

ENG KAH CORPORATION BERHAD
Company No. 435649-H

Condensed Consolidated Statement of Financial Position
As at 31 March 2016 - Unaudited

	Unaudited as at 31/3/2016 RM'000	Audited as at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,048	24,261
Investment in joint ventures	3,478	2,982
	<u>27,526</u>	<u>27,243</u>
Current assets		
Inventories	20,110	21,019
Trade receivables	15,369	14,019
Other receivables, deposits and prepayments	2,067	339
Current tax assets	7,762	7,897
Cash and cash equivalents	11,307	15,392
	<u>56,615</u>	<u>58,666</u>
TOTAL ASSETS	<u>84,141</u>	<u>85,909</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	70,757	70,757
Share premium	1,672	1,672
Other reserves	555	426
Accumulated losses	(1,110)	(2,086)
Total equity	<u>71,874</u>	<u>70,769</u>
Non-current liabilities		
Borrowings	199	199
Deferred tax liabilities	1,951	1,881
	<u>2,150</u>	<u>2,080</u>
Current liabilities		
Trade payables	7,217	7,958
Other payables and accruals	2,516	4,350
Borrowings	384	44
Dividend payable	-	708
	<u>10,117</u>	<u>13,060</u>
Total liabilities	<u>12,267</u>	<u>15,140</u>
TOTAL EQUITY AND LIABILITIES	<u>84,141</u>	<u>85,909</u>
Net assets per share (RM)	1.02	1.00

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 3 months period ended 31 March 2016 - Unaudited

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
		31/3/2016 RM'000	31/3/2015 RM'000	31/3/2016 RM'000	31/3/2015 RM'000
Revenue		15,852	14,722	15,852	14,722
Operating expenses		(15,508)	(13,448)	(15,508)	(13,448)
Other income		374	175	374	175
Profit from operations		718	1,449	718	1,449
Finance cost		(5)	-	(5)	-
Share of results of joint ventures		496	-	496	-
Profit before tax		1,209	1,449	1,209	1,449
Tax expense	B5	(238)	(418)	(238)	(418)
Profit for the period	B6	971	1,031	971	1,031
Other comprehensive income, net of tax					
Item that will be reclassified subsequently					
to profit or loss					
Foreign exchange differences for foreign operations		16	42	16	42
Total comprehensive income for the period attributable to owners of the Company		987	1,073	987	1,073
Earnings per share (EPS) attributable to					
owners of the Company					
Basic EPS (sen)	B11	1.37	1.46	1.37	1.46
Diluted EPS (sen)	B11	1.32	1.46	1.32	1.46

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 3 months period ended 31 March 2016 - Unaudited

	----- Attributable to Owners of the Company -----				Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	-- Non-distributable -- Distributable Retained Profit/ (Accumulated loss) RM'000	
As at 1-1-2016	70,757	1,672	426	(2,086)	70,769
Foreign exchange differences for foreign operations	-	-	16	-	16
Profit for the period	-	-	-	971	971
Total comprehensive income for the period	-	-	16	971	987
Transactions with owners:					
Share-based payment transactions	-	-	118	-	118
Lapse due to resignation	-	-	(5)	5	-
Total transactions with owners	-	-	113	5	118
As at 31-3-2016	70,757	1,672	555	(1,110)	71,874
As at 1-1-2015	70,757	1,672	(37)	(818)	71,574
Foreign exchange differences for foreign operations	-	-	42	-	42
Profit for the period	-	-	-	1,031	1,031
Total comprehensive income for the period	-	-	42	1,031	1,073
As at 31-3-2015	70,757	1,672	5	213	72,647

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 3 months period ended 31 March 2016 - Unaudited

