



Kim Hin Joo (Malaysia) Berhad 197801000642 (37655-U)

Wisma Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor, Malaysia. General Line +603 8940 6638

The Board of Directors of KIM HIN JOO (MALAYSIA) BERHAD is pleased to announce the following unaudited consolidated results for the third quarter and financial period ended (“FPE”) 30 September 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	22,744	22,768	72,629	69,130
Cost of sales	(10,749)	(10,844)	(34,890)	(32,534)
Gross profit	11,995	11,924	37,739	36,596
Other operating income	428	9	755	627
Selling and marketing costs	(387)	(444)	(1,207)	(1,404)
#Administration and other operating expenses	(8,826)	(8,418)	(26,495)	(24,452)
*Finance cost	(496)	-	(1,402)	(7)
Profit before tax	2,714	3,071	9,390	11,360
Tax expense	(1,056)	(652)	(2,842)	(2,585)
Profit from continuing operations	1,658	2,419	6,548	8,775
Discontinued operations				
Loss from discontinued operations, net of tax	-	-	-	(438)
Profit and total comprehensive income for the period	1,658	2,419	6,548	8,337
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.44	0.80	2.00	2.88
- from discontinued operations	-	-	-	(0.14)
Total basic earnings per share	0.44	0.80	2.00	2.74

Included one-off listing expenses of RM700k (30.09.2018: RM429k)

* Included lease interest expenses of RM1.39million (30.09.2018: RM Nil), upon adoption of Malaysian Financial Reporting Standard -16 - Leases (“MFRS 16”) effective 1 January 2019

Note 1:

The Condensed Consolidated Statement of Comprehensive Income is unaudited and should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 19 June 2019 (“Accountants’ Report”) and the accompanying explanatory notes attached to the interim financial statements herein.



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Note 2:

	Cumulative Period			
	Current Financial Period To-date 30 September 2019	Preceding Year Corresponding Period 30 September 2018	Variance	
	RM'000	RM'000	RM'000	%
Profit Before Tax	9,390	*11,018	(1,628)	(14.78)
Add back / (Deduct)				
MFRS 16 Impact				
- Lease rental	(5,835)	-	(5,835)	-
- Amortization of right of use assets	5,057	-	5,057	-
- Lease interest expense	1,390	-	1,390	-
Profit Before Tax exclude MFRS 16 adjustments	10,002	11,018	(1,016)	(9.22)
Non like-for-like income and expenses				
- Listing Expenses	700	429	271	63.17
- Increase of rental of warehouses and headquarter #	558	300	258	86.00
- Gain on disposal of subsidiary	-	(214)	214	(100.00)
- Directors' fee	150	6	144	2,400.00
- Contract staff pre & post listing	54	18	36	200.00
Profit Before Tax exclude MFRS 16 adjustments and non like-for-like income and expenses	11,464	11,557	(93)	(0.80)

Note

* Included loss from discontinued operation of RM 0.34 million for corresponding period 30 September 2018

The Group has entered into rental arrangement with Cheng Yean Properties Sdn Bhd ("Cheng Yean") (a related party) to lease the properties owned by Cheng Yean, ie our current headquarter and warehouses. The said rental arrangement took effect from 1 July 2018 onwards.

After adjusting for the adoption of MFRS 16 and non like-for-like income and expenses, the Group's profit before tax for current financial period to-date remain consistent with the preceding year corresponding period.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	As at 30.9.2019 RM'000	As at 31.12.2018 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	5,093	4,074
Right of use assets	24,318	-
Deferred tax assets	445	169
	29,856	4,243
Current Assets		
Inventories	40,366	33,695
Trade receivables	1,223	1,455
Other receivables, deposits and prepaid expenses	5,309	5,571
Tax recoverable	-	526
Fixed deposits with licensed banks	8,784	739
Cash and bank balances	24,522	6,852
Amount due from other related companies	-	46
	80,204	48,884
TOTAL ASSETS	110,060	53,127
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	31,128	1,000
Reserves	41,962	37,747
TOTAL EQUITY	73,090	38,747
Non-current Liabilities		
Lease liabilities	19,008	-
Deferred tax liabilities	-	8
	19,008	8
Current Liabilities		
Lease liabilities	6,368	-
Trade payables	4,875	8,427
Other payables, accruals and provision	6,614	5,363
Tax liabilities	104	-
Amount due to other related companies	1	582
	17,962	14,372
TOTAL LIABILITIES	36,970	14,380
TOTAL EQUITY AND LIABILITIES	110,060	53,127
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	19.23	12.75

