



# Kim Hin Joo (Malaysia) Berhad

(co.no. 37655-U)

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

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

	3 months ended		6 months ended	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
<b>Continuing operations</b>				
Revenue	25,652	23,352	49,885	46,362
Cost of sales	(12,336)	(10,622)	(24,141)	(21,690)
Gross profit	13,316	12,730	25,744	24,672
Other operating income	136	400	327	618
Selling and marketing costs	(459)	(467)	(820)	(960)
#Administration and other operating expenses	(8,665)	(7,915)	(17,669)	(16,034)
*Finance cost	(473)	(7)	(906)	(7)
<b>Profit before tax</b>	3,855	4,741	6,676	8,289
Tax expense	(900)	(1,101)	(1,786)	(1,933)
<b>Profit from continuing operations</b>	2,955	3,640	4,890	6,356
<b>Discontinued operations</b>				
Loss from discontinued operations, net of tax	-	(178)	-	(438)
<b>Profit and total comprehensive income for the period</b>	2,955	3,462	4,890	5,918
<b>Basic earnings/(loss) per ordinary share (sen)</b>				
- from continuing operations	0.97	1.20	1.61	2.09
- from discontinued operations	-	(0.06)	-	(0.14)
Total basic earnings per share	0.97	1.14	1.61	1.95

# Included one-off listing expenses of RM398k (30.06.2018: RM80k)

\* Included lease interest expenses of RM899k (30.06.2018: RM Nil), upon adoption of MFRS 16 Leases effective 1 January 2019

### Note:

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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 JUNE 2019**

	<b>As at 30.6.2019 RM'000</b>	<b>As at 31.12.2018 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	4,030	4,074
Right of use assets	22,443	-
Deferred tax assets	388	169
	<b>26,861</b>	<b>4,243</b>
<b>Current Assets</b>		
Inventories	38,283	33,695
Trade receivables	1,764	1,455
Other receivables, deposits and prepaid expenses	7,281	5,571
Tax recoverable	-	526
Fixed deposits with licensed banks	739	739
Cash and bank balances	5,309	6,852
Amount due from other related companies	8	46
	<b>53,384</b>	<b>48,884</b>
<b>TOTAL ASSETS</b>	<b>80,245</b>	<b>53,127</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	1,000	1,000
Reserves	42,204	37,747
<b>TOTAL EQUITY</b>	<b>43,204</b>	<b>38,747</b>
<b>Non-current Liabilities</b>		
Lease liabilities	17,282	-
Deferred tax liabilities	-	8
	<b>17,282</b>	<b>8</b>
<b>Current Liabilities</b>		
Lease liabilities	5,995	-
Trade payables	8,465	8,427
Other payables, accruals and provision	4,961	5,363
Tax liabilities	338	-
Amount due to other related companies	-	582
	<b>19,759</b>	<b>14,372</b>
<b>TOTAL LIABILITIES</b>	<b>37,041</b>	<b>14,380</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>80,245</b>	<b>53,127</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	14.21	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 JUNE 2019**

	-----Attributable to owners of the Company-----		
	←Non-Distributable Reserve→	Distributable	
	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
<b>Balance as at 1 January 2018</b>	1,000	61,119	<b>62,119</b>
Total comprehensive income for the period	-	5,918	<b>5,918</b>
Dividends paid (28 June 2018)	-	(34,484)	<b>(34,484)</b>
<b>Balance as at 30 June 2018</b>	<b>1,000</b>	<b>32,553</b>	<b>33,553</b>
<b>Balance as at 1 January 2019</b>	1,000	37,747	<b>38,747</b>
Effect of adopting MFRS 16(A2)	-	(433)	<b>(433)</b>
<b>Balance as at 1 January 2019 (Restated)</b>	<b>1,000</b>	<b>37,314</b>	<b>38,314</b>
Total comprehensive income for the period	-	4,890	<b>4,890</b>
<b>Balance as at 30 June 2019</b>	<b>1,000</b>	<b>42,204</b>	<b>43,204</b>

**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 JUNE 2019**

	<b>6 Months Ended 30.6.2019 RM'000</b>	<b>6 Months Ended 30.6.2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	6,676	8,289
Loss before tax from discontinued operation	-	(342)
Total profit before tax	6,676	7,947
Adjustments:		
Depreciation	1,192	1,425
Amortization of right of use asset	3,301	-
Finance costs	906	10
Unrealised loss / (gain) on foreign exchange	10	28
Interest income	(53)	(165)
Allowance for doubtful debt no longer required	-	(3)
Gain on disposal of subsidiary	-	(214)
Inventories		
- (Reversal) / Allowance for slow moving	(26)	(264)
- Written off	62	234
Operating profit before changes in working capital	<b>12,068</b>	<b>8,997</b>
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(4,624)	(2,497)
Trade receivables	(309)	(52)
Other receivables, deposits and prepaid expenses	(1,704)	(92)
Increase / (Decrease) in		
Trade payables	23	(775)
Other payables, accrued expenses and provision	(471)	(1,228)
Cash generated from operations	4,983	4,353
Income tax paid	(1,013)	(1,307)
Net cash from operating activities	<b>3,970</b>	<b>3,046</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,198)	(527)
Interest received	53	165
Net cash outflow on disposal of a subsidiary company	-	(575)
(Increase) / Decrease in amount due from other related companies	39	(54)
Net cash used in investing activities	<b>(1,106)</b>	<b>(991)</b>



