



**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 2019**

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

	Quarter Ended		Year to Date Ended	
	30-Sep-2019 RM'000	30-Sep-2018 RM'000	30-Sep-2019 RM'000	30-Sep-2018 RM'000
Revenue	157,312	153,790	157,312	153,790
Cost of sales	(139,977)	(135,676)	(139,977)	(135,676)
<b>Gross profit</b>	<b>17,335</b>	<b>18,114</b>	<b>17,335</b>	<b>18,114</b>
Other income	417	74	417	74
Administrative expenses	(5,072)	(5,508)	(5,072)	(5,508)
Selling and distribution expenses	(7,419)	(6,659)	(7,419)	(6,659)
Other expenses	(687)	(396)	(687)	(396)
<b>Operating profit</b>	<b>4,574</b>	<b>5,625</b>	<b>4,574</b>	<b>5,625</b>
Finance costs	(2,643)	(1,959)	(2,643)	(1,959)
<b>Profit before tax</b>	<b>1,931</b>	<b>3,666</b>	<b>1,931</b>	<b>3,666</b>
Tax expense	(464)	(1,365)	(464)	(1,365)
<b>Profit for the financial period</b>	<b>1,467</b>	<b>2,301</b>	<b>1,467</b>	<b>2,301</b>
<b>Other comprehensive loss, net of tax</b>				
Exchange difference on translation of foreign operation	(102)	(50)	(102)	(50)
<b>Total comprehensive income for the financial period</b>	<b>1,365</b>	<b>2,251</b>	<b>1,365</b>	<b>2,251</b>
<b>Profit attributable to:</b>				
Owner of the Company	1,729	2,135	1,729	2,135
Non-controlling interests	(261)	166	(261)	166
	<b>1,468</b>	<b>2,301</b>	<b>1,468</b>	<b>2,301</b>
<b>Total comprehensive income attributable to:</b>				
Owner of the Company	1,667	2,105	1,667	2,105
Non-controlling interests	(302)	146	(302)	146
	<b>1,365</b>	<b>2,251</b>	<b>1,365</b>	<b>2,251</b>



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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-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM'000	RM'000	RM'000	RM'000
<b>Earning per share attributable to equity holders of the parent:</b>				
Basic (sen)	0.34	0.42	0.34	0.42
Diluted (sen)	0.26	0.32	0.26	0.32

**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 2019 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 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30-Sep-2019 RM'000 Unaudited</b>	<b>As at 30-Jun-2019 RM'000 Audited</b>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	94,830	95,683
Right-of-use assets	4,411	-
Goodwill on consolidation	5,981	5,981
<b>Total non-current assets</b>	<b>105,222</b>	<b>101,664</b>
<b>Current assets</b>		
Inventories	101,304	111,617
Trade and other receivables	139,973	142,108
Tax recoverable	470	902
Cash and bank balances	6,635	11,677
<b>Total current assets</b>	<b>248,382</b>	<b>266,304</b>
<b>TOTAL ASSETS</b>	<b>353,604</b>	<b>367,968</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	27,727	27,788
Reorganisation deficit	(47,962)	(47,962)
Retained earnings	29,079	27,686
	108,204	106,872
Non-controlling interests	3,552	3,854
<b>TOTAL EQUITY</b>	<b>111,756</b>	<b>110,726</b>
<b>Non-current liabilities</b>		
Loans and borrowings	22,944	19,889
Deferred tax liabilities	10,238	10,524
<b>Total non-current liabilities</b>	<b>33,182</b>	<b>30,413</b>



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

	<b>As at 30-Sep-2019 RM'000 Unaudited</b>	<b>As at 30-Jun-2019 RM'000 Audited</b>
<b>Current liabilities</b>		
Trade and other payables	23,890	41,999
Loans and borrowings	184,703	183,998
Taxation	73	832
<b>Total current liabilities</b>	<b>208,666</b>	<b>226,829</b>
<b>TOTAL LIABILITIES</b>	<b>241,848</b>	<b>257,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>353,604</b>	<b>367,968</b>
<b>Net asset per share (sen)</b>	<b>0.22</b>	<b>0.22</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 2019 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				
<b>Balance at 1 July 2019, as previously reported</b>	99,360	27,898	(110)	(47,962)	27,686	106,872	3,854	110,726
Cumulative effect of initial application 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	-	-	-	-	1,729	1,729	(261)	1,468
Other comprehensive loss - Foreign currency translation	-	-	(61)	-	-	(61)	(41)	(102)
Total comprehensive income for the financial period	-	-	(61)	-	1,729	1,668	(302)	1,366
<b>Balance at 30 September 2019</b>	99,360	27,898	(171)	(47,962)	29,079	108,204	3,552	111,756