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report and the accompanying explanatory notes attached to the interim financial statements herein.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FPE 30 SEPTEMBER 2019**

	←-----Attributable to owners of the Company-----→		
	←Non-Distributable Reserve→		Distributable
	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
Balance as at 1 January 2018	1,000	61,119	62,119
Total comprehensive income for the period	-	8,337	8,337
Dividends paid (28 June 2018)	-	(34,484)	(34,484)
Balance as at 30 September 2018	1,000	34,972	35,972
Balance as at 1 January 2019	1,000	37,747	38,747
Effect of adopting MFRS 16(A2)	-	(433)	(433)
Balance as at 1 January 2019 (Restated)	1,000	37,314	38,314
Contributions by owners of the Company:			
- Issuance of shares	32,680	-	32,680
- Share issuance expenses	(2,552)	-	(2,552)
Total comprehensive income for the period	-	6,548	6,548
Dividend declared	-	(1,900)	(1,900)
Balance as at 30 September 2019	31,128	41,962	73,090

Note:

The Condensed Consolidated Statement of Changes in Equity is unaudited and should be read in conjunction with the Accountant's Report and the accompanying explanatory notes attached to the interim financial statements herein.



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FPE 30 SEPTEMBER 2019**

	9 Months Ended 30.9.2019 RM'000	9 Months Ended 30.9.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	9,390	11,360
Loss before tax from discontinued operation	-	(342)
Total profit before tax	9,390	11,018
Adjustments:		
Depreciation	1,896	1,975
Amortization of right of use asset	5,057	-
Finance costs	1,402	10
Unrealised loss / (gain) on foreign exchange	80	(13)
Interest income	(302)	(180)
Allowance for doubtful debt no longer required	-	(3)
Gain on disposal of subsidiary	-	(214)
Fixed asset written-off	8	1
Loss on disposal of fixed asset	*	-
Inventories		
- (Reversal) / Allowance for slow moving	(26)	(264)
- Written off	80	343
Operating profit before changes in working capital	17,585	12,673
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(6,725)	(3,157)
Trade receivables	232	(23)
Other receivables, deposits and prepaid expenses	266	(578)
Increase / (Decrease) in		
Trade payables	(3,621)	(4,220)
Other payables, accrued expenses and provision	(751)	(1,107)
Cash generated from operations	6,986	3,588
Income tax paid	(2,360)	(3,152)
Net cash from operating activities	4,626	436
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,956)	(1,566)
Proceeds from sale of fixed asset	2	-
Interest received	302	180
Net cash outflow on disposal of a subsidiary company	-	(575)
(Increase) / Decrease in amount due from other related companies	47	-
Net cash used in investing activities	(2,605)	(1,961)



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CASH FLOWS USED IN FINANCING ACTIVITIES

	9 Months Ended 30.9.2019 RM'000	9 Months Ended 30.9.2018 RM'000
Repayment of lease liabilities	(5,835)	-
Interest paid	-	(3)
Proceeds from issuance of ordinary shares	32,680	-
Payment of share issuance expenses	(2,552)	-
Increase in amount due to holding company	-	51
Decrease / (Increase) in amount due to other related companies	(586)	893
Fixed deposits pledged	-	(688)
Dividends paid	-	(12,000)
Drawdown of borrowing	-	126
Repayment of borrowing	-	(133)
Net cash from / (used in) financing activities	23,707	(10,378)

