	(2,176)
<b>Profit for the financial period</b>	<b>4,218</b>	<b>3,047</b>	<b>8,621</b>	<b>5,087</b>
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of a foreign operation	40	19	(11)	(112)
Item that will not be reclassified subsequently to profit or loss:				
Revaluation surplus on leasehold land and buildings, net of deferred tax	231	-	231	-
<b>Total comprehensive income for the financial period</b>	<b>4,489</b>	<b>3,066</b>	<b>8,841</b>	<b>4,975</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	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
<b>Profit attributable to:</b>				
Owners of the Company	3,841	2,655	7,891	4,705
Non-controlling interests	377	392	730	382
	<u>4,218</u>	<u>3,047</u>	<u>8,621</u>	<u>5,087</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	4,096	2,666	8,115	4,638
Non-controlling interests	393	400	726	337
	<u>4,489</u>	<u>3,066</u>	<u>8,841</u>	<u>4,975</u>
<b>Earning per share attributable to the Company:</b>				
Basic (sen)	0.57	0.40	1.18	0.70
Diluted (sen)	0.57	0.40	1.18	0.70

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2021**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31-Dec-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	97,060	98,295
Goodwill on consolidation	5,981	5,981
<b>Total non-current assets</b>	<b>103,041</b>	<b>104,276</b>
<b>Current assets</b>		
Inventories	76,447	95,376
Trade and other receivables	113,952	100,588
Tax recoverable	2,982	2,368
Cash and bank balances	10,316	10,273
<b>Total current assets</b>	<b>203,697</b>	<b>208,605</b>
<b>TOTAL ASSETS</b>	<b>306,738</b>	<b>312,881</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	100,947	99,360
Other reserves	30,523	30,299
Reorganisation deficit	(47,971)	(47,971)
Retained earnings	46,116	38,225
	129,615	119,913
Non-controlling interests	6,449	5,723
<b>TOTAL EQUITY</b>	<b>136,064</b>	<b>125,636</b>
<b>Non-current liabilities</b>		
Loans and borrowings	19,953	20,965
Deferred tax liabilities	11,858	11,814
<b>Total non-current liabilities</b>	<b>31,811</b>	<b>32,779</b>



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

	<b>As at 31-Dec-2021 RM'000 Unaudited</b>	<b>As at 30-Jun-2021 RM'000 Audited</b>
<b>Current liabilities</b>		
Loans and borrowings	87,312	103,234
Trade and other payables	49,780	50,163
Taxation	1,771	1,069
<b>Total current liabilities</b>	<b>138,863</b>	<b>154,466</b>
<b>TOTAL LIABILITIES</b>	<b>170,674</b>	<b>187,245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>306,738</b>	<b>312,881</b>
<b>Net asset per share (RM)</b>	<b>0.20</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 →				→			
	← Non-distributable →		Distributable					
	Share capital RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Merger reserve/ reorganisation deficit RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity 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	-	-	-	-	7,891	7,891	730	8,621
<b>Other comprehensive income/(loss)</b>								
- Foreign currency translation	-	-	(7)	-	-	(7)	(4)	(11)
- Revaluation surplus on leasehold land and buildings, net of deferred tax	-	231	-	-	-	231	-	231
<b>Transaction with owners in their capacity as owners</b>								
- Proceeds from placement of shares	1,657	-	-	-	-	1,657	-	1,657
- Shares issuance expenses	(70)	-	-	-	-	(70)	-	(70)
Total comprehensive income/(loss) for the financial period	1,587	231	(7)	-	7,891	9,702	726	10,428
<b>Balance at 31 December 2021</b>	100,947	30,575	(52)	(47,971)	46,116	129,615	6,449	136,064



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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	-	-	-	-	4,705	4,705	382	5,087
<b>Other comprehensive loss</b> - Foreign currency translation	-	-	(67)	-	-	(67)	(45)	(112)
Total comprehensive income/(loss) for the financial period	-	-	(67)	-	4,705	4,638	337	4,975
<b>Balance at 31 December 2020</b>	99,360	30,342	(160)	(47,962)	35,466	117,046	4,782	121,828