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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>Restated balance at 1 July 2018</b>	99,360	9,190	(300)	(47,962)	15,962	76,250	4,132	80,382
Profit for the financial year	-	-	-	-	11,163	11,163	832	11,995
Other comprehensive income								
- Foreign currency translation	-	-	190	-	-	190	126	316
- Revaluation surplus on leasehold land and buildings, net of deferred tax	-	18,708	-	-	-	18,708	-	18,708
Total comprehensive income for the financial year	-	18,708	190	-	11,163	30,061	958	31,019
Increase in stake of a subsidiary	-	-	-	-	561	561	(1,236)	(675)
<b>Balance at 30 June 2019</b>	99,360	27,898	(110)	(47,962)	27,686	106,872	3,854	110,726

**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 2019 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 2019**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year to Date Ended	
	30-Sep-2019 RM'000	30-Sep-2018 RM'000
<b>Cash Flows from operating activities</b>		
Profit before taxation	1,931	3,666
Adjustments for:		
Bad debts written off	75	-
Bad debts recovered	(1)	-
Depreciation of property, plant and equipment	1,191	1,201
Interest expenses	2,643	1,959
Interest income	(62)	(70)
Inventories written off	612	-
Prepayment written off	-	396
<b>Operating profit before working capital changes</b>	<b>6,389</b>	<b>7,152</b>
Change in receivables	2,060	(11,845)
Change in inventories	9,701	8,235
Change in payables	(18,107)	(2,004)
<b>Cash generated from operating activities</b>	<b>43</b>	<b>1,538</b>
Income tax paid	(1,077)	(291)
Income tax refunded	-	210
Interest paid	(938)	(780)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,972)</b>	<b>677</b>



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

	Year to Date Ended	
	30-Sep-2019	30-Sep-2018
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(187)	(1,349)
Interest received	62	70
<b>Net cash used in investing activities</b>	<b>(125)</b>	<b>(1,279)</b>
<b>Cash flows from financing activities</b>		
Net payments of banker's acceptances	(8,353)	(8,599)
Net (payments)/drawdown of term loans	(291)	1,513
Net payments of lease liabilities	(496)	(608)
Net drawdown/(payments) of trust receipts	877	(686)
Interests paid	(1,705)	(1,179)
<b>Net cash used in financing activities</b>	<b>(9,968)</b>	<b>(9,559)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(12,065)</b>	<b>(10,161)</b>
Effect of exchange rate fluctuations	(102)	(50)
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>(23,186)</b>	<b>(33,244)</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>(35,353)</b>	<b>(43,455)</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 2019 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 2019**

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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 2019**

##### **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 2019.

##### **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 2019, except for the adoption of the following new/revised MFRSs:

###### **MFRS 16 Leases**

Under MFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under MFRS 117 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

As with MFRS 16’s predecessor, MFRS 117, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.



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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 2019 (CONT'D)**

**A2. Significant accounting policies (Cont'd)**

**MFRS 16 Leases (Cont'd)**

Recognition exemptions: Instead of applying the recognition requirements of MFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two (2) types of leases:

- leases with a lease term of twelve (12) months or less and containing no purchase options – this election is made by class of underlying asset; and
- leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

The Group applied the modified retrospective approach, whereby the cumulative effect of initial application of MFRS 16 is adjusted to the opening balance of retained earnings at the date of initial application.

The Group had assessed the financial impact on the Group's financial statements upon adoption of MFRS 16 which have been summarised in the table below.