NET INCREASE IN CASH AND CASH EQUIVALENTS

Effect of exchange rate differences on the balance of cash held in foreign currencies

CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD

CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD

Cash and cash equivalents comprise:

Fixed deposits	8,784	688
Cash and bank balances	24,522	2,444
	33,306	3,132
Less: Fixed deposits pledged with licensed banks	(739)	(688)
	32,567	2,444

Note:

The condensed consolidated cash flow statement is unaudited and should be read in conjunction with the Accountants' Report and the accompanying explanatory notes attached to the interim financial statements herein.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019**

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”)

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with all the new Malaysian Financial Reporting Standards (“**MFRS**”), Amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

These condensed consolidated interim financial statements should be read in conjunction with the Accountants’ Report and the accompanying explanatory notes therein. The explanatory notes attached to these 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 Kim Hin Joo (Malaysia) Berhad and its subsidiaries (“**Group**”) since the financial year ended (“**FYE**”) 31 December 2018.

A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2018 except for the adoption of MFRS 16 Leases that became effective and relevant to the Group for the financial period beginning 1 January 2019 as discussed below:

MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss and other comprehensive income will also be affected because the total expenses is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest expense and depreciation, and hence, key metrics such as earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) will change accordingly. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest expense can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

The Group has adopted the standard using modified retrospective approach with no restatement of comparative, under which the cumulative effect of initial recognition is recognized in retained earnings. The Group has assessed and recognised a right-of-use assets of RM23,231,755, lease liabilities of RM23,801,721 and deferred tax assets of RM136,792 in respect of all leases as at 1 January 2019. Correspondingly, the retained earnings decreased by RM433,174.

The adoption of MFRS 16 has resulted in the changes in the Group's accounting policies. The effect arising from these changes on the statement of financial position of the Group are as follow:

	As at 31.12.2018 RM'000	Effect on adoption of MFRS 16 RM'000	As at 01.01.2019 RM'000
Non-current Assets			
Right of use assets	-	23,232	23,232
Deferred tax assets	169	129	298
Deferred tax liabilities	(8)	8	-
Equity			
Retained earnings	37,747	(433)	37,314
Non-current Liabilities			
Lease liabilities	-	17,997	17,997
Current Liabilities			
Lease liabilities	-	5,805	5,805

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 31 December 2018 was not subject to any qualification.

A4 Seasonality

The Group may experience seasonal increase in sales during its sales periods, which are carried out 4 to 5 times a year, being the Super Sale, Anniversary Sale, Mid-Year Mega Sale, Merdeka Sale and Year End Sale, as well as festive celebrations such as Chinese New Year, Hari Raya and Christmas celebrations.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter 30 September 2019.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

A6 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7 Changes in Debt and Equity Securities

Other than the issuance of new ordinary shares pursuant to the Company's Initial Public Offering and listing on the ACE Market of Bursa Securities which was completed on 8 July 2019 as disclosed below, there were no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter.

	Number of shares '000	RM'000
Issued and Fully Paid-Up		
At 1 January 2019	304,000	1,000
Issuance of new ordinary shares	76,000	32,680
Share issuance expenses	-	(2,552)
At 30 September 2019	380,000	31,128

A8 Dividends Paid

The Board of Directors of the Company ("Board") had previously on 26 August 2019 declared a first interim single tier tax-exempt dividend in respect of the financial year ending 31 December 2019 of 0.5 sen per ordinary share amounting to RM1,900,000 which was paid on 11 October 2019.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

A9 Operating segments

The business segment of the Group comprises Retail and Distribution.

The segmental analysis of the Group's revenue by business segments are set out as follows:

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Retail	18,550	17,839	60,692	56,517
Distribution	4,194	4,929	11,937	12,613
Total	22,744	22,768	72,629	69,130

The major contributor to the revenue stream of the Group was from the Retail segment, recording sales totalling RM60.69 million and accounted for 83.56% of the total revenue for the 9 months FPE 30 September 2019.

A10 Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment during the current quarter under review.

