



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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND FPE  
30 SEPTEMBER 2020**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	24,186	22,744	60,769	72,629
Cost of sales	(12,033)	(10,749)	(30,918)	(34,890)
Gross profit	12,153	11,995	29,851	37,739
Other operating income	670	428	1,390	755
Selling and marketing costs	(354)	(387)	(1,079)	(1,207)
Administration and other operating expenses	(8,730)	(8,826)	(23,247)	(26,495)
Finance cost	(281)	(496)	(894)	(1,402)
<b>Profit before tax</b>	3,458	2,714	6,021	9,390
Tax expense	(811)	(1,056)	(1,624)	(2,842)
<b>Profit and total comprehensive income for the period</b>	2,647	1,658	4,397	6,548
<b>Basic earnings/(loss) per ordinary share (sen)</b>	0.70	0.44	1.16	2.00

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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

	<b>As at 30.09.2020 RM'000</b>	<b>As at 31.12.2019 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	4,766	4,487
Right of use assets	21,353	25,060
Deferred tax assets	449	549
Refundable deposits	2,752	2,725
	<b>29,320</b>	<b>32,821</b>
<b>Current Assets</b>		
Inventories	39,709	34,611
Trade receivables	1,159	1,203
Other receivables, deposits and prepaid expenses	4,613	1,954
Amount due from other related companies	4	-
Tax recoverable	576	93
Short-term investment	1,845	-
Fixed deposits with licensed banks	17,252	25,762
Cash and bank balances	12,374	14,473
	<b>77,532</b>	<b>78,096</b>
<b>TOTAL ASSETS</b>	<b>106,852</b>	<b>110,917</b>



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

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	<b>As at 30.09.2020 RM'000</b>	<b>As at 31.12.2019 RM'000 (Audited)</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	31,128	31,128
Reserves	45,431	44,834
<b>TOTAL EQUITY</b>	<b>76,559</b>	<b>75,962</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	15,084	18,581
Deferred tax liabilities	-	<sup>^</sup>
	15,084	18,581
<b>Current Liabilities</b>		
Trade payables	2,713	4,111
Other payables, accrued expenses and provision	5,051	5,090
Amount due to other related companies	48	30
Lease liabilities	7,039	7,083
Tax liabilities	358	60
	15,209	16,374
<b>TOTAL LIABILITIES</b>	<b>30,293</b>	<b>34,955</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106,852</b>	<b>110,917</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	20.15	19.99

<sup>^</sup> *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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FPE 30 SEPTEMBER 2020**

←-----Attributable to owners of the Company-----→

←--Distributable Reserve--→

	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
<b>Balance as at 1 January 2019</b>	1,000	37,747	<b>38,747</b>
Effect of adopting MFRS 16 (Note A2)	-	(433)	<b>(433)</b>
<b>Balance as at 1 January 2019 (Restated)</b>	1,000	37,314	<b>38,314</b>
Contributions by owners of the Company:			
- Issuance of shares	32,680	-	<b>32,680</b>
- Share issuance expenses	(2,552)	-	<b>(2,552)</b>
Total comprehensive for the period	-	6,548	<b>6,548</b>
Dividend declared	-	(1,900)	<b>(1,900)</b>
<b>Balance as at 30 September 2019</b>	31,128	41,962	<b>73,090</b>
<b>Balance as at 1 January 2020</b>	31,128	44,834	<b>75,962</b>
Total comprehensive income for the period	-	4,397	<b>4,397</b>
Dividends paid (10 April 2020)	-	(3,800)	<b>(3,800)</b>
<b>Balance as at 30 September 2020</b>	31,128	45,431	<b>76,559</b>