Financial impact

The financial impact from initial adoption of MFRS 16 as at 1 July 2019 are as follows:

	<b>As previously Stated RM'000</b>	<b>Effect of Adoption of MFRS 16 RM'000</b>	<b>As restated RM'000</b>
<b><u>Increase / (decrease):</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Right-of-use assets	-	4,015	4,015
<b><u>EQUITY</u></b>			
Retained earnings	27,686	(336)	27,350
<b><u>NON-CURRENT LIABILITIES</u></b>			
Lease liabilities	-	3,478	3,478
<b><u>CURRENT LIABILITIES</u></b>			
Lease liabilities	-	873	873



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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 2019 (CONT'D)**

##### **A2. Significant accounting policies (Cont'd)**

###### **Standards issued but not yet effective**

The Group has not adopted the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned new standards and amendments to standards when they become effective.

		<b>Effective date for financial periods beginning on or after</b>
Amendments to MFRS 3	Business Combination – Definition of a Business	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements – Definition of material	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	Deferred
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021

The adoption of the abovementioned new standards and amendments to standards when they become effective are not expected to have significant impact on the financial statements of the Group.

##### **A3. Audited Report of Preceding Annual Financial Statements**

The audited financial statements for the financial year ended 30 June 2019 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 current year-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 2019 (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-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
	RM'000	RM'000	RM'000	RM'000
Distribution of consumer package goods	155,398	152,111	155,398	152,111
Manufacturing of bakery products	1,914	1,679	1,914	1,679
	<u>157,312</u>	<u>153,790</u>	<u>157,312</u>	<u>153,790</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 2019 (CONT'D)**

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

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

	Quarter Ended		Year to Date Ended	
	30-Sep-2019 RM'000	30-Sep-2018 RM'000	30-Sep-2019 RM'000	30-Sep-2018 RM'000
Sabah	84,161	85,196	84,161	85,196
Sarawak	50,308	43,281	50,308	43,281
Labuan and others	22,843	25,313	22,843	25,313
	<u>157,312</u>	<u>153,790</u>	<u>157,312</u>	<u>153,790</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**

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.



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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 2019 (CONT'D)**

**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-Sep-2019	30-Sep-2018	RM'000	%	30-Sep-2019	30-Sep-2018
	RM'000	RM'000	RM'000	%	RM'000	RM'000
Revenue	157,312	153,790	3,522	2.29%	157,312	153,790
Profit before tax	1,931	3,666	(1,735)	-47.33%	1,931	3,666

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

The Group recorded an increase of revenue by RM3.52 million or 2.29% to RM157.31 million as compared to RM153.79 million in financial quarter ended 30 September 2018, this was mainly due to increase demand on household and personal care products in Sarawak in the current quarter ended.

The Group recorded a decrease of profit before tax by RM1.74 million or 47.33% to RM1.93 million as compared to RM3.67 million in the financial quarter ended 30 September 2018. The lower profit before tax was mainly due to the following:

- (a) Increase in selling and distribution expenses due to expansion in Sarawak market.
- (b) Change in product mix as a result of the increase in sale of household and personal care products which generated lower gross margin.
- (c) Increase in finance costs due to utilisation of trade facilities to cater for expansion in Sarawak market.



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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**

	<b>Current Quarter 30-Sep-19 RM'000</b>	<b>Immediate Preceding Quarter 30-Jun-19 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	157,312	165,537	(8,225)	-4.97%
Profit before tax	1,931	3,064	(1,133)	-36.98%

The Group's revenue for the current financial quarter ended 30 September 2019 decreased by RM8.23 million or 4.97% to RM157.31 million as compared to RM165.54 million in the preceding financial quarter ended 30 June 2019. The decrease in revenue was mainly caused by decrease in foods and beverages products where the festival season fall in the preceding financial quarter.

The Group's profit before tax for the current financial quarter of RM1.93 million represents a decrease of RM1.13 million or 36.98% as compared to RM3.06 million in the preceding financial quarter. The lower profit before tax in the current financial quarter was due to lower gross profit arising from decrease in foods and beverage.

**B3. Group's Prospects**

The Group is optimistic of the distribution business segment and expect that it will be satisfactory and continue to be the major contributor in terms of revenue and profits to the Group. The Group is striving to 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.