A11 Material Subsequent Event

There are no material events subsequent to the end of the current financial quarter under review.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A14 Recurrent Related Party Transactions (“RRPT”)

Save as disclosed below, there was no other RRPT for the 9-month financial period 30 September 2019:

	9 months ended	9 months ended
	30.9.2019	30.9.2018
	RM'000	RM'000
Purchases	732	2,772
Sales	632	980
Rental payable*	900	300
E-Commerce management fees payable	187	166
Corporate management fees payable	325	717

* The Group has entered into rental arrangement with Cheng Yean Properties Sdn Bhd (“Cheng Yean”) (a related party) to lease the properties owned by Cheng Yean, ie our current headquarter and warehouses. The said rental arrangement took effect from 1 July 2018 onwards.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019**

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

	Individual Period (3 RD Quarter)				Cumulative Period (9 Months)			
	Current Year Quarter 30 September 2019	Preceding Year Corresponding Quarter 30 September 2018	Variance		Current Year-to- date 30 September 2019	Preceding Year Correspondi ng Period 30 September 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	22,744	22,768	(24)	(0.11)	72,629	69,130	3,499	5.06
Gross Profit	11,995	11,924	71	0.60	37,739	36,596	1,143	3.12
Profit Before Tax	2,714	3,071	(357)	(11.62)	9,390	*11,018	(1,628)	(14.78)

Note

* Included loss from discontinued operation of RM 0.34 million for corresponding period 30 September 2018

During the current quarter ended 30 September 2019, the Group achieved revenue of approximately RM23.0 million, which was consistent with the revenue recorded in the preceding year corresponding quarter. However, the Group recorded a marginally lower profit before tax of RM2.71 million as compared to the preceding year corresponding quarter of RM3.07 million. This was mainly due to the impact of MFRS 16 accounting changes relating to leases (which had been effected on 1 January 2019).

On a year on year basis, the Group's revenue increased by 5.06% or RM3.50 million to RM72.63 million compared to RM69.13 million recorded in the previous corresponding year. The growth in revenue was mainly attributable to the expansion of the Group's retail network via:-

- (i) the expansion of the existing retail outlet size at Suria KLCC mall from 9,554 sq ft to 12,949 sq ft in September 2018 which had led to the outlet recording a sales growth of 26% during the current financial period; and
- (ii) the opening of the Johor flagship retail outlet at Mid Valley Southkey Megamall in Johor Bahru on 23 April 2019, Sunway Velocity Mall on 1 August 2019 and Empire Shopping Gallery on 1 September 2019.

The profit before tax of RM9.39 million for the current financial period ended 30 September 2019 was lower than the preceding year corresponding period of RM11.02 million, representing a decrease of 14.78%. This decrease in PBT was mainly due to, amongst others, the one-off listing expenses amounting to RM0.70 million recorded during the current financial period ended 30 September 2019 and the impact of MFRS 16 accounting changes relating to leases (which had been effected on 1 January 2019).



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

B2 Comment on material change in profit before taxation for current quarter compared with the immediate preceding quarter

	Current Quarter 30 September 2019	Immediate Preceding Quarter 30 June 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	22,744	25,652	(2,908)	(11.34)
Gross Profit	11,995	13,316	(1,321)	(9.92)
Gross Profit Margin	52.74%	51.91%		
Profit Before Tax	2,714	3,855	(1,141)	(29.59)
Add back / (Deduct)				
MFRS 16 Impact				
- Lease rental	(2,011)	(1,879)	(132)	7.03
- Amortization of right of use assets	1,756	1,701	55	3.21
- Lease interest expense	491	469	22	4.62
Profit Before Tax exclude MFRS 16 adjustments	2,950	4,146	(1,196)	(28.85)
Listing Expenses	302	(90)	392	(434.37)
Profit Before Tax exclude MFRS 16 adjustments & Listing expenses	3,252	4,056	(804)	(19.83)

Revenue and profit before tax for the current quarter ended 30 September 2019 declined by 11.34% (RM2.91 million) and 29.59% (RM1.14 million) respectively compared to the immediate preceding quarter ended 30 June 2019. The decrease was mainly due to higher sales recorded during the Hari Raya festive season in the preceding quarter ended 30 June 2019.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

B3 Prospects

The Group is on track with its future plans. It has since expanded its retail network with the opening of the Johor flagship retail outlet in Mid Valley Southkey Megamall on 23 April 2019, Sunway Velocity Mall on 1 August 2019 and Empire Shopping Gallery on 1 September 2019.