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 30 SEPTEMBER 2020**

	<b>9 Months Ended 30.09.2020 RM'000</b>	<b>9 Months Ended 30.09.2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,021	9,390
Adjustments:		
Depreciation for property, plant and equipment	2,053	1,896
Amortisation of right-of-use asset	5,764	5,057
Lease interest expense	885	1,402
Finance costs on unwinding of interest expense of provision for restoration cost	9	-
Unwinding of interest income – refundable deposit	(83)	-
Inventories		
- Provision / (Reversal) for slow moving	-	(26)
- Written off	26	80
Unrealised loss on foreign exchange	52	80
Gain on modification / termination of MFRS 16	(84)	-
Interest income	(560)	(302)
Fixed asset written-off	4	8
Loss on disposal of fixed asset	-	*
Operating profit before changes in working capital	<b>14,087</b>	<b>17,585</b>
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(5,123)	(6,725)
Trade receivables	43	232
Other receivables, deposits and prepaid expenses	(2,628)	266
Increase / (Decrease) in		
Trade payables	(1,461)	(3,621)
Other payables, accrued expenses and provision	(118)	(751)
Cash generated from operations	4,800	6,986
Income tax paid	(1,710)	(2,360)
	-	-
Net cash generated from operating activities	<b>3,090</b>	<b>4,626</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(2,335)	(2,956)
Interest received	560	302
Proceeds from sale of fixed asset	-	2
(Increase) / Decrease in amount due from other related companies	(4)	47
Net cash used in investing activities	<b>(1,779)</b>	<b>(2,605)</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FPE 30 SEPTEMBER 2020**

	<b>9 Months Ended 30.09.2020 RM'000</b>	<b>9 Months Ended 30.09.2019 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(6,326)	(5,835)
Dividends paid	(3,800)	-
Proceeds from issuance of ordinary shares	-	32,680
Payment of share issuance expenses	-	(2,552)
Increase / (Decrease) in amount due to other related companies	23	(586)
Net cash used in financing activities	<b>(10,103)</b>	<b>23,707</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(8,792)	25,728
Effect of exchange rate differences on the balance of cash held in foreign currencies	28	(13)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	39,496	6,852
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>30,732</b>	<b>32,567</b>
<b>Cash and cash equivalents comprise:</b>		
Short-term investment	1,845	-
Fixed deposits	17,252	8,784
Cash and bank balances	12,374	24,522
	31,471	33,306
Less: Fixed deposits pledged with licensed banks	(739)	(739)
	<b>30,732</b>	<b>32,567</b>

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  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**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/Improvements to MFRS**

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

**Early adoption of the accounting pronouncements**

Amendments to MFRS 16	Covid-19 Related Rent Concessions
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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  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**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 30 September 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 materially 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**

There was no dividend paid for the current period.





**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**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:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2020</b>	<b>30.09.2019</b>	<b>30.09.2020</b>	<b>30.09.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Retail	20,085	18,550	49,293	60,692
Distribution	4,101	4,194	11,476	11,937
<b>Total</b>	<b>24,186</b>	<b>22,744</b>	<b>60,769</b>	<b>72,629</b>

The major contributor to the revenue stream of the Group for FPE 30 September 2020 was from the retail segment, recording sales totalling RM49.29 million (representing a decrease in sales of approximately 18.78% as compared to the retail sales recorded in the previous financial period). The decrease was mainly due to the impact from COVID-19 outbreak, the temporary closure of the retail outlet operations from 18 March 2020 to 4 May 2020 due to the implementation of the MCO and the delay in goods received due to the China lockdown in the first quarter of year 2020. The sales from the retail segment accounted for approximately 81.12% of the total revenue for the FPE 30 September 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.

**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  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**A14 Recurrent Related Party Transactions (“RRPT”)**

Save as disclosed below, there was no other RRPT for the FPE 30 September 2020:

	<b>9 months ended 30.09.2020 RM’000</b>	<b>9 months ended 30.09.2019 RM’000</b>
Purchases	2,189	732
Sales	348	632
Rental payable*#	755	900
E-Commerce management fees payable	187	187
Corporate management fees payable	146	325

*\* 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  
THIRD QUARTER ENDED 30 SEPTEMBER 2020****B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS****B1 Review of Performance**

	Individual Period (3 <sup>rd</sup> Quarter)				Cumulative Period (9 Months)			
	Current Year Quarter 30 September 2020	Preceding Year Corresponding Quarter 30 September 2019	Variance		Current Year-to-date 30 September 2020	Preceding Year Corresponding Period 30 September 2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	24,186	22,744	1,442	6.34	60,769	72,629	(11,860)	(16.33)
Gross Profit	12,153	11,995	158	1.32	29,851	37,739	(7,888)	(20.90)
Profit Before Tax	3,458	2,714	744	27.41	6,021	9,390	(3,369)	(34.32)

The Group's revenue has increased by 6.34% (RM1.44 million) quarter on quarter but decreased by 16.33% (RM11.86 million) year on year respectively. The increase of revenue in the current quarter under review mainly due to the opening of our new Mothercare and The Entertainer toy outlet in Sunway Pyramid Shopping Mall on 19 June 2020, as well as better sales performance by some of the existing outlets.

