

**ENG KAH CORPORATION BERHAD**  
**Company No. 435649-H**

**Condensed Consolidated Statement of Financial Position**  
**As at 30 September 2015 - Unaudited**

	<b>Unaudited as at 30.9.15 RM'000</b>	<b>Audited as at 31.12.14 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	24,159	25,439
Investment in a joint venture	2,614	-
	<u>26,773</u>	<u>25,439</u>
<b>Current assets</b>		
Inventories	20,879	19,174
Trade receivables	11,160	15,051
Other receivables, deposits and prepayments	424	733
Current tax assets	7,470	6,553
Cash and cash equivalents	17,700	16,791
	<u>57,633</u>	<u>58,302</u>
<b>TOTAL ASSETS</b>	<u>84,406</u>	<u>83,741</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	70,757	70,757
Share premium	1,672	1,672
Other reserves	241	(37)
Accumulated losses	(1,590)	(818)
<b>Total equity</b>	<u>71,080</u>	<u>71,574</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,962	2,078
<b>Current liabilities</b>		
Trade payables	6,368	6,663
Other payables and accruals	3,832	2,718
Borrowings	303	-
Dividends payable	708	708
Current tax liabilities	153	-
	<u>11,364</u>	<u>10,089</u>
<b>Total liabilities</b>	<u>13,326</u>	<u>12,167</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>84,406</u>	<u>83,741</u>
Net assets per share (RM)	1.00	1.01

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**ENG KAH CORPORATION BERHAD**  
**Company No. 435649-H**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the 9 months period ended 30 September 2015 - Unaudited**

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30.9.15 RM'000	30.9.14 RM'000	30.9.15 RM'000	30.9.14 RM'000
Revenue		13,679	15,816	43,300	46,477
Operating expenses		(13,158)	(14,342)	(40,796)	(41,816)
Other income		191	203	1,009	590
Profit from operations		712	1,677	3,513	5,251
Finance cost		(1)	(1)	(1)	(1)
Share of profit of a joint venture		855	-	855	-
Profit before tax		1,566	1,676	4,367	5,250
Tax expense	<b>B5</b>	(467)	(427)	(1,247)	(1,084)
<b>Profit for the period</b>	<b>B6</b>	1,099	1,249	3,120	4,166
<b>Other comprehensive income, net of tax</b>					
<b>Item that will be reclassified subsequently</b>					
<b>to profit or loss</b>					
Foreign exchange differences for foreign operations		(99)	16	(80)	16
<b>Total comprehensive income for the period</b> <b>attributable to owners of the Company</b>		<b>1,000</b>	<b>1,265</b>	<b>3,040</b>	<b>4,182</b>
<b>Earnings per share (EPS) attributable to</b>					
<b>owners of the Company</b>					
Basic EPS (sen)	<b>B11</b>	1.55	1.77	4.41	5.89
Diluted EPS (sen)	<b>B11</b>	1.53	1.77	4.33	5.89

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to these interim financial statements.

**ENG KAH CORPORATION BERHAD**  
**Company No. 435649-H**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the 9 months period ended 30 September 2015 - Unaudited**

	----- Attributable to Owners of the Company -----				
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Distributable Retained Profit/ (Accumulated loss) RM'000	Total Equity RM'000
<b>As at 1.1.2015</b>	70,757	1,672	(37)	(818)	71,574
Foreign exchange differences for foreign operations	-	-	80	-	80
Profit for the period	-	-	-	3,120	3,120
Total comprehensive income for the period	-	-	80	3,120	3,200
<b>Transactions with owners:</b>					
Dividends	-	-	-	(3,892)	(3,892)
Share-based payment transactions	-	-	198	-	198
Total transactions with owners	-	-	198	(3,892)	(3,694)
<b>As at 30.9.2015</b>	<b>70,757</b>	<b>1,672</b>	<b>241</b>	<b>(1,590)</b>	<b>71,080</b>
<b>As at 1.1.2014</b>	70,757	1,672	6	974	73,409
Foreign exchange differences for foreign operations	-	-	16	-	16
Profit for the period	-	-	-	4,166	4,166
Total comprehensive income for the period	-	-	16	4,166	4,182
<b>Transaction with owners:</b>					
Dividends	-	-	-	(6,722)	(6,722)
<b>As at 30.6.2014</b>	<b>70,757</b>	<b>1,672</b>	<b>22</b>	<b>(1,582)</b>	<b>70,869</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes attached to these interim financial statements.

