



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 fourth quarter and financial year ended (“FYE”) 31 December 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 31 DECEMBER 2019

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	28,744	28,557	101,373	97,687
Cost of sales	(14,533)	(13,966)	(49,423)	(46,500)
Gross profit	14,211	14,591	51,950	51,187
Other operating income	413	258	1,168	885
Selling and marketing costs	(486)	(549)	(1,693)	(1,953)
Administration and other operating expenses	(10,626)	(10,203)	\$(37,121)	(34,655)
Finance cost	@563	(6)	*(839)	(13)
Profit before tax	4,075	4,091	13,465	15,451
Tax expense	(1,213)	(1,315)	(4,055)	(3,900)
Profit from continuing operations	2,862	2,776	9,410	11,551
Discontinued operations				
Loss from discontinued operations, net of tax	-	-	-	(439)
Profit and total comprehensive income for the period/year	2,862	2,776	9,410	11,112
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.75	0.91	2.76	3.80
- from discontinued operations	-	-	-	(0.14)
Total basic earnings per share	0.75	0.91	2.76	3.66

Included one-off listing expenses of RM700k (31.12.2018: RM868k)

* Included lease interest expenses of RM826k (31.12.2018: RM Nil), upon adoption of Malaysian Financial Reporting Standard 16 - Leases (“MFRS 16”) effective 1 January 2019

@Included reversal of lease interest expense of RM893k in relation to revision of borrowing rate for lease liability

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.



Note 2:

	Cumulative Period			
	Current Financial Period To-date 31 December 2019	Preceding Year Corresponding Period 31 December 2018	Variance	
	RM'000	RM'000	RM'000	%
Profit Before Tax	13,465	*15,109	(1,644)	(10.88)
Add back / (Deduct)				
MFRS 16 Impact				
- Lease rental	(7,966)	-	(7,966)	-
- Amortization of right of use assets	7,764	-	7,764	-
- Lease interest expense	826	-	826	-
Profit Before Tax excluding MFRS 16 adjustments	14,089	15,109	(1,020)	(6.75)
Non like-for-like income and expenses				
- Listing expenses	700	868	(168)	(19.35)
- Increase of rental of warehouses and headquarter #	858	600	258	43.00
- Gain on disposal of subsidiary	-	(214)	214	(100.00)
- Directors' fee	206	34	172	505.88
- Contract staff pre & post listing	72	36	36	100.00
Profit Before Tax excluding MFRS 16 adjustments and non like-for-like income and expenses	15,925	16,433	(508)	(3.09)

Note

* Included loss from discontinued operation of RM 0.34 million for corresponding period 31 December 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 31 DECEMBER 2019

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	4,487	4,074
Right of use assets	25,075	-
Deferred tax assets	526	169
Deposits	2,673	-
	32,761	4,243
Current Assets		
Inventories	34,614	33,695
Trade receivables	1,202	1,455
Other receivables, deposits and prepaid expenses	1,990	5,571
Amount due from other related companies	-	46
Tax recoverable	93	526
Fixed deposits with licensed banks	25,762	739
Cash and bank balances	14,473	6,852
	78,134	48,884
TOTAL ASSETS	110,895	53,127
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	31,128	1,000
Reserves	44,824	37,747
TOTAL EQUITY	75,952	38,747
Non-current Liabilities		
Lease liabilities	18,581	-
Deferred tax liabilities	[^]	8
	18,581	8
Current Liabilities		
Lease liabilities	7,083	-
Trade payables	4,111	8,427
Other payables, accruals and provision	5,090	5,363
Amount due to other related companies	14	582
Tax liabilities	64	-
	16,316	14,372
TOTAL LIABILITIES	34,943	14,380
TOTAL EQUITY AND LIABILITIES	110,895	53,127
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	19.99	12.75
[^] Negligible		

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FYE 31 DECEMBER 2019

	←-----Attributable to owners of the Company-----→		
	←--Distributable Reserve--→		
	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	-	11,112	11,112
Dividends paid (28 June 2018)	-	(34,484)	(34,484)
Balance as at 31 December 2018	1,000	37,747	38,747
Balance as at 1 January 2019	1,000	37,747	38,747
Effect of adopting MFRS 16 (Note 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	-	9,410	9,410
Dividends (Note A8)	-	(1,900)	(1,900)
Balance as at 31 December 2019	31,128	44,824	75,952

Note:

The Condensed Consolidated Statement of Changes in Equity is unaudited and 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 CASH FLOWS
FOR THE FYE 31 DECEMBER 2019**