	31/3/2016	31/3/2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,209	1,449
Adjustments for:		
- Bad debts	98	-
- Depreciation	460	566
- Equity settled share-based payment transactions	118	-
- Interest expense	5	-
- Interest income	(90)	(65)
- Share of results of joint ventures	(496)	-
Operating profit before working capital changes	1,304	1,950
Decrease/(Increase) in inventories	909	(1,929)
(Increase)/Decrease in receivables	(3,176)	4,592
Decrease in payables	(2,575)	(210)
Cash (used in)/from operation	(3,538)	4,403
Income tax paid	(613)	(655)
Income tax refunded	580	53
Interest paid	(5)	-
Net cash (used in)/from operating activities	(3,576)	3,801
Cash flows from investing activities		
Interest received	90	65
Purchase of property, plant and equipment	(247)	(122)
Net cash used in investing activities	(157)	(57)
Cash flows from financing activities		
Dividend paid	(708)	(708)
Net change in borrowings	340	-
Net cash used in financing activities	(368)	(708)
Net (decrease)/increase in cash and cash equivalents	(4,101)	3,036
Effect of changes in exchange rate	16	42
Cash and cash equivalents at beginning	15,392	16,791
Cash and cash equivalents at end	11,307	19,869

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 2015. 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 2015.

2. Significant Accounting Policies

2.1 Adoption of New and Amendments/Improvements to MFRS

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 31 December 2015, except for the adoption of the following standards:

Effective for annual periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

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

Annual Improvements to MFRS 2012–2014 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 2017

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

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

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 6 Leases

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*.

MFRS 16 Leases

MFRS 16 replaces the guidance in *MFRS 117 Leases*, *IC Int 4 Determining whether an Arrangement contains a Lease*, *IC Int 115 Operating Leases – Incentives* and *IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of *MFRS 16*.

3. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 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 financial 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 financial period under review.

8. Dividends Paid

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

	31.3.2016	31.3.2015
Third interim dividend for the financial year	31 December 2015	31 December 2014
Declared and approved on	27 November 2015	26 November 2014
Date paid	18 Feb 2016	30 January 2015
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.

	3 months ended 31.3.16 (RM'000)	3 months ended 31.3.15 (RM'000)
Segment Revenue		
Personal care	11,997	11,639
Household	3,855	3,083
Investment holding	801	822
Total revenue including inter segment sales	16,653	15,544
Elimination of inter-segment sales	(801)	(822)
	<u>15,852</u>	<u>14,722</u>
Segment Results		
Personal care	453	1,145
Household	82	167
Investment holding	793	772
Total results	1,328	2,084
Elimination	(700)	(700)
Results excluding inter segment sales	628	1,384
Share of profit of equity-accounted joint ventures	496	-
Interest expense	(5)	-
Interest income	90	65
Profit before tax	1,209	1,449
Tax expense	(238)	(418)
Profit for the period	<u>971</u>	<u>1,031</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 2015.

11. Subsequent Event

There were no material events subsequent to the end of the reporting period which require disclosure.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

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:

	RM'000
Contracted but not provided for:	
- Property, plant and equipment	56
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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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited) 31.3.16 RM'000	(Unaudited) 31.3.15 RM'000	(Unaudited) 31.3.16 RM'000	(Unaudited) 31.3.15 RM'000
	Revenue			
- Personal care	11,997	11,639	11,997	11,639
- Household	3,855	3,083	3,855	3,083
	<u>15,852</u>	<u>14,722</u>	<u>15,852</u>	<u>14,722</u>
Profit before tax				
- Personal care	453	1,145	453	1,145
- Household	82	167	82	167
- Investment holding	674	137	674	137
	<u>1,209</u>	<u>1,449</u>	<u>1,209</u>	<u>1,449</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 RM15.85 million as compared to RM14.72 million of the preceding year corresponding quarter. The higher turnover was mainly due to more orders placed during the reporting quarter.

During the quarter under review, the Profit Before Tax ("PBT") margin was approximately 7.63% as compared to 9.84% in the previous year corresponding quarter. The lower PBT margin was mainly due to change in product mix.

During the three months period under review, the demands for personal care and household products were 75.68% and 24.32% respectively as compared to 79.06% and 20.94% respectively of the preceding year corresponding quarter. The change was fairly usual in terms of manufacturing activities of the Group.

2. Comparison with Preceding Quarter's Results

The turnover for the reporting quarter was RM15.85 million as compared to RM15.29 million of the immediate preceding quarter, a slight increase of approximately 3.66%. The increase in turnover was mainly due to more orders placed during the reporting quarter.

