



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 2023.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FPE 30 SEPTEMBER 2023

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	23,026	24,310	71,307	75,552
Cost of sales	(12,458)	(12,181)	(38,434)	(38,388)
Gross profit	10,568	12,129	32,873	37,164
Other operating income	437	274	1,122	835
Selling and marketing costs	(724)	(814)	(2,007)	(1,858)
Administration and other operating expenses	(9,978)	(10,053)	(30,950)	(29,763)
Finance cost	(197)	(206)	(589)	(620)
Profit before tax	106	1,330	449	5,758
Tax expense	(67)	(272)	(129)	(1,448)
Profit and total comprehensive income for the period	39	1,058	320	4,310
Basic earnings per ordinary share (sen)	0.01	0.28	0.08	1.13

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Plant and equipment	5,655	8,376
Right-of-use assets	17,482	20,114
Deferred tax assets	216	250
Refundable deposits	2,978	2,934
	26,331	31,674
Current Assets		
Inventories	53,371	61,746
Trade receivables	1,492	1,803
Other receivables, deposits and prepaid expenses	2,257	3,023
Amount due from other related company	37	-
Tax recoverable	1,394	367
Short-term investments	2,021	1,971
Fixed deposits with licensed banks	5,076	7,411
Cash and bank balances	10,350	11,666
	75,998	87,987
TOTAL ASSETS	102,329	119,661



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	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
Equity attributable to owners of the parent		
Share capital	31,128	31,128
Retained earnings	46,251	48,211
TOTAL EQUITY	77,379	79,339
Non-Current Liabilities		
Lease liabilities	7,214	13,626
	7,214	13,626
Current Liabilities		
Trade payables	2,731	11,596
Other payables, accrued expenses and provision	3,876	8,011
Amount due to other related company	256	^
Lease liabilities	10,873	7,089
	17,736	26,696
TOTAL LIABILITIES	24,950	40,322
TOTAL EQUITY AND LIABILITIES	102,329	119,661
Net assets per ordinary share attributable to ordinary equity holders of the Company (sen)	20.36	20.88

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FPE 30 SEPTEMBER 2023

← Attributable to owners of the Company →

	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
Balance as at 1 January 2022	31,128	47,174	78,302
Total comprehensive income for the year	-	4,310	4,310
Dividend paid (12 April 2022)	-	(3,800)	(3,800)
Balance as at 30 September 2022	31,128	47,684	78,812
Balance as at 1 January 2023	31,128	48,211	79,339
Total comprehensive income for the year	-	320	320
Dividend paid (18 August 2023)	-	(2,280)	(2,280)
Balance as at 30 September 2023	31,128	46,251	77,379

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 30 SEPTEMBER 2023**

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Profit before tax	449	5,758
Adjustments:		
Amortisation of right-of-use asset	5,528	5,531
Depreciation for plant and equipment	3,219	2,748
Fair value gain from short-term investment	(51)	(26)
Finance costs:		
- Unwinding of interest expense of provision for restoration cost	14	8
- Lease interest expense	575	612
Fit out contribution	(125)	(125)
Gain on disposal of plant and equipment	(34)	(5)
Loss on termination of MFRS 16	22	-
Interest income	(226)	(208)
Inventories		
- Reversal of write-down	(88)	-
- Written off	6	65
Unrealised loss on foreign exchange	97	29
Unwinding of interest income – refundable deposit	(50)	(104)
Operating profit before changes in working capital	9,336	14,283
Changes in working capital:		
(Increase)/Decrease in		
Inventories	8,457	(4,672)
Trade receivables	311	(336)
Other receivables, deposits and prepaid expenses	758	1,617
Amount due from other related company	(37)	3
Increase/(Decrease) in		
Trade payables	(8,952)	(2,716)
Other payables, accrued expenses and provision	(4,024)	(1,398)
Amount due to other related company	256	(273)
Cash generated used in operations	6,105	6,508
Income tax paid	(1,122)	(1,411)
Net cash from operating activities	4,983	5,097
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(498)	(3,842)
Interest received	226	208
Proceed from disposal of plant and equipment	34	5
Net cash used in investing activities	(238)	(3,629)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 30 SEPTEMBER 2023**

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of lease liabilities	(5,541)	(5,341)
Interest paid	(575)	(612)
Dividend paid	(2,280)	(3,800)
Net cash used in financing activities	(8,396)	(9,753)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,651)	(8,285)
Effect of exchange rate differences on the balance of cash held in foreign currencies	^	^
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,110	24,533
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	14,459	16,248
Cash and cash equivalents comprise:		
Fixed deposits	5,076	7,375
Cash and bank balances	10,350	9,561
	15,426	16,936
Less: Fixed deposits pledged with licensed banks	(967)	(688)
	14,459	16,248

^ Negligible

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023**

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.

