



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

Wisma Pang Cheng Year, 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 first quarter and financial period ended (“FPE”) 31 March 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FPE 31 MARCH 2020

	3 months ended		3 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	19,620	24,233	19,620	24,233
Cost of sales	(9,894)	(11,805)	(9,894)	(11,805)
Gross profit	9,726	12,428	9,726	12,428
Other operating income	415	191	415	191
Selling and marketing costs	(424)	(361)	(424)	(361)
Administration and other operating expenses	(7,537)	(9,004)	(7,537)	(9,004)
Finance cost	(311)	(433)	(311)	(433)
Profit before tax	1,869	2,821	1,869	2,821
Tax expense	(587)	(886)	(587)	(886)
Profit and total comprehensive income for the period	1,282	1,935	1,282	1,935
Basic earnings/(loss) per ordinary share (sen)	0.34	0.64	0.34	0.64

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 2019 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	As at 31.3.2020 RM'000	As at 31.12.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4,241	4,487
Right of use assets	23,275	25,060
Deferred tax assets	414	549
Refundable deposits	2,761	2,725
	30,691	32,821
Current Assets		
Inventories	39,538	34,611
Trade receivables	1,124	1,203
Other receivables, deposits and prepaid expenses	3,885	1,954
Amount due from other related companies	45	-
Tax recoverable	298	93
Short-term investment	4,500	-
Fixed deposits with licensed banks	16,984	25,762
Cash and bank balances	14,450	14,473
	80,824	78,096
TOTAL ASSETS	111,515	110,917



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	As at 31.3.2020 RM'000	As at 31.12.2019 RM'000 (Audited)
Equity attributable to owners of the parent		
Share capital	31,128	31,128
Reserves	46,116	44,834
TOTAL EQUITY	77,244	75,962
Non-Current Liabilities		
Lease liabilities	16,877	18,581
Deferred tax liabilities	-	^
	16,877	18,581
Current Liabilities		
Trade payables	4,780	4,111
Other payables, accrued expenses and provision	5,046	5,090
Amount due to ultimate holding company	48	-
Amount due to other related companies	277	30
Lease liabilities	7,097	7,083
Tax liabilities	146	60
	17,394	16,374
TOTAL LIABILITIES	34,271	34,955
TOTAL EQUITY AND LIABILITIES	111,515	110,917
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	20.33	19.99

^ Negligible

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 2019 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 31 MARCH 2020

	←-----Attributable to owners of the Company-----→		
	←--Distributable Reserve--→		
	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
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
Total comprehensive income for the period	-	1,935	1,935
Balance as at 31 March 2019	1,000	39,249	40,249
Balance as at 1 January 2020	31,128	44,834	75,962
Total comprehensive income for the period	-	1,282	1,282
Balance as at 31 March 2020	31,128	46,116	77,244

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 2019 and the accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 31 MARCH 2020**

	3 Months Ended 31.03.2020 RM'000	3 Months Ended 31.03.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,869	2,821
Adjustments:		
Depreciation for property, plant and equipment	680	551
Amortisation of right-of-use asset	1,979	1,600
Lease interest expense	308	430
Finance costs on unwinding of interest expense of provision for restoration cost	3	3
Unwinding of interest income – refundable deposit	(35)	-
Inventories		
- Provision / (Reversal) for slow moving	-	(25)
- Written off	(5)	51
Unrealised loss / (gain) on foreign exchange	(31)	51
Gain on modification / termination of MFRS 16	(84)	-
Interest income	(231)	(25)
Operating profit before changes in working capital	4,453	5,457
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(4,921)	(3,353)
Trade receivables	78	(744)
Other receivables, deposits and prepaid expenses	(1,930)	(200)
Increase / (Decrease) in		
Trade payables	691	(1,935)
Other payables, accrued expenses and provision	(47)	24
Cash generated from operations	(1,676)	(751)
Income tax paid	(573)	(209)
Income tax refund		-
Net cash used in operating activities	(2,249)	(960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(435)	(177)
Interest received	231	25
Increase in amount due from other related companies	-	46
Net cash used in investing activities	(204)	(106)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FPE 31 MARCH 2020**

	3 Months Ended 31.03.2020 RM'000	3 Months Ended 31.03.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(2,108)	(1,945)
Increase in amount due to ultimate holding company	49	-
Increase / (Decrease) in amount due to other related companies	215	(586)
Net cash used in financing activities	(1,844)	(2,531)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,297)	(3,597)
Effect of exchange rate differences on the balance of cash held in foreign currencies	(4)	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	39,496	6,851
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	35,195	3,262
Cash and cash equivalents comprise:		
Short-term investment	4,500	-
Fixed deposits	16,984	739
Cash and bank balances	14,450	3,262
	35,934	4,001
Less: Fixed deposits pledged with licensed banks	(739)	(739)
	35,195	3,262

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 2019 and the accompanying explanatory notes attached to the interim financial statements.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020**

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 2019 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 2019.

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 2019, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 101 MFRSs	Classification of Liabilities as Current or Non-current Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above standards, interpretation or amendments are not expected to have any material impact to the financial statements of the Group.

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 2019 was not subject to any qualification.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020

A4 Seasonality

The Group's operations are primarily in the retail sector and may hence 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

Except for the Novel Coronavirus 2019 ("COVID-19") pandemic and the subsequent implementation of Movement Control Order ("MCO") announced on 16 March 2020, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter 31 March 2020. The temporary closure of all our retail outlets from 18 March 2020 to 4 May 2020 (as required under the MCO) had materially affected the operations and financial performance of the Group. In particular, the revenue of the Group was affected by the temporary closure of the retail outlet operations as the Group was only able to solely rely on its existing online platform to conduct sales.

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 or repayments of debt and equity securities during the current financial quarter.

