



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 2023.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND FPE
30 JUNE 2023**

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	22,861	28,383	48,280	51,242
Cost of sales	(12,277)	(14,298)	(25,976)	(26,207)
Gross profit	10,584	14,085	22,304	25,035
Other operating income	396	285	684	561
Selling and marketing costs	(557)	(597)	(1,283)	(1,043)
Administration and other operating expenses	(10,173)	(10,426)	(20,971)	(19,710)
Finance cost	(188)	(210)	(391)	(415)
Profit before tax	62	3,137	343	4,428
Tax expense	(43)	(763)	(61)	(1,176)
Profit and total comprehensive income for the period	19	2,374	282	3,252
Basic earnings per ordinary share (sen)	0.01	0.62	0.07	0.86

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.



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

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Plant and equipment	6,591	8,376
Right-of-use assets	16,695	20,114
Deferred tax assets	238	250
Refundable deposits	2,966	2,934
	26,490	31,674
Current Assets		
Inventories	56,489	61,746
Trade receivables	1,562	1,803
Other receivables, deposits and prepaid expenses	2,024	3,023
Amount due from other related company	364	-
Tax recoverable	1,285	367
Short-term investments	2,005	1,971
Fixed deposits with licensed banks	7,511	7,411
Cash and bank balances	6,213	11,666
	77,453	87,987
TOTAL ASSETS	103,943	119,661



Kim Hin Joo (Malaysia) Berhad

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	As at 30.06.2023 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	48,493	48,211
TOTAL EQUITY	79,621	79,339
Non-Current Liabilities		
Lease liabilities	6,925	13,626
	6,925	13,626
Current Liabilities		
Trade payables	2,983	11,596
Other payables, accrued expenses and provision	4,021	8,011
Amount due to other related company	5	^
Lease liabilities	10,388	7,089
	17,397	26,696
TOTAL LIABILITIES	24,322	40,322
TOTAL EQUITY AND LIABILITIES	103,943	119,661
Net assets per ordinary share attributable to ordinary equity holders of the Company (sen)	20.95	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.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FPE 30 JUNE 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	-	3,252	3,252
Dividend paid (12 April 2022)	-	(3,800)	(3,800)
Balance as at 30 June 2022	31,128	46,626	77,754
Balance as at 1 January 2023	31,128	48,211	79,339
Total comprehensive income for the year	-	282	282
Balance as at 30 June 2023	31,128	48,493	79,621

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 JUNE 2023**

	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Profit before tax	343	4,428
Adjustments:		
Amortisation of right-of-use asset	3,708	3,708
Depreciation for plant and equipment	2,231	1,820
Fair value gain from short-term investment	(34)	-
Finance costs:		
- Unwinding of interest expense of provision for restoration cost	9	7
- Lease interest expense	382	408
Fit out contribution	(83)	(83)
Gain on disposal of plant and equipment	(34)	(5)
Interest income	(153)	(142)
Inventories		
- Reversal of write-down	(98)	60
- Reversal /Written off	(24)	90
Unrealised loss on foreign exchange	105	42
Unwinding of interest income – refundable deposit	(34)	(72)
Operating profit before changes in working capital	6,318	10,261
Changes in working capital:		
(Increase)/Decrease in		
Inventories	5,379	(5,246)
Trade receivables	241	(270)
Other receivables, deposits and prepaid expenses	993	847
Amount due from other related company	(356)	3
Increase/(Decrease) in		
Trade payables	(8,703)	393
Other payables, accrued expenses and provision	(3,931)	(3,777)
Amount due to other related company	5	(262)
Cash generated used in operations	(54)	1,949
Income tax paid	(968)	(785)
Net cash (used in)/ from operating activities	(1,022)	1,164
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(447)	(763)
Interest received	153	142
Proceed from disposal of plant and equipment	34	5
Net cash used in investing activities	(260)	(616)



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

	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of lease liabilities	(3,688)	(3,579)
Interest paid	(382)	(408)
Dividend paid	-	(3,800)
Net cash used in financing activities	(4,070)	(7,787)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,352)	(7,239)
Effect of exchange rate differences on the balance of cash held in foreign currencies	(1)	^
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,110	24,533
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,757	17,294
Cash and cash equivalents comprise:		
Fixed deposits	7,511	7,314
Cash and bank balances	6,213	10,668
	13,724	17,982
Less: Fixed deposits pledged with licensed banks	(967)	(688)
	12,757	17,294

^ 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
SECOND QUARTER ENDED 30 JUNE 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

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Initial Application of MFRS 9 and MFRS 17 – Comparative information</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>

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
SECOND QUARTER ENDED 30 JUNE 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 Venture²</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>

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

² 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
SECOND QUARTER ENDED 30 JUNE 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

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Retail	19,968	24,074	43,034	43,381
Distribution	2,893	4,309	5,246	7,861
Total	22,861	28,383	48,280	51,242

The major contributor to the revenue stream of the Group was from the retail segment, which constituted 89.13% of the Group's total revenue for FPE 30 June 2023, recording sales totalling RM43.03 million. This represents a decrease of approximately 0.8% compared to RM43.38 million recorded in the previous FPE 30 June 2022.