The unaudited condensed consolidated interim financial statements should be read in conjunction with audited financial statements for the financial year ended (“FYE”) 31 December 2022 and the accompanying explanatory notes therein. The explanatory notes attached to these unaudited 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 FYE 31 December 2022.

A2 Significant Accounting Policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the FYE 31 December 2022, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2023:

Amendments/Improvements to MFRS

Amendments to MFRS 4	<i>Extension of the Temporary Exemption From Applying MFRS 9</i>
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to MFRS 108	<i>Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to MFRS 112	<i>International Tax Reform — Pillar Two Model Rule</i>

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****New Standards and amendments to MFRSs in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to MFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to MFRS 101	<i>Non-current Liabilities with Covenants¹</i>
Amendments to MFRS 107 and MFRS 7	<i>Supplier Finance Arrangements¹</i>
Amendments to MFRS 121	<i>Lack of Exchangeability²</i>

¹ Effective immediately for annual periods beginning before 1 January 2024 with earlier application permitted.

² Effective immediately for annual periods beginning before 1 January 2025 with earlier application permitted.

³ Effective date deferred to a date to be determined and announced by MASB.

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

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 2022 was not subject to any qualification.

A4 Seasonality

The Group's business operations are generally dependent on the Malaysia's economy, consumer confidence and Government restrictions and policies on retail operations, as well as major festive seasons sales 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 of the Group during the current financial quarter under review.

A6 Changes in Estimates

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****A7 Changes in Debt and Equity Securities**

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

A8 Dividends Paid

A final dividend of 0.6 sen per ordinary share amounting to RM2,280,000 in respect of the financial year ended 31 December 2022 has been approved by shareholders at the Forty-Second Annual General Meeting held on 30 May 2023, which was paid on 18 August 2023.

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Retail	20,141	20,606	63,175	63,987
Distribution	2,885	3,704	8,132	11,565
Total	23,026	24,310	71,307	75,552

The major contributor to the revenue stream of the Group was from the retail segment, which constituted 88.60% of the Group's total revenue for FPE 30 September 2023, recording sales totalling RM63.18 million. This represents a decrease of approximately 1.27% compared to RM63.99 million recorded in the previous FPE 30 September 2022.

Meanwhile, the Distribution segment revenue recording a decrease of 29.68% in revenue from RM11.57 million in the FPE 30 September 2022 to RM8.13 million in the FPE 30 September 2023.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****A10 Valuation of Plant and Equipment**

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

A11 Material Subsequent Event

There were no significant events since the end of this current quarter up to the date of this announcement.

A12 Changes in the Composition of the Group

Effective from 1 August 2023, Global Retail Network Sdn Bhd, a wholly owned subsidiary has ceased operation and become dormant.

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 FPE 30 September 2023:

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Purchases	390	2,605
Sales	489	15
Rental payable	720	720
E-Commerce management fees payable	134	153
Corporate management fees payable	162	150
Management service routine fees	61	-

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****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 2023	Preceding Year Corresponding Quarter 30 September 2022	Variance		Current Year-to-date 30 September 2023	Preceding Year Corresponding Period 30 September 2022	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	23,026	24,310	(1,284)	(5.28)	71,307	75,552	(4,245)	(5.62)
Gross Profit	10,568	12,129	(1,561)	(12.87)	32,873	37,164	(4,291)	(11.55)
Profit Before Tax	106	1,330	(1,224)	(92.03)	449	5,758	(5,309)	(92.20)

Current quarter ("Q3 2023) against preceding corresponding quarter ("Q3 2022")

The Group registered a revenue of RM23.03 million for the current quarter as compared to a revenue of RM24.31 million recorded in the previous year's corresponding quarter. The decrease in revenue was primarily attributed to lower sales volume in both retail and distribution segments. As a result, the Group recorded a profit before tax ("PBT") of RM0.11 million in Q3 2023, representing a decrease of RM1.22 million as compared to PBT of RM1.33 million in Q3 2022.