**ENG KAH CORPORATION BERHAD**  
**Company No. 435649-H**

**Condensed Consolidated Statement of Cash Flows**  
**For the 9 months period ended 30 September 2015 - Unaudited**

	<b>30.9.15</b>	<b>30.9.14</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,367	5,250
Adjustments for:		
- Bad debts	10	-
- Depreciation	1,670	1,844
- Equity settled share-based payment transactions	198	-
- Interest expense	1	1
- Interest income	(269)	(248)
- Loss on disposal of property, plant and equipment	3	-
- Property, plant and equipment written off	-	3
- Share of profit of a joint venture	(855)	-
- Unrealised gain on foreign exchange	(20)	-
Operating profit before working capital changes	5,105	6,850
Increase in inventories	(1,705)	(2,796)
Decrease in receivables	4,211	4,546
Increase in payables	816	1,454
Cash from operations	8,427	10,054
Income tax paid	(1,966)	(2,056)
Income tax refunded	53	32
Interest paid	(1)	(1)
Net cash from operating activities	6,514	8,029
<b>Cash flows from investing activities</b>		
Interest received	269	248
Proceeds from disposal of property, plant and equipment	3	-
Purchase of investment in a joint venture	(1,973)	-
Purchase of property, plant and equipment	(394)	(387)
Net cash used in investing activities	(2,095)	(139)
<b>Cash flows from financing activities</b>		
Dividends paid	(3,892)	(9,552)
Drawdown of bankers acceptance	303	-
Net cash used in financing activities	(3,589)	(9,552)
Net increase in cash and cash equivalents	830	(1,662)
Effect of changes in exchange rate	79	16
Cash and cash equivalents at beginning	16,791	15,022
Cash and cash equivalents at end	17,700	13,376

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes attached to these interim financial statements.

## Part A - Explanatory Notes Pursuant To MFRS 134

### 1. Basis of Preparation

The condensed consolidated interim financial statements (“Report”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

### 2. Significant Accounting Policies

#### 2.1 Adoption of new MFRS, Amendments/Improvements to MFRS and IC Interpretation (“IC Int”)

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following:

##### **Effective for annual periods beginning on or after 1 July 2014**

Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*  
Amendments to MFRS *Annual improvements to MFRS 2010-2012 Cycle*  
Amendments to MFRS *Annual improvements to MFRS 2011-2013 Cycle*

Initial application of the above standards did not have any material impact to the financial statements of the Group.

#### 2.2 Standards issued but not yet effective

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

##### **Effective for annual periods beginning on or after 1 January 2016**

MFRS 14 *Regulatory Deferral Accounts*  
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*  
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*  
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*  
Amendments to MFRS 101 *Disclosure Initiative*  
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*  
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*  
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*  
Amendments to MFRS *Annual Improvements to MFRS 2012–2014 Cycle*

**Effective for annual periods beginning on or after 1 January 2017**

*MFRS 15 Revenue from Contracts with Customers*

**Effective for annual periods beginning on or after 1 January 2018**

*MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)*

*Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption except as mentioned below:

***MFRS 15 Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

**3. Auditors' Report of Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

**4. Seasonality or Cyclicity of Operations**

Generally, sales of the Group's products are higher in the second half of the financial year due to majority of the festive seasons fall within this period.

**5. Items of Unusual Nature**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**6. Changes in Accounting Estimates**

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the results for the current period under review.