# Kim Hin Joo (Malaysia) Berhad

(co.no. 37655-U)

	<b>6 Months Ended 30.6.2019 RM'000</b>	<b>6 Months Ended 30.6.2018 RM'000</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(3,824)	-
Interest paid	-	(3)
Decrease in amount due to holding company	-	(77)
Decrease in amount due to other related companies	(582)	(584)
Dividends paid	-	(12,000)
Drawdown of borrowing	-	126
Repayment of borrowing	-	(133)
Net cash used in financing activities	<b>(4,406)</b>	<b>(12,671)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,542)</b>	<b>(10,616)</b>
Effect of exchange rate differences on the balance of cash held in foreign currencies	(1)	(36)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>6,852</b>	<b>15,696</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b><u>5,309</u></b>	<b><u>5,044</u></b>

**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  
SECOND QUARTER ENDED 30 JUNE 2019**

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**A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (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 MFRSs, 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  
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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:

	<b>As at 31.12.2018</b> <b>RM'000</b>	<b>Effect on adoption</b> <b>of MFRS 16</b> <b>RM'000</b>	<b>As at 01.01.2019</b> <b>RM'000</b>
<b>Non-current Assets</b>			
Right of use assets	-	23,232	23,232
Deferred tax assets	169	129	298
Deferred tax liabilities	(8)	8	-
<b>Equity</b>			
Retained earnings	37,747	(433)	37,314
<b>Non-current Liabilities</b>			
Lease liabilities	-	17,997	17,997
<b>Current Liabilities</b>			
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 June 2019.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2019**

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**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**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

**A8 Dividends Paid**

There was no dividend paid for the current quarter.

**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		6 months ended	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Retail	21,508	19,795	42,142	38,678
Distribution	4,144	3,557	7,743	7,684
<b>Total</b>	<b>25,652</b>	<b>23,352</b>	<b>49,885</b>	<b>46,362</b>

The major contributor to the revenue stream of the Group was from the Retail segment, recording sales totalling RM42.14 million and accounted for 84.48% of the total revenue for the 6 months FPE 30 June 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**

Save as disclosed below, there are no material events subsequent to the end of the current financial quarter under review:-

- (i) the listing of and quotation for the Company's enlarged issued share capital of RM163,400,000 comprising 380,000,000 shares at IPO price of RM0.43 each on the ACE Market of Bursa Securities, which was completed on 8<sup>th</sup> July 2019.

**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  
SECOND QUARTER ENDED 30 JUNE 2019**

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**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 current financial periods under review:

	<b>6 months ended 30.6.2019 RM'000</b>	<b>6 months ended 30.6.2018 RM'000</b>
Purchases	500	729
Sales	568	536
Rental payable	600	-
E-Commerce management fees payable	125	100
Corporate management fees payable	236	376



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2019**

**B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B1 Review of Performance**

	Individual Period (2 <sup>nd</sup> Quarter)				Cumulative Period (6 Months)			
	Current Year Quarter 30 June 2019	Preceding Year Corresponding Quarter 30 June 2018	Variance		Current Year-to- date 30 June 2019	Preceding Year Corresponding Period 30 June 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	25,652	23,352	2,300	9.85	49,885	46,362	3,523	7.60
Gross Profit	13,316	12,730	586	4.60	25,744	24,672	1,072	4.35
Profit Before Tax	3,855	*4,600	(745)	(16.20)	6,676	*7,947	(1,271)	(15.99)

*Note*

\* Included loss from discontinued operation of RM 0.14 million for second quarter year 2018 and of RM 0.34 million for corresponding period year 2018

The Group grew its revenue by 9.85% (RM2.30 million) quarter on quarter and 7.60% (RM3.52 million) year on year respectively. The growth in revenue was mainly attributable to the expansion of the retail network of the Group, where:-

- (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 had led to the outlet recording a sales growth of 22% in the current quarter under review; and
- (ii) the opening of the Johor flagship retail outlet at Mid Valley Southkey Megamall in Johor Bahru on 23<sup>rd</sup> April 2019.

During the current quarter under review, the revenue of the Group's distribution business also grew by 16.50% (RM0.59 million) as compared to the preceding year corresponding quarter.

Although the revenue of the Group grew in the current quarter under review, the profit before tax of RM3.86 million for the current quarter was lower than the immediate preceding quarter of RM4.60 million. In addition, the profit before tax of RM6.68 million for the current financial period to-date was also lower than the preceding year corresponding period of RM7.95 million. This slight decrease in PBT was mainly due to, amongst others, the one-off listing expenses and the impact of MFRS 16 accounting changes relating to lease (which had only come into effect 1 January 2019 onwards).