The Group has finalised the development agreement with The Entertainer UK which is pending approval from the Registrar of Franchise.

Barring any unforeseen circumstances, the Board is optimistic of the prospects of the Group's performance for the financial year ending 31st December 2019 as it heads towards the year-end festive season.

B4 Variance between Actual Profit and Forecast Profit

The Group has not provided any revenue or profit forecast in any public documents and announcements.

B5 Taxation

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Current tax	1,113	652	2,989	2,640
Deferred tax	(57)	-	(147)	(55)
Total	1,056	652	2,842	2,585

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax (excluding discontinued operations) for the current quarter and current financial period.

The effective tax rates of the Group for the current quarter and current financial period-to-date were higher than the Malaysia statutory tax rate due mainly to certain non-deductible expenses by the Group.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current quarter.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current quarter and the financial period to date.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

B8 Status of Corporate Proposals

There is no corporate proposal announced but pending completion as at the date of this report.

B9 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of current quarter to the date of the interim financial report.

B10 Material Litigation

As at the date of this report, there is no litigation against the Group which has a material effect on the financial position of the Group and the Board is not aware of any material litigation or any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B11 Earnings Per Share (“EPS”)

	3 months ended		9 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	1,658	2,419	6,548	8,337
Weighted average number of ordinary shares in issue ('000)	380,000	304,000	327,663	304,000
Basic EPS (sen)	0.44	0.80	2.00	2.74

Notes:

The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of shares in issue as at 30 September 2019.

There was no dilution in the earning per share as there was no potential diluted ordinary share outstanding as at the end of the current period under review.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019

B12 Notes to the Statement of Comprehensive Income

	As at 30.9.2019 RM'000	As at 30.9.2018 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Reversal for slow moving inventories	(26)	(264)
Inventories written-off	80	343
Auditors' remuneration	77	114
Depreciation		
- Continuing operations	1,896	1,726
- Discontinued operation	-	249
Amortization of right of use assets	5,057	-
(Gain) / Loss on foreign exchange:		
- Realised	(95)	(69)
- Unrealised	80	(13)
Interest income	(302)	(180)
Finance costs		
- Continuing operations	1,402	7
- Discontinued operation	-	3



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2019**

B13 Utilisation of Proceeds Raised from Public Issue

Based on the IPO price of RM0.43, the gross proceeds arising from the Public Issue amounting to RM32.68 million is intended to be utilised in the following manner:

Details of use of proceeds	Proposed Utilisation	Actual Utilisation	Deviation	Estimated Timeframe for Utilisation
	RM'000	RM'000	RM'000	
1. Business expansion and capital expenditure				
a. Expansion of the Group's retail network	10,000	1,673	-	Within 36 months
b. Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	-	-	Within 36 months
c. Revamp and upgrade our back-end IT infrastructure system and e-commerce platform	3,000	-	-	Within 36 months
d. Expansion or relocation of our existing outlets	2,000	-	-	Within 36 months
2. Working capital				
a. To support the day-to-day operation cost, including inventory and operational overheads, maintenance and upkeep, expansion of workforce and advertisement and promotional activities	4,880	1,863	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	675	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	8,011	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19th June 2019.

B14 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 29th November 2019.

B15 Dividends declaration for the current year to date

- The Board of Directors had previously on 26 August 2019 declared a first interim single-tier tax-exempt dividend of 0.5 sen per ordinary share for the year ending 31 December 2019 which was paid on 11 October 2019.
- Total dividend declared for the current year to date is 0.5 sen per ordinary share.