Current year to date ended 30 September 2023 ("Q2 2023) against preceding year corresponding period dated 30 September 2022 ("Q2 2022")

For the FPE 30 September 2023, the Group registered a revenue of RM71.31 million as compared to a revenue of RM75.55 million recorded in FPE 30 September 2022, representing a decrease of RM4.25 million or 5.62%.

The Group recorded a lower profit before tax of RM0.45 million as compared to RM5.76 million in FPE 30 September 2022. The lower profit before tax was mainly due to lower sales and lower gross profit margin, in addition to higher administration and other operating expenses.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****B2 Comment on material change in profit before taxation for current quarter compared with the immediately preceding quarter**

	Current Quarter 30 September 2023	Immediate Preceding Quarter 30 June 2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	23,026	22,861	165	0.72%
Gross Profit	10,568	10,584	(16)	(0.15%)
Gross Profit Margin	45.90%	46.30%		
Profit Before Tax	106	62	44	70.97%

For the current quarter under review, the Group registered revenue of RM23.03 million and PBT of RM0.11 million as compared to the revenue of RM22.86 million and PBT of RM0.06 million reported in the preceding quarter. The slight increase in revenue of 0.72% was attributed to higher sales generated from the Retail segment.

In line with the increase in revenue in the current quarter, the Group recorded an increase in PBT of RM0.05 million, from RM0.06 million in the preceding quarter to RM0.11 million in the current quarter.

B3 Prospects

The Group will focus on improving our revenue and generating cash flow through inventory reduction.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023**

B4 Variance between Actual Profit and Forecast Profit

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

B5 Taxation

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current tax	45	278	95	1,461
Deferred tax	22	(6)	34	(13)
Total	67	272	129	1,448

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

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 2023****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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	39	1,058	320	4,310
Weighted average number of ordinary shares in issue ('000)	380,000	380,000	380,000	380,000
Basic EPS (sen)	0.01	0.28	0.08	1.13

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 2023.

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 2023****B12 Notes to the Statement of Comprehensive Income**

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
The following items have been charged / (credited) in arriving profit from operations:				
Auditors' remuneration	59	55	176	165
Amortisation of right-of-use assets	1,820	1,823	5,528	5,531
Depreciation for plant and equipment	988	928	3,219	2,748
Fair value gain from short-term investment	(17)	(26)	(51)	(26)
Finance costs:				
Unwinding of interest expense of provision for restoration cost	4	2	14	8
Lease interest expense	193	204	575	612
Fit out contribution	(42)	(42)	(125)	(125)
Gain on disposal of plant and equipment	-	-	(34)	(5)
Loss on termination of MFRS 16	22	-	22	-
Loss /(Gain) on foreign exchange:				
- Realised	(310)	(26)	(176)	(45)
- Unrealised	(8)	(13)	97	29
Government grant on wage subsidy	-	(4)	-	(76)
Interest income	(73)	(66)	(226)	(208)
Written off / Reversal of inventories written-off	30	(25)	6	65
Rent concessions	(3)	(18)	(9)	(51)
Unwinding of interest income – refundable deposit	(16)	(32)	(50)	(104)
Write down / (Reversal) of inventories	10	(60)	(88)	-

^ Negligible

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2023****B13 Utilisation of Proceeds Raised from Public Issue**

The gross proceeds arising from the Public Issue amounting to RM32.68 million is fully utilised in the following manner:

Details of use of proceeds	Proposed Utilisation (after the Proposed Variation)	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	7,000	7,000	-	Within 36 months
b. Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	5,000	-	Within 36 months
c. Revamp and upgrade our back-end IT infrastructure system and e-commerce platform*	3,000	3,000	-	Within 36 months
d. Expansion or relocation of our existing outlets	2,000	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	7,880	7,880	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	4,000	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	32,680	-	

Note:

* The balance of the proceeds for revamping and upgrading IT infrastructure of RM0.9 million have been allocated for working capital as permitted and disclosed in Section 3.4.1(c) of the Prospectus dated 19 June 2019.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 June 2019, as well as the Proposed Variation of the proceeds arising from Public Issue which was approved by the Board of Directors and announced on 1st October 2021.

B14 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 24 November 2023.