	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	13,465	15,451
Loss before tax from discontinued operation	-	(342)
Total profit before tax	13,465	15,109
Adjustments:		
Depreciation	2,610	2,574
Amortisation of right-of-use asset	7,813	-
Finance costs	839	16
Unrealised loss / (gain) on foreign exchange	59	(34)
Interest income	(562)	(208)
Allowance for doubtful debt no longer required	-	(3)
Gain on disposal of subsidiary	-	(214)
Property, plant and equipment written-off	8	1
Loss on disposal of property, plant and equipment	^	-
Inventories		
- Provision / (Reversal) for slow moving	56	(219)
- Written off	284	396
Operating profit before changes in working capital	24,572	17,418
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(1,259)	(6,382)
Trade receivables	252	477
Other receivables, deposits and prepaid expenses	410	(697)
Increase / (Decrease) in		
Trade payables	(4,386)	1,230
Other payables, accrued expenses and provision	(285)	(882)
Cash generated from operations	19,304	11,164
Income tax paid	(3,786)	(4,904)
Income tax refund	*	-
Net cash from operating activities	15,518	6,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,190)	(1,845)
Proceeds from disposal of property, plant and equipment	2	-
Interest received	562	208
Net cash outflow on disposal of a subsidiary company	-	(575)
Increase in amount due from other related companies	46	(47)
Net cash used in investing activities	(2,580)	(2,259)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FYE 31 DECEMBER 2019**

	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(7,966)	-
Interest paid	-	(3)
Proceeds from issuance of ordinary shares	32,680	-
Payment of share issuance expenses	(2,552)	-
Decrease in amount due to holding company	-	(77)
(Increase) / Decrease in amount due to other related companies	(572)	3
Fixed deposits pledged	-	(739)
Dividends paid	(1,900)	(12,000)
Drawdown of borrowing	-	126
Repayment of borrowing	-	(133)
Net cash from / (used in) financing activities	19,690	(12,823)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	32,628	(8,822)
Effect of exchange rate differences on the balance of cash held in foreign currencies	16	(22)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	6,852	15,696
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39,496	6,852
Cash and cash equivalents comprise:		
Fixed deposits	25,762	739
Cash and bank balances	14,473	6,852
	40,235	7,591
Less: Fixed deposits pledged with licensed banks	(739)	(739)
	39,496	6,852

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.

^ Negligible



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 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**”) and Amendments to MFRSs 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
FOURTH QUARTER ENDED 31 DECEMBER 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 recognised 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 condensed consolidated 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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2019

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 31 December 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 ("Listing") 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 31 December 2019	<u>380,000</u>	<u>31,128</u>

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
FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Retail	25,039	23,737	85,731	80,254
Distribution	3,705	4,820	15,642	17,433
Total	28,744	28,557	101,373	97,687

The major contributor to the revenue stream of the Group for FYE 31 December 2019 was from the Retail segment, recording sales totalling RM85.73 million which represents an increase in sales of approximately 6.82% as compared to the retail sales recorded in the previous financial year. The sales from the Retail segment accounted for approximately 84.57% of the total revenue for the FYE 31 December 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.

A13 Contingent liabilities or contingent assets

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



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2019

A14 Recurrent Related Party Transactions (“RRPT”)

Save as disclosed below, there was no other RRPT for the FYE 31 December 2019:

	12 months ended 31.12.2019 RM’000	12 months ended 31.12.2018 RM’000
Purchases	1,247	3,431
Sales	979	1,498
Rental payable*	1,200	600
E-Commerce management fees payable	249	234
Corporate management fees payable	564	1,101

** 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
FOURTH QUARTER ENDED 31 DECEMBER 2019**

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

	Individual Period (4 th Quarter)				Cumulative Period (12 Months)			
	Current Year Quarter 31 December 2019	Preceding Year Corresponding Quarter 31 December 2018	Variance		Current Year-to-date 31 December 2019	Preceding Year Corresponding Period 31 December 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	28,744	28,557	187	0.65	101,373	97,687	3,686	3.77
Gross Profit	14,211	14,591	(380)	(2.60)	51,950	51,187	763	1.49
Profit Before Tax	4,075	4,091	(16)	(0.39)	13,465	*15,109	(1,644)	(10.88)

Note

* Included loss from discontinued operation of RM 0.34 million for corresponding period 31 December 2018

During the current quarter ended 31 December 2019, the Group achieved revenue of RM28.74 million, which was consistent with the revenue recorded in the preceding year corresponding quarter. The Group had recorded a gross profit of RM14.21 million, which was consistent with the gross profit recorded in the previous quarter.

The Group's profit before tax for current quarter also remain consistent as compared to the preceding year corresponding quarter.