**7. Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period under review.

## 8. Dividends Paid

The following dividends were paid during the current and previous corresponding period:

	<b>30.9.2015</b>	<b>30.9.2014</b>
Third interim dividend for the financial year	31 December 2014	31 December 2013
Declared and approved on	26 November 2014	26 November 2013
Date paid	30 January 2015	22 January 2014
Dividend per share (single-tier)	1 sen	5 sen
Net dividend paid	RM707,574	RM3,537,869
Final dividend for the financial year	31 December 2014	31 December 2013
Declared and approved on	25 June 2015	25 June 2014
Date paid	18 August 2015	12 August 2014
Dividend per share (single-tier)	3.5 sen	7.5 sen
Net dividend paid	RM2,476,509	RM5,306,804
First interim dividend for the financial year	31 December 2015	31 December 2014
Declared and approved on	28 May 2015	27 May 2014
Date paid	28 August 2015	18 August 2014
Dividend per share (single-tier)	1 sen	1 sen
Net dividend paid	RM707,574	RM707,574

## 9. Segmental Information

Segmental information is presented in respect of the Group's business segments.

	<b>9 months ended 30.9.15 (RM'000)</b>	<b>9 months ended 30.9.14 (RM'000)</b>
<b>Segment Revenue</b>		
Personal care	32,971	37,302
Household	10,329	9,429
Investment holding	4,049	10,220
Total revenue including inter segment sales	47,349	56,951
Elimination of inter-segment sales	(4,049)	(10,499)
Total revenue excluding inter segment sales	43,300	46,452
Interest income	-	25
	<u>43,300</u>	<u>46,477</u>
<b>Segment Results</b>		
Personal care	2,505	4,299
Household	450	513
Investment holding	5,024	10,435
Total results	7,979	15,247
Elimination	(3,880)	(10,200)
Results excluding inter segment sales	4,099	5,027
Interest expense	(1)	(1)
Interest income	269	224
Profit before tax	4,367	5,250
Tax expense	(1,247)	(1,084)
Profit for the period	<u>3,120</u>	<u>4,166</u>

## **10. Valuation of Property, Plant and Equipment**

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 December 2014.

## **11. Subsequent Event**

Save as disclosed below, there were no material events subsequent to the end of the current period:

On 15 October 2015, the Company has acquired 350 ordinary shares of RM1 each in Atika Beauty Manufacturing Sdn Bhd (“Atika Beauty”), representing 35% of the total issued and paid-up share capital of Atika Beauty with the balance of 35% to be held by S&J International Enterprises Public Company Limited, a Public Listed Company in Thailand (“S&J”) and 30% to be held by T H Alliance Holdings Sdn Bhd, a private limited company incorporated in Malaysia.

## **12. Changes in Composition of the Group**

Save as disclosed below, there were no changes in the composition of the Group for the financial period under review:

- (i) On 22 June 2015, the Company has incorporated a wholly-owned subsidiary under the name, EK Universal Marketing Sdn Bhd; and
- (ii) On 13 July 2015, the Company has received confirmation from the relevant authority of the People's Republic of China dated 7 July 2015 that the acquisition of 30% of the registered capital of Cosway (Guangzhou) Cosmetic Manufacture Co. via its wholly-owned subsidiary, Guangzhou Eng Kah Business Consulting Co. Ltd, has been approved, making it a joint venture to the Group.

## **13. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

## **14. Capital Commitments**

The outstanding capital commitment as at the end of the current period is as follows:

	<b>RM'000</b>
Contracted but not provided for:	
- Property, plant and equipment	37
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**Part B: Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad**

**1. Review of Performance**

	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Quarter 9 Months Ended</b>	
	<b>(Unaudited) 30.9.15 RM'000</b>	<b>(Unaudited) 30.9.14 RM'000</b>	<b>(Unaudited) 30.9.15 RM'000</b>	<b>(Unaudited) 30.9.14 RM'000</b>
	<b><i>Revenue</i></b>			
- Personal care	10,469	11,817	32,971	37,023
- Household	3,210	3,990	10,329	9,429
- Investment holding	-	9	-	25
	<u>13,679</u>	<u>15,816</u>	<u>43,300</u>	<u>46,477</u>
<b><i>Profit before tax</i></b>				
- Personal care	657	1,321	2,505	4,299
- Household	93	207	450	513
- Investment holding	816	148	1,412	438
	<u>1,566</u>	<u>1,676</u>	<u>4,367</u>	<u>5,250</u>

**Comparison with Corresponding Quarter in Previous Year**

Generally, impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM13.679 million as compared to RM15.816 million of the preceding year corresponding quarter. The lower turnover was mainly due to lesser orders placed during the reporting quarter.