**B4. Variance of Profit Forecast**

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



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

**B5. Income Tax Expense**

The breakdown of income tax expense is as follows:

	<b>Current Quarter 30-Sep-2019 RM'000</b>	<b>Year to Date Ended 30-Sep-2019 RM'000</b>
Current period tax expense	750	750
Overprovision of deferred tax in prior year	(286)	(286)
	<u>464</u>	<u>464</u>

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

**B6. Profit for the Period**

Profit for the period is arrived at after charging/(crediting):

	<b>Quarter Ended</b>		<b>Year to Date Ended</b>	
	<b>30-Sep-2019 RM'000</b>	<b>30-Sep-2018 RM'000</b>	<b>30-Sep-2019 RM'000</b>	<b>30-Sep-2018 RM'000</b>
Interest income	(62)	-	(62)	-
Interest expenses	2,643	1,959	2,643	1,959
Depreciation and amortisation	1,191	1,201	1,191	1,201
Reversal of impairment loss on trade receivables	(339)	-	(339)	-
Realised loss/(gain) on foreign exchange	137	(128)	137	(128)
Inventories written off	612	-	612	-
Bad debts written off	75	-	75	-
Bad debts recovered	(1)	-	(1)	-
Prepayments written off	-	396	-	396



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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 2019 are as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b><u>Unsecured</u></b>			
Bankers' acceptance	101,236	-	101,236
Trust receipts	23,998	-	23,998
Bank overdrafts	41,988	-	41,988
Revolving credit	14,000	-	14,000
Lease liabilities	1,055	3,702	4,757
	<u>182,277</u>	<u>3,702</u>	<u>185,979</u>
<b><u>Secured</u></b>			
Term loan	1,039	17,780	18,819
Finance lease liabilities	1,387	1,462	2,849
	<u>184,703</u>	<u>22,944</u>	<u>207,647</u>

All borrowings indicated above are denominated in Ringgit Malaysia.



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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**

On 6 May 2019, a Writ was submitted by Wipro Unza (Malaysia) Sdn. Bhd. (Wipro) to a subsidiary of the Company, namely, Kim Teck Cheong (Sarawak) Sdn. Bhd. (KTCSSB) to the High Court in Sabah and Sarawak at Sibuan claiming for a sum of RM1,507,694, being the balance of price for goods sold and delivered by Wipro to KTCSSB for which the said balance is still due and owing to Wipro despite repeated requests and demand from Wipro and/or its representative.

KTCSSB has filed a Statement of Defence on 2 July 2019 stating that at all material times, there were discrepancies in the amount alleged to be owed by KTCSSB due to, inter alia, overpayments, trade returns and stock transfers. Following an account reconciliation exercise initiated by KTCSSB on 9 February 2018, Wipro's solicitors subsequently alleged in letters dated 12 February 2018 and 13 March 2018 that the total amount owed by KTCSSB together with another two (2) subsidiaries of the Company, namely, Kim Teck Cheong Sdn. Bhd. and Kim Teck Cheong (Tawau) Sdn. Bhd. was RM1,382,341 only, which was a far lesser amount than the amount previously demanded or claimed therein.

Wipro further replied to the Defence of KTCSSB on 12 July 2019 that the sum of RM1,507,694 remains the outstanding sum to Wipro.

The said litigation is now being proceeded for mediation at the High Court, Sibuan and the solicitor of KTCSSB is of the opinion that it is highly likely that Wipro and KTCSSB should be able to reach an amicable settlement through mediation.

**B9. Dividend Proposed**

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



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

**B10. Earnings Per Share (“EPS”)**

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

	Quarter Ended		Year to Date Ended	
	30-Sep-2019 RM'000	30-Sep-2018 RM'000	30-Sep-2019 RM'000	30-Sep-2018 RM'000
Profit attributable to ordinary equity owners of the Company	1,729	2,135	1,729	2,135
Weighted average number of ordinary shares for basic earnings per share	510,277	510,277	510,277	510,277
Effect of dilution from:				
- redeemable convertible preference shares	160,012	160,012	160,012	160,012
	670,289	670,289	670,289	670,289
Basic EPS (sen)	0.34	0.42	0.34	0.42
Diluted EPS <sup>(1)</sup> (sen)	0.26	0.32	0.26	0.32

**Note:**

(1) The diluted EPS is computed based on the profit attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue 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.