As a result, the Group recorded profit before tax of RM3.46 million for the current quarter, representing an increase of 27.41% from corresponding quarter in 2019 and RM6.02 million for the current financial period ended 30 September 2020.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020****B2 Comment on material change in profit before taxation for current quarter compared with the immediate preceding quarter**

	Current Quarter 30 September 2020	Immediate Preceding Quarter 30 June 2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	24,186	16,963	7,223	42.58
Gross Profit	12,153	7,972	4,181	52.45
Gross Profit Margin	50.25%	47.00%		
Profit Before Tax	3,458	694	2,764	398.27

Revenue and profit before tax for the current quarter ended 30 September 2020 increased by 42.58% (RM7.22 million) and 398.27% (RM2.76 million) respectively compared to the immediate preceding quarter ended 30 June 2020. The increase in revenue and profit before tax was mainly due the following:

- (a) increase in sales during the Hari Raya festival and Merdeka Sales in the current quarter; and
- (b) lower revenue recorded in the preceding quarter following the temporary closure of the retail outlet operations of the Group from 18 March 2020 to 4 May 2020 as a result of the implementation of the MCO.

**B3 Prospects**

The global economic outlook for 2020 is greatly influenced by the Covid-19 pandemic. Implementation of the MCO and the subsequent temporary closure of retail outlets have temporarily impacted 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 expanded into the toy sector with the opening of our first The Entertainer toy outlet in Sunway Pyramid Shopping Mall on 19 June 2020 and East Coast Mall on 23 October 2020. An additional outlet which was planned for last quarter in year 2020 will be opened after the CMCO is lifted.

Despite the reinstatement of the CMCO, we remain cautiously optimistic as we enter last quarter of 2020.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**B4 Variance between Actual Profit and Forecast Profit**

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

**B5 Taxation**

	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	822	1,113	1,525	2,989
Deferred tax	(11)	(57)	99	(147)
Total	<b>811</b>	<b>1,056</b>	<b>1,624</b>	<b>2,842</b>

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.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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**B8 Status of Corporate Proposals**

Save as disclosed below, there is no other corporate proposal announced but pending completion as at the date of this report:

- (a) On 15 June 2020, KHJ announced the proposed establishment of an Employee's Share Option Scheme ("ESOS") of up to 15% of the total number of issued ordinary shares in KHJ (excluding treasury shares, if any), at any point in time throughout the duration of the ESOS to eligible Director(s) and employees of KHJ and its subsidiaries ("Proposed ESOS"). The Proposed ESOS was approved by our shareholders at our Extraordinary General Meeting on 29 July 2020, and is pending implementation as at this juncture.

**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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
<b>BASIC EPS</b>				
Profit attributable to owners of the Company (RM'000)	2,647	1,658	4,397	6,548
Weighted average number of ordinary shares in issue ('000)	380,000	380,000	380,000	327,663
Basic EPS (sen)	0.70	0.44	1.16	2.00

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 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  
THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

	<b>3 months ended 30.09.2020 RM'000</b>	<b>Year-to-date ended 30.09.2020 RM'000</b>
The following items have been charged / (credited) in arriving profit from operations:		
Provision / (reversal) for slow moving inventories	-	-
Inventories written-off	22	26
Auditors' remuneration	48	156
Depreciation for property, plant and equipment	663	2,053
Amortization of right-of-use assets	1,826	5,764
(Gain) / Loss on foreign exchange:		
- Realised	(28)	(53)
- Unrealised	89	52
Interest income	(146)	(560)
Gain on modification / termination of MFRS 16	-	(84)
Lease interest expense	278	885
Finance costs on unwinding of interest expense of provision for restoration cost	3	9
Unwinding of interest income – refundable deposit	(10)	(83)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
THIRD QUARTER ENDED 30 SEPTEMBER 2020****B13 Utilisation of Proceeds Raised from Public Issue**

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	2,827	-	Within 36 months
b. Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	2,292	-	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	3,969	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	17,788	-	

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 November 2020.