During the quarter under review, the Profit Before Tax ("PBT") margin was approximately 11.45% as compared to 10.60% in the previous year corresponding quarter. The higher PBT margin was mainly due to the contribution by share of profit of a joint venture amounting to RM0.855 million despite the change in product mix as well as lower turnover.

During the three months period under review, the demands for personal care and household products were 76.53% and 23.47% respectively as compared to 74.72% and 25.23% respectively of the preceding year corresponding quarter. The change was fairly usual in terms of manufacturing activities of the Group.

**Comparison with Corresponding Financial Period To Date in Previous Year**

During the 9 months period under review, the demands for personal care and household products were 76.15% and 23.85% respectively as compared to 79.66% and 20.29% respectively of the previous year corresponding period. The change was fairly usual in terms of manufacturing activities of the Group.

The Profit Before Tax ("PBT") margin for the 9 months period ended 30 September 2015 was approximately 10.09% as compared to 11.30% of the previous year corresponding period. The lower PBT margin was mainly due to the change in product mix.

## **2. Comparison with Preceding Quarter's Results**

The turnover for the reporting quarter was RM13.679 million as compared to RM14.899 million of the preceding quarter, a decrease of approximately 8.19%. The decrease in turnover was mainly due to the lesser orders placed during the reporting quarter.

The Group recorded a PBT of RM1.566 million for the reporting quarter ended 30 September 2015 as compared to RM1.352 million of the preceding quarter ended 30 June 2015, an increase of approximately 15.83%. The increase was mainly due to contribution by share of profit of a joint venture amounting to RM0.855 million during the reporting quarter.

During the quarter under review, the PBT margin was approximately 11.45% as compared to 9.07% of the immediate preceding quarter. The higher PBT margin was mainly due to contribution by share of profit of a joint venture amounting to RM0.855 million during the reporting quarter.

## **3. Commentary on Prospects**

Generally, the market conditions of the industry are relatively stable. As the Group manufactures a wide range of products, the change in product mix may impact on profit margin of the Group.

Going forward, the Group will further strengthen its presence in overseas markets, particularly the China markets. The Group's strategy will continue to focus on Multi-National Corporations ("MNC") to expand and diversify its customer base. It is also part of the Group's marketing strategy to continue in exploring other potential customers.

Barring unforeseen circumstances, the Group's performance is expected to be satisfactory for the financial year ending 31 December 2015.

## **4. Profit Forecast Variance**

There was no profit forecast made in any public documents.

## 5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	(Unaudited) 30.9.15 RM'000	(Unaudited) 30.9.14 RM'000	(Unaudited) 30.9.15 RM'000	(Unaudited) 30.9.14 RM'000
Malaysian income tax: Based on results for the period				
- Current tax	(366)	(541)	(1,149)	(1,216)
- Deferred tax				
Relating to origination and reversal of temporary difference	118	118	122	148
Changes in tax rate	(5)	(4)	(6)	(6)
	113	114	116	142
Share of tax of equity- accounted joint venture	(214)	-	(214)	-
	(467)	(427)	(1,247)	(1,074)
Under provision of current tax in prior year	-	-	-	(10)
	(467)	(427)	(1,247)	(1,084)

The Group's effective tax rate for the current quarter under review was higher than the statutory tax rate of 25% due to non-deductible of certain expenditure.