The Group recorded a PBT of RM1.21 million for the reporting quarter ended 31 March 2016 as compared to RM0.71 million of the immediate preceding quarter, an increase of approximately 70.76%. The increase was mainly due to change in product mix as well as lower operating expenses.

During the quarter under review, the PBT margin was approximately 7.63% as compared to 4.63% of the immediate preceding quarter. The higher PBT margin was mainly due to change in product mix as well as lower operating expenses.

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 2016.

4. Profit Forecast Variance

There was no profit forecast made in any public documents.

5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.3.16	31.3.15	31.3.16	31.3.15
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the period				
- Current tax	(168)	(450)	(168)	(450)
- Deferred tax	(70)	32	(70)	32
	<u>(238)</u>	<u>(418)</u>	<u>(238)</u>	<u>(418)</u>

The Group's effective tax rate for the current quarter, after excluding share of results of joint ventures, was higher than the statutory tax rate of **24%** (31.3.15: 25%) due to non-deductible of certain expenditure.

6. Profit for the Period

	Current quarter (Unaudited) RM'000
Bad debts	98
Depreciation	460
Interest income	(90)
Realised loss/(gain) on foreign exchange	(192)
Equity settled share-based payment transactions	118

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 year are as follows:

	Denominated in RM RM'000
Secured:	
Long term	
Finance lease liabilities	199
Short term	
Bankers acceptance	352
Finance lease liabilities	32
	<u>384</u>
Total borrowings	<u><u>583</u></u>

9. Material Litigations

The Group is not involved in any material litigation as at the date of this report.

10. Proposed Dividends

(a) Dividend declared during the current reporting quarter:

	31.3.2016	31.3.2015
First interim dividend for the financial year	31 December 2016	31 December 2015
Declared and approved on	26 May 2016	28 May 2015
Dividend per share (single-tier)	1 sen	1 sen
Entitlement to dividends based on Record of Depositors as at	To be determined later	18 August 2015
Date payable	To be determined later	28 August 2015

(b) The total dividend declared for the current financial year ending 31 December 2016 and financial year ended 31 December 2015 are summarised as follows:

	Financial year ending 31.12.2016	Financial year ended 31.12.2015
First interim single-tier dividend	1 sen	1 sen
Second interim single-tier dividend	-	1 sen
Third interim single-tier dividend	-	1 sen
Final single-tier dividend	-	3.5 sen

At the forthcoming Annual General Meeting, a final single-tier dividend of 3.5 sen per share amounting to RM2,476,509 in respect of financial year ended 31 December 2015 will be proposed for shareholders' approval. This Report does not reflect the proposed final dividend. Such dividend, if approved by the shareholders will be accounted for in equity as appropriation of retained profits in the financial year ending 31 December 2016.

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 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.3.16	31.3.15	31.3.16	31.3.15
Profit after tax Attributable to owners of the Company (RM'000)	971	1,031	971	1,031
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)	1.37	1.46	1.37	1.46

(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 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.3.16	31.3.15	31.3.16	31.3.15
Profit after tax Attributable to owners of the Company (RM'000)	971	1,031	971	1,031
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	2,462	-	2,462	-
Effect on warrants	_*	_*	_*	_*
Weighted average number of ordinary shares of RM1.00 each in issue - diluted ('000)	73,219	70,757	73,219	70,757
Diluted earnings per share (sen)	1.32	1.46	1.32	1.46

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

12. Realised and Unrealised Profits/(Losses)

	(Unaudited) 31.3.16 (RM'000)	(Audited) 31.12.15 (RM'000)
Total retained profits/(accumulated loss) of the Group		
- Realised	26,505	25,811
- Unrealised	(1,373)	(1,154)
	<u>25,132</u>	<u>24,657</u>
Total share of retained profits of joint ventures		
- Realised	1,751	1,255
	<u>26,883</u>	<u>25,912</u>
Less: Consolidation adjustments	(27,993)	(27,998)
Total accumulated losses	<u>(1,110)</u>	<u>(2,086)</u>