A8 Dividends Paid

The Board of Directors of the Company ("**Board**") had previously 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 ordinary share amounting to RM3,800,000 which was paid on 10 April 2020.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020

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		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Retail	16,350	20,634	16,350	20,634
Distribution	3,270	3,599	3,270	3,599
Total	19,620	24,233	19,620	24,233

The major contributor to the revenue stream of the Group for FPE 31 March 2020 was from the retail segment, recording sales totalling RM16.35 million (representing a decrease in sales of approximately 20.76% as compared to the retail sales recorded in the previous financial period). The decrease was mainly due to the adverse impact from COVID-19 outbreak, the temporary closure of the retail outlet operations from 18 March 2020 to 31 March 2020 and the delay in goods received due to the China lockdown. The sales from the retail segment accounted for approximately 83.33% of the total revenue for the FPE 31 March 2020.

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 period under review except for the temporary closure of the Group's retail outlets for the period from 18 March 2020 to 4 May 2020 in compliance with the MCO.

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
FIRST QUARTER ENDED 31 MARCH 2020**

A14 Recurrent Related Party Transactions (“RRPT”)

Save as disclosed below, there was no other RRPT for the FPE 31 March 2020:

	3 months ended 31.03.2020 RM’000	3 months ended 31.03.2019 RM’000
Purchases	535	339
Sales	178	211
Rental payable*#	255	300
E-Commerce management fees payable	62	62
Corporate management fees payable	49	175

** 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.*

The Group had received a rent rebate from Cheng Yean for the period from 18 March 2020 to 30 April 2020



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

	Individual Period (1 st Quarter)				Cumulative Period (3 Months)			
	Current Year Quarter 31 March 2020	Preceding Year Corresponding Quarter 31 March 2019	Variance		Current Year-to-date 31 March 2020	Preceding Year Corresponding Period 31 March 2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	19,620	24,233	(4,613)	(19.04)	19,620	24,233	(4,613)	(19.04)
Gross Profit	9,726	12,428	(2,702)	(21.74)	9,726	12,428	(2,702)	(21.74)
Profit Before Tax	1,869	2,821	(952)	(33.75)	1,869	2,821	(952)	(33.75)

During the current quarter ended 31 March 2020, the Group recorded a total revenue of RM19.62 million, representing a decrease of 19.04% or RM4.61 million compared to the revenue recorded in the preceding year corresponding quarter. This was mainly due to the adverse impact from COVID-19 outbreak, the temporary closure of the retail outlet operations from 18 March 2020 to 31 March 2020 and the delay in goods received due to the China lockdown.

As a result, the profit before tax of RM1.87 million for the current financial period ended 31 March 2020 was lower than the preceding year corresponding period of RM2.82 million, representing a decrease of 33.75%.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020**

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

	Current Quarter 31 March 2020	Immediate Preceding Quarter 31 December 2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	19,620	28,744	(9,124)	(31.74)
Gross Profit	9,726	14,211	(4,485)	(31.56)
Gross Profit Margin	49.57%	49.44%		
Profit Before Tax	1,869	4,059	(2,190)	(53.95)

Revenue and profit before tax for the current quarter ended 31 March 2020 decreased by 31.74% (RM9.12 million) and 53.95% (RM2.19 million) respectively compared to the immediate preceding quarter ended 31 December 2019. The decrease was mainly due to the drop in revenue mainly resulting from the temporary closure of the Group's retail outlets for the period from 18 March 2020 to 4 May 2020.

B3 Prospects

For 2020, the global economic outlook is greatly influenced by the Covid-19 pandemic. Implementation of the MCO and its subsequent closure of retail outlets have affected our operations and is impacting the financial performance of the Group.

We expect it will take some time for consumer sentiment to recover from the effects of the Covid-19. To mitigate this, the Group is focused on enhancing cash flows, containing cost, improving productivity and revenue.

The Group has diversified into the toy sector with the opening of our first The Entertainer toy store in Sunway Pyramid Shopping Mall on 19 June 2020.

Supported by accommodative macro policies that include the Malaysian government's economic stimulus package, we are cautiously optimistic to see growth recover in the last quarter of 2020. We believe that KHJ, being one of the most reputable and established retail companies in the country, will benefit from the anticipated increase in birth rate.

B4 Variance between Actual Profit and Forecast Profit

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



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020

B5 Taxation

	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	453	906	453	906
Deferred tax	134	(20)	134	(20)
Total	587	886	587	886

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.

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.

B8 Status of Corporate Proposals

There is no corporate proposal announced as at the date of this report, other than the proposed establishment of an employees' share option scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time.

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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020

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		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	1,282	1,935	1,282	1,935
Weighted average number of ordinary shares in issue ('000)	380,000	304,000	380,000	304,000
Basic EPS (sen)	0.34	0.64	0.34	0.64

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 March 2020.

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
FIRST QUARTER ENDED 31 MARCH 2020**

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.03.2020 RM'000	Year-to-date ended 31.03.2020 RM'000
The following items have been charged / (credited) in arriving profit from operations:		
Provision / (reversal) for slow moving inventories	-	-
Inventories written-off	5	5
Auditors' remuneration	48	48
Depreciation for property, plant and equipment	680	680
Amortization of right-of-use assets	1,979	1,979
(Gain) / Loss on foreign exchange:		
- Realised	(16)	(16)
- Unrealised	(31)	(31)
Interest income	(231)	(231)
Gain on modification / termination of MFRS 16	(84)	(84)
Lease interest expense	308	308
Finance costs on unwinding of interest expense of provision for restoration cost	3	3
Unwinding of interest income – refundable deposit	(35)	(35)



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2020**

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	1,774	-	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	4,880	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	2,689	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	14,836	-	

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 30 June 2020.