On a year on year basis, the Group's revenue increased by 3.77% or RM3.69 million to RM101.37 million compared to RM97.69 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 16% 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, as well as the opening of 2 new retail outlets in Sunway Velocity Mall on 1 August 2019 and Empire Shopping Gallery on 1 September 2019.

The profit before tax of RM13.47 million for the current FYE 31 December 2019 was lower than the preceding year corresponding period of RM15.11 million, representing a decrease of 10.88%. This decrease in profit before tax was mainly due to, amongst others, the impact of MFRS 16 accounting changes relating to leases (which had been effected on 1 January 2019), as well as the increase in operating expenses arising from our Listing.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2019

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

	Current Quarter 31 December 2019	Immediate Preceding Quarter 30 September 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	28,744	22,744	6,000	26.38
Gross Profit	14,211	11,995	2,216	18.47
Gross Profit Margin	49.44%	52.74%		
Profit Before Tax	4,075	2,714	1,361	50.15
Add back / (Deduct)				
MFRS 16 Impact				
- Lease rental	(2,131)	(2,011)	(120)	5.97
- Amortisation of right of use assets	2,707	1,756	951	54.16
- Lease interest expense	(564)	491	(1,055)	(214.87)
Profit Before Tax excluding MFRS 16 adjustments	4,087	2,950	1,137	38.54
Listing expenses	-	302	(302)	(100.00)
Profit Before Tax excluding MFRS 16 adjustments & Listing expenses	4,087	3,252	835	25.68

Revenue and profit before tax for the current quarter ended 31 December 2019 increased by 26.38% (RM6.0 million) and 50.15% (RM1.36 million) respectively compared to the immediate preceding quarter ended 30 September 2019. The increase was mainly due to higher sales, arising from year-end festive season promotions held during the current quarter 31 December 2019.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2019**

B3 Prospects

The Group is on track with its future plans for expansion of its retail and distribution network. 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 expects to further expand its retail network and plan to open a few new outlets within and outside Klang Valley in year 2020. The first Entertainer toy outlet is expected to be opened in Sunway Pyramid Shopping Mall in March 2020.

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

Based on the uncertain retail economy, the Board remain prudent of the Group's performance.

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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Current tax	1,288	1,121	4,277	3,761
Deferred tax	(75)	194	(222)	139
Total	1,213	1,315	4,055	3,900

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 mainly due to certain non-deductible expenses such as depreciation 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 FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	2,862	2,776	9,410	11,112
Weighted average number of ordinary shares in issue ('000)	380,000	304,000	340,855	304,000
Basic EPS (sen)	0.75	0.91	2.76	3.66

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 31 December 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
FOURTH QUARTER ENDED 31 DECEMBER 2019**

B12 Notes to the Statement of Comprehensive Income

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Provision / (reversal) for slow moving inventories	56	(219)
Inventories written-off	284	396
Auditors' remuneration	148	139
Depreciation		
- Continuing operations	2,610	2,325
- Discontinued operation	-	249
Amortization of right of use assets	7,813	-
(Gain) / Loss on foreign exchange:		
- Realised	(102)	(107)
- Unrealised	59	(34)
Interest income	(562)	(208)
Finance costs		
- Continuing operations	839	13
- Discontinued operation	-	3



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 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	418	-	Within 36 months
c. Revamp and upgrade our back-end IT infrastructure system and e-commerce platform	3,000	20	-	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	2,301	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	1,375	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	9,587	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 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 27 February 2020.

B15 Dividends declaration for the current year to date

KHJ Group recorded an unaudited profit after tax of RM9.41 million for the FYE 31 December 2019 ("FYE 2019 PAT"). Based on the dividend policy disclosed in the Prospectus of the Company dated 19 June 2019, the Board is required to declare at least 40% of the annual audited net profit attributable of the Company to the shareholders, which translate to approximately RM3.76 million based on FYE 2019 PAT.

Notwithstanding the dividend policy, the Board has declared a total dividend of RM5,700,000 in respect of the FYE 31 December 2019("Total Dividend"), comprising the following: -



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED 31 DECEMBER 2019

- a) The Board had previously on 26 August 2019 declared a first interim single tier tax-exempt dividend of 0.5 sen per ordinary share for the FYE 31 December 2019 which was paid on 11 October 2019.
- b) The Board had on 27 February 2020 declared a second interim single tier tax-exempt dividend in respect of the financial year ending 31 December 2019 of 1.0 sen per share on 380,000,000 ordinary shares amounting to RM3,800,000. The entitlement date will be on 12 March 2020 and payment date on 10 April 2020 (“**Second Interim Dividend**”).