Meanwhile, the Distribution segment revenue recording a decrease of 33.27% in revenue from RM7.86 million in the FPE 30 June 2022 to RM5.25 million in the FPE 30 June 2023.



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

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.

A14 Recurrent Related Party Transactions (“RRPT”)

Save as disclosed below, there was no other RRPT for the FPE 30 June 2023:

	6 months ended 30.06.2023 RM’000	6 months ended 30.06.2022 RM’000
Purchases	132	1,718
Sales	323	-
Rental payable	480	480
E-Commerce management fees payable	75	98
Corporate management fees payable	107	99
Management service routine fees	15	-



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2023**

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

	Individual Period (2 nd Quarter)				Cumulative Period (6 Months)			
	Current Year Quarter 30 June 2023	Preceding Year Corresponding Quarter 30 June 2022	Variance	%	Current Year-to-date 30 June 2023	Preceding Year Corresponding Period 30 June 2022	Variance	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	22,861	28,383	(5,522)	(19.46)	48,280	51,242	(2,962)	(5.78)
Gross Profit	10,584	14,085	(3,501)	(24.86)	22,304	25,035	(2,731)	(10.91)
Profit Before Tax	62	3,137	(3,075)	(98.02)	343	4,428	(4,085)	(92.25)

Current quarter (“Q2 2023) against preceding corresponding quarter (“Q2 2022”)

The Group registered a revenue of RM22.86 million for the current quarter as compared to a revenue of RM28.38 million recorded in the previous year’s corresponding quarter. The decrease in revenue was primarily attributable to lower sales volume in both retail and distribution segment. As a result, the Group recorded a profit before tax (“PBT”) of RM0.06 million in Q2 2023, representing a decrease of RM3.08 million as compared to PBT of RM3.14 million in Q2 2022.

Current year to date ended 30 June 2023 (“Q2 2023) against preceding year corresponding period dated 30 June 2022 (“Q2 2022”)

For the FPE 30 June 2023, the Group registered a revenue of RM48.28 million as compared to a revenue of RM51.24 million recorded in FPE 30 June 2022, representing a decrease of RM2.97 million or 5.78%.

The Group recorded a lower profit before tax of RM0.34 million as compared to RM4.43 million in FPE 30 June 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
SECOND QUARTER ENDED 30 JUNE 2023**

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

	Current Quarter 30 June 2023	Immediate Preceding Quarter 31 March 2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	22,861	25,419	(2,558)	(10.06%)
Gross Profit	10,584	11,720	(1,136)	(9.69%)
Gross Profit Margin	46.30%	46.11%		
Profit Before Tax	62	282	(220)	(78.01)%

For the current quarter under review, the Group registered revenue of RM22.86 million and PBT of RM0.06 million as compared to the revenue of RM25.42 million and PBT of RM0.28 million reported in the immediate preceding quarter. The decrease in revenue of 10.06% was attributed to lower sales generated from the Retail segment.

In line with the decrease in revenue in the current quarter, the Group recorded a decrease in PBT of RM0.22 million, from RM0.28 million in the immediate preceding quarter to RM0.06 million in the current quarter.

B3 Prospects

The Group will focus on improving our revenue and cash flow.

Our toy business, The Entertainer, has shown improvement over the previous year with the opening of our 6th outlet. The distribution business has also shown signs of improvement and we expect this will continue in the 2nd half of the year.



NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 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		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Current tax	35	768	49	1,183
Deferred tax	8	(5)	12	(7)
Total	43	763	61	1,176

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
SECOND QUARTER ENDED 30 JUNE 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		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	19	2,374	282	3,252
Weighted average number of ordinary shares in issue ('000)	380,000	380,000	380,000	380,000
Basic EPS (sen)	0.01	0.62	0.07	0.86

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 June 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
SECOND QUARTER ENDED 30 JUNE 2023****B12 Notes to the Statement of Comprehensive Income**

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
The following items have been charged / (credited) in arriving profit from operations:				
Auditors' remuneration	59	55	117	110
Amortisation of right-of-use assets	1,855	1,852	3,708	3,708
Depreciation for plant and equipment	1,067	886	2,231	1,820
Fair value gain from short-term investment	(17)	-	(34)	-
Finance costs:				
Unwinding of interest expense of provision for restoration cost	5	4	9	7
Lease interest expense	183	206	382	408
Fit out contribution	(42)	(42)	(83)	(83)
Gain on disposal of plant and equipment	(34)	-	(34)	(5)
Loss /(Gain) on foreign exchange:				
- Realised	79	(12)	134	(20)
- Unrealised	(3)	(1)	105	42
Government grant on wage subsidy	-	(25)	-	(72)
Interest income	(93)	(68)	(153)	(142)
Reversal of inventories written-off	(40)	55	(24)	90
Rent concessions	(3)	(22)	(6)	(33)
Unwinding of interest income – refundable deposit	(17)	(32)	(34)	(72)
Reversal / Write down of inventories	-	60	(98)	60

^ Negligible

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
SECOND QUARTER ENDED 30 JUNE 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 August 2023.

B15 Dividends declaration for current year to date

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. The final dividend has been paid on 18 August 2023.

The Board of Directors does not recommend any interim dividend in respect of the quarter ended 30 June 2023.