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2019**

	Cumulative Period			
	Current Financial Period To-date 30 June 2019	Preceding Year Corresponding Period 30 June 2018	Variance	
	RM'000	RM'000	RM'000	%
Profit Before Tax	6,676	7,947	(1,271)	(15.99)
Add back / (Deduct) MFRS 16 Impact				
- Lease rental	(3,824)	-	(3,824)	-
- Amortization of right of use assets	3,301	-	3,301	-
- Lease interest expense	899	-	899	-
Profit Before Tax exclude MFRS 16 adjustments	7,052	7,947	(895)	(11.26)
Non like-for-like income and expenses				
- Listing Expenses	398	80	318	397.50
- Increase of rental of warehouses and headquarter	258	-	258	-
- Gain on disposal of subsidiary	-	(214)	214	(100.00)
- Directors' fee & contract staff pre & post IPO	134	4	130	3,250.00
Profit Before Tax exclude MFRS 16 adjustments & Listing expenses	7,842	7,817	25	0.32

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 of RM7.84 million remain consistent with the preceding year corresponding period.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2019**

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

	Current Quarter 30 June 2019	Immediate Preceding Quarter 31 Mar 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	25,652	24,233	1,419	5.86
Gross Profit	13,316	12,428	888	7.15
Gross Profit Margin	51.91%	51.29%		
Profit Before Tax	3,855	2,821	1,034	36.65
<b>Add back / (Deduct)</b>				
MFRS 16 Impact				
- Lease rental	(1,879)	(1,945)	66	(3.39)
- Amortization of right of use assets	1,701	1,600	101	6.31
- Lease interest expense	469	430	39	9.07
Profit Before Tax exclude MFRS 16 adjustments	4,146	2,906	1,240	42.67
Listing Expenses	(90)	488	(578)	(118.44)
Profit Before Tax exclude MFRS 16 adjustments & Listing expenses	4,056	3,394	662	19.51

Revenue and profit before tax for the current quarter grew by 5.86% (RM1.42 million) and 36.65% (RM1.03 million) respectively compared to the immediate preceding quarter. This was mainly attributable to revenue contribution from Baby Expo, the newly opened Johor flagship retail outlet at Mid Valley Southkey Megamall in Johor Bahru as well as the increase in sales from the distribution segment in the current quarter under review.

After adjusting for the adoption of MFRS 16 (which had only come into effect 1 January 2019 onwards) and the one-off listing expenses, the Group could have potentially recorded a higher profit before tax for the current quarter of RM4.06 million or an increase of 19.51% compared to the immediate preceding quarter given the growth in revenue and gross profit in the current quarter.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 2019**

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**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 23rd April 2019, Sunway Velocity Mall on 1st August 2019 and Empire Shopping Gallery to be opened on 1st September 2019.

The Group has finalised the development agreement with The Entertainer UK. The Entertainer UK has submitted that agreement for approval to the Registrar of Franchise.

Barring any unforeseen circumstances, the Board is of the opinion that the prospects of the Group’s financial performance will see a stronger second half for the financial year ending 31st December 2019.

**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**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Current tax	970	1,156	1,876	1,988
Deferred tax	(70)	(55)	(90)	(55)
<b>Total</b>	<b>900</b>	<b>1,101</b>	<b>1,786</b>	<b>1,933</b>

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  
SECOND QUARTER ENDED 30 JUNE 2019**

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**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”)**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
<b>BASIC EPS</b>				
Profit attributable to owners of the Company (RM'000)	2,955	3,462	4,890	5,918
Weighted average number of ordinary shares in issue ('000)	304,000	304,000	304,000	304,000
Basic EPS (sen)	0.97	1.14	1.61	1.95

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  
SECOND QUARTER ENDED 30 JUNE 2019**

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**B12 Notes to the Statement of Comprehensive Income**

	<b>As at 30.6.2019 RM'000</b>	<b>As at 30.6.2018 RM'000</b>
Reversal for slow moving inventories	(26)	(264)
Inventories written-off	62	234
Auditors' remuneration	49	96
Depreciation		
- Continuing operations	1,192	1,176
- Discontinued operation	-	249
Amortization of right of use assets	3,301	-
(Gain) / Loss on foreign exchange:		
- Realised	(24)	(61)
- Unrealised	10	28
Interest income	(53)	(165)
Finance costs		
- Continuing operations	906	7
- Discontinued operation	-	3

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER ENDED 30 JUNE 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	-	-	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	-	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	-	-	Within 24 months
3. Estimated listing expenses	3,800	2,532	-	Within 3 months
	32,680	2,532	-	

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

For the current quarter under review, save for approximately RM2.5 million which has been utilised to defray the listing expenses incurred, there is no other utilisation of IPO proceeds.

**B14 Authorisation for issue**

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 26th August 2019.

**B15 Proposed Dividend**

The Board had on 26th 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 share on 380,000,000 ordinary shares amounting to RM1,900,000. The entitlement date will be on 12th September 2019 and payment date on 11th October 2019.