## 6. Profit for the Period

	Current quarter (Unaudited) RM'000	Current year to date (Unaudited) RM'000
Bad debts	10	10
Depreciation	549	1,670
Interest income	(75)	(269)
Loss on disposal of property, plant and equipment	3	3
Realised loss on foreign exchange	13	38
Unrealised gain on foreign exchange	-	(20)
Equity settled share-based payment transactions	100	198

Other than the above items, there were no gain or loss on disposal quoted or unquoted investments or properties, provision for receivables, gain or loss on derivatives as well as other exceptional items.

## 7. Corporate Proposal

There was no corporate proposal announced or not completed as at the date of this Report.

## 8. Borrowings and Debt Securities

The Group's borrowings as at the end of the current period are as follows:

	<b>Denominated in RM RM'000</b>
<b>Secured:</b>	
<b>Short term</b>	
Bankers acceptance	<u>303</u>

## 9. Material Litigations

There were no material litigations since the date of the last annual statement of financial position, other than the litigation between a subsidiary company, Eng Kah Enterprise Sdn. Bhd. (as plaintiff) against Tohtonku Sdn. Bhd. (as defendant), of which the case has been brought to a close on 15 February 2015 as reported in the first quarterly report ended 31 March 2015.

## 10. Proposed Dividends

(a) Dividend declared during the current reporting quarter and the corresponding quarter:

	<b>30.9.2015</b>	<b>30.9.2014</b>
Second interim dividend for the financial year	31 December 2015	31 December 2014
Declared and approved on	21 August 2015	26 August 2014
Dividend per share (single-tier)	1 sen	1 sen
Entitlement to dividends based on Record of Depositors as at	06 November 2015	17 October 2014
Date payable	20 November 2015	31 October 2014

(b) The total dividend declared for the current financial year ending 31 December 2015 and financial year ended 31 December 2014 are summarised as follows:

	<b>Financial year ending 31.12.2015</b>	<b>Financial year ended 31.12.2014</b>
First interim single-tier dividend	1 sen	1 sen
Second interim single-tier dividend	1 sen	1 sen
Third interim single-tier dividend	-	1 sen
Final single-tier dividend	-	3.5 sen

On 27 November 2015, the Board of Directors ha declared a third interim single-tier dividend of 1 sen per share amounting to RM707,574 in respect of the financial year ending 31 December 2015, payable at a date to be determined later.

## 11. Earnings Per Share

### (i) Basic earnings per share

The basic earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
	30.9.15	30.9.14	30.9.15	30.9.14
Profit after tax Attributable to owners of the Company (RM'000)	1,099	1,249	3,120	4,166
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	70,757	70,757	70,757	70,757
Basic earnings per share (sen)	1.55	1.77	4.41	5.89

### (ii) Diluted earnings per share

The diluted earnings per share for the current quarter and cumulative period to date are computed as below:

	Individual Quarter		Cumulative Quarter	
	3 Months Ended	3 Months Ended	6 Months Ended	6 Months Ended
	30.9.15	30.9.14	30.9.15	30.9.14
Profit after tax Attributable to owners of the Company (RM'000)	1,099	1,249	3,120	4,166
Weighted average number of ordinary shares of RM1.00 each in issue – basic (‘000)	70,757	70,757	70,757	70,757
Effect of share-based payment transaction	1,260	-	1,260	-
Effect on warrants	_*	_*	_*	_*
Weighted average number of ordinary shares of RM1.00 each in issue - diluted ('000)	72,017	70,757	72,017	70,757
Diluted earnings per share (sen)	1.53	1.77	4.33	5.89

\* The effect of the warrants has not been computed as it is anti-dilutive in nature.

**12. Realised and Unrealised Profits/(Losses)**

	<b>(Unaudited)</b> <b>30.9.15</b> <b>(RM'000)</b>	<b>(Audited)</b> <b>31.12.14</b> <b>(RM'000)</b>
Total retained profits/(accumulated loss) of the Company and its subsidiaries		
- Realised	26,942	28,527
- Unrealised	(1,364)	(1,536)
	<u>25,578</u>	<u>26,991</u>
Less: Consolidation adjustments	(27,168)	(27,809)
Total accumulated losses	<u><u>(1,590)</u></u>	<u><u>(818)</u></u>