**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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period to Date Ended	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000
<b>Cash Flows from operating activities</b>		
Profit before taxation	12,827	7,263
Adjustments for:		
Bad debts written off	65	26
Bad debts recovered	(9)	(13)
Depreciation of property, plant and equipment	2,763	2,883
Gain on disposal of property, plant and equipment	(57)	(187)
Interest expenses	1,954	2,792
Interest income	(114)	(54)
Inventories written off	619	1,770
Reversal of impairment on financial assets	(23)	(235)
Unrealised gain on foreign exchange	(63)	(264)
	<b>17,962</b>	<b>13,981</b>
<b>Operating profit before working capital changes</b>		
Change in inventories	10,085	5,584
Change in receivables	(12,702)	30,373
Change in payables	7,219	4,101
	<b>22,564</b>	<b>54,039</b>
<b>Cash generated from operating activities</b>		
Income tax paid	(4,075)	(1,323)
Interests paid	(1,954)	(2,792)
Interests received	114	54
	<b>16,649</b>	<b>49,978</b>
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(794)	(798)
Proceeds from disposal of property, plant and equipment	66	240
	<b>(728)</b>	<b>(558)</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	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000
<b>Cash flows from financing activities</b>		
Proceeds from placement of shares	1,657	-
Shares issuance expenses paid	(70)	-
Net payments of bankers' acceptances	(15,638)	(20,108)
Net payments of term loans	(692)	(161)
Net payments of lease liabilities	(703)	(690)
Net payments of hire purchase payables	(627)	(599)
Net drawdown of trust receipts	(2,084)	(439)
Interests paid	-	-
<b>Net cash used in financing activities</b>	<b>(18,157)</b>	<b>(21,997)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,236)</b>	<b>27,423</b>
Effect of exchange rate fluctuations	(11)	(112)
<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>6,766</b>	<b>13,492</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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**NOTES TO THE INTERIM FINANCIAL REPORT**

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 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 FYE 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 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, except for the revaluation of its properties undertaken by the Group. The revaluation was carried out by an independent professional valuer and revaluation surplus of RM0.23 million has been recognised in other comprehensive income and accumulated in the equity under the revaluation reserve.

**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, except for the issuance of 11,568,516 new ordinary shares pursuant to a private placement at an issue price of RM0.1432 per ordinary share.

**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-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Distribution of consumer package goods	169,016	162,705	337,138	332,556
Manufacturing of bakery products	3,591	3,769	7,008	6,232
	<u>172,607</u>	<u>166,474</u>	<u>344,146</u>	<u>338,788</u>



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

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2021 (CONT'D)**

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

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

	Quarter Ended		Period to Date Ended	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Sabah	96,834	90,262	197,674	185,286
Sarawak	51,311	49,917	96,124	100,577
Labuan and others	24,462	26,295	50,348	52,925
	<u>172,607</u>	<u>166,474</u>	<u>344,146</u>	<u>338,788</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 31-Dec-2021 RM'000 Unaudited	As at 30-Jun-2021 RM'000 Audited
Bank guarantees in favour of third parties	<u>33,718</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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 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**

Significant transactions between the Group and related party are as follows:

<b>Name of related parties</b>	<b>Type of transactions</b>	<b>Current</b>	<b>Period to Date</b>
		<b>Quarter</b>	<b>Ended</b>
		<b>31-Dec-2021</b>	<b>31-Dec-2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Immediate holding company:			
Kim Teck Cheong Holdings Sdn. Bhd.	Repayment	-	470,000

**A15. Valuation of Property, Plant and Equipment**

During the current financial quarter, the Group has carried out a revaluation on its properties as disclosed in Note A5 above.



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**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-Dec-2021	31-Dec-2020	RM'000	%	31-Dec-2021	31-Dec-2020
	RM'000	RM'000	RM'000	%	RM'000	RM'000
Revenue	172,607	166,474	6,133	3.69%	344,146	338,788
Profit before tax	6,144	4,142	2,002	48.33%	12,827	7,263

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

The Group recorded an increase in revenue by RM6.14 million or 3.69% to RM172.61 million as compared to RM166.47 million in the financial quarter ended 31 December 2020. The increase was mainly attributable to the increase in personal care and cosmetics products during this financial quarter.

The Group has registered a profit before tax of RM6.14 million for the current financial quarter as compared to RM4.14 million in the financial quarter ended 31 December 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 the Immediate Preceding Quarter's Result**

	Current Quarter	Immediate Preceding Quarter	Variance	
	31-Dec-2021	30-Sep-2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	172,607	171,539	1,068	0.62%
Profit before tax	6,144	6,644	(500)	-7.53%

The Group's revenue for the current financial quarter ended 31 December 2021 increased by RM1.07 million or 0.62% to RM172.61 million as compared to RM171.54 million in the preceding financial quarter ended 30 September 2021.

The Group's profit before tax for the current financial quarter of RM6.14 million represented a decrease in profit before tax of RM0.50 million or 7.53% as compared to RM6.64 million in the preceding financial quarter. The decrease in profit before tax for the current financial quarter was mainly attributable to lower gross profits from the nutrition 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. Covid-19 and the rapid spread of the new variant Omicron has introduced new levels of uncertainty regarding the pace of economic recovery. With the efforts of the Malaysian government in accelerating the rolling out vaccination program, with high vaccination coverage and the ongoing booster rollout, 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 31-Dec-2021 RM'000</b>	<b>Period to Date Ended 31-Dec-2021 RM'000</b>
Current taxation	2,007	4,235
Deferred tax expenses	(81)	(29)
	<u>1,926</u>	<u>4,206</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:-

	<b>Quarter Ended</b>		<b>Period to Date Ended</b>	
	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts recovered	(3)	(4)	(9)	(13)
Interest income	(60)	(25)	(114)	(54)
Rental incomes				
- Motor vehicles	(64)	(80)	(144)	(163)
- Warehouse and offices	(53)	(4)	(106)	(60)
Supply chain income	(589)	(147)	(768)	(273)
Reversal of impairment/(Impairment charge) on financial assets	101	(137)	(23)	(235)
Gain on disposal of property, plant and equipment	(30)	-	(57)	-
Auditors' remuneration				
- Statutory audit	88	76	212	136
Bad debts written off	-	26	65	26
Depreciation of property, plant and equipment	1,309	1,470	2,763	2,883
Inventories written off	294	531	619	1,770
Interest expenses	947	1,284	1,954	2,792
Rental expenses				
- Warehouse and offices	16	10	32	216
- Office equipments	9	3	9	32
Realised loss on foreign exchange	184	227	303	315
Unrealised (gain)/loss on foreign exchange	(102)	68	(63)	(264)



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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 December 2021 are as follows:

	As at 31-Dec-2021 BND'000 Unaudited	RM'000	As at 30-Jun-2021 RM'000 Audited
<b><u>Non-current</u></b>			
<b><u>Secured</u></b>			
Term loans		15,492	16,083
Hire purchase payables		2,777	2,648
	27	82	108
		18,351	18,839
<b><u>Unsecured</u></b>			
Lease liabilities		1,059	1,320
	176	543	806
		19,953	20,965
<b><u>Current</u></b>			
<b><u>Secured</u></b>			
Bankers' acceptances		56,724	72,362
Bank overdrafts		3,550	1,260
Trust receipts	7,644	23,585	25,669
Term loans		1,326	1,427
Hire purchase payables		952	1,162
	16	51	51
		86,188	101,931
<b><u>Unsecured</u></b>			
Lease liabilities		572	794
	179	552	509
		87,312	103,234
Total loans and borrowings		107,265	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	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
Profit net of tax attributable to the owners of the Company (RM'000)	3,841	2,655	7,891	4,705
Weighted average number of ordinary shares in issue (basic) ('000)	670,666 <sup>(1)</sup>	670,289	670,478 <sup>(1)</sup>	670,289
Basic EPS (sen) <sup>(2)</sup>	0.57	0.40	1.18	0.70
Diluted EPS (sen) <sup>(2)</sup>	0.57	0.40	1.18	0.70

**Notes:**

<sup>(1)</sup> The weighted average number of ordinary shares for basic earnings per share has taken into consideration of 11,568,516 ordinary shares allotted on 29 December 2021 from the private placement.

<sup>(2)</sup> Diluted earnings per share of the Group for the current quarter and financial period to date ended 31 December 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 (“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.

Pursuant to the Placement, a total of 11,568,516 ordinary shares have been allotted at the issue price of RM0.1432 per ordinary share on 29 December 2021 for a total gross proceed of approximately RM1.66 million. The Placement was completed following the listing of and quotation for 11,568,516 ordinary shares on the ACE Market of Bursa Securities on 31 December 2021. The gross proceeds from the Placement of approximately RM1.66 million shall be utilised in the following manner:

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Estimated timeframe for utilisation of proceeds (from date of receipt of proceeds)</b>
Repayment of borrowings	791	Within 6 months
Working capital	812	Within 12 months
Estimated expenses in relation to the Placement	54	Within 1 month
<b>Total</b>	<b>1,657</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)**

As the Placement was undertaken by KTC to meet the condition imposed pursuant to KTC's listing on the ACE Market of Bursa Securities whereby KTC was required to allocate 12.5% of its enlarged issued and paid-up share capital to MITI-identified Bumiputera inventors ("Bumiputera Equity Condition"), Mercury Securities, on behalf of KTC, respectfully seeks the Securities Commission ("SC")'s consideration that the Bumiputera Equity Condition is deemed complied with. KTC is currently waiting for the reply from the SC on this matter.

**Utilisation of Proceeds**

The status of utilisation of proceeds as at 31 December 2021 is as follows:

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Unutilisation amount (RM'000)</b>	<b>Estimated timeframe for utilisation of proceeds (from date of receipt of proceeds)</b>
Repayment of borrowings	791	-	791	Within 6 months
Working capital	812	(16)	796	Within 12 months
Estimated expenses in relation to the Placement	54	(54)	-	Within 1 month
<b>Total</b>	<b>1,657</b>	<b>(70)</b>	<b>1,587</b>	

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