



ENG KAH CORPORATION BERHAD

199701020152 (435649-H)

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED**

31 MARCH 2022

ENG KAH CORPORATION BERHAD
Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2022

	Unaudited as at 31.03.2022 RM'000	Audited as at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,669	19,794
Investment in joint ventures	289	225
	<u>19,958</u>	<u>20,019</u>
Current assets		
Inventories	25,036	22,583
Trade receivables	11,137	14,521
Other receivables, deposits and prepayments	2,078	2,771
Current tax assets	1,134	1,015
Cash and cash equivalents	18,599	17,086
	<u>57,984</u>	<u>57,976</u>
TOTAL ASSETS	<u><u>77,942</u></u>	<u><u>77,995</u></u>
EQUITY AND LIABILITIES		
Share capital	68,741	68,741
Other reserves	2,449	2,315
Accumulated losses	(5,580)	(4,709)
Total equity	<u><u>65,610</u></u>	<u><u>66,347</u></u>
Non-current liabilities		
Lease liabilities	214	223
Deferred tax liabilities	978	982
	<u>1,192</u>	<u>1,205</u>
Current liabilities		
Trade payables	7,544	6,643
Other payables and accruals	3,541	3,712
Lease liabilities	55	62
Current tax liabilities	-	26
	<u>11,140</u>	<u>10,443</u>
Total liabilities	<u><u>12,332</u></u>	<u><u>11,648</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>77,942</u></u>	<u><u>77,995</u></u>
Net assets per share (RM)	0.56	0.56

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

ENG KAH CORPORATION BERHAD
Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3 months period ended 31 March 2022

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
		31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Revenue		12,621	9,437	12,621	9,437
Operating expenses		(13,570)	(11,216)	(13,570)	(11,216)
Other income		<u>86</u>	<u>2,667</u>	<u>86</u>	<u>2,667</u>
(Loss)/Profit from operations		(863)	888	(863)	888
Finance costs		(3)	(2)	(3)	(2)
Share of results of joint ventures		<u>64</u>	<u>(27)</u>	<u>64</u>	<u>(27)</u>
(Loss)/Profit before tax		(802)	859	(802)	859
Tax expense	B5	<u>(80)</u>	<u>(92)</u>	<u>(80)</u>	<u>(92)</u>
(Loss)/Profit for the financial period	B6	<u>(882)</u>	<u>767</u>	<u>(882)</u>	<u>767</u>
Other comprehensive income, net of tax					
Item that will be reclassified subsequently					
to profit or loss					
Foreign exchange differences for foreign operations		<u>119</u>	<u>177</u>	<u>119</u>	<u>177</u>
Total comprehensive (loss)/income for the financial period attributable to owners of the company		<u><u>(763)</u></u>	<u><u>944</u></u>	<u><u>(763)</u></u>	<u><u>944</u></u>
Earnings per share (EPS) attributable to owners of the Company					
Basic EPS (sen)	B11	(0.75)	1.08	(0.75)	1.08
Diluted EPS (sen)	B11	<u>(0.74)</u>	<u>1.08</u>	<u>(0.74)</u>	<u>1.08</u>

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

ENG KAH CORPORATION BERHAD
Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Changes In Equity
For the 3 months period ended 31 March 2022

	Share Capital RM'000	Other Reserves RM'000	(Accumulated loss)/ Retained Profits RM'000	Total Equity RM'000
As at 01.01.2022	68,741	2,315	(4,709)	66,347
Foreign exchange differences for foreign operations	-	119	-	119
Loss for the financial period	-	-	(882)	(882)
Total comprehensive loss for the financial period	-	119	(882)	(763)
Transactions with owners:				
Grant of ESOS to employees	-	26	-	26
ESOS forfeited due to resignation	-	(11)	11	-
Total transactions with owners	-	15	11	26
As at 31.03.2022	<u>68,741</u>	<u>2,449</u>	<u>(5,580)</u>	<u>65,610</u>
As at 01.01.2021	68,638	1,914	3,312	73,864
Foreign exchange differences for foreign operations	-	177	-	177
Profit for the financial period	-	-	767	767
Total comprehensive income for the financial period	-	177	767	944
Transactions with owners:				
Grant of ESOS to employees	-	16	-	16
ESOS forfeited due to resignation	-	(14)	14	-
Dividend	-	-	(2,476)	(2,476)
Total transactions with owners	-	2	(2,462)	(2,460)
As at 31.03.2021	<u>68,638</u>	<u>2,093</u>	<u>1,617</u>	<u>72,348</u>

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

ENG KAH CORPORATION BERHAD
Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Cash Flows
For the 3 months period ended 31 March 2022

	31.03.2022	31.03.2021
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(802)	859
Adjustments for:		
- Depreciation	282	275
- Grant of ESOS to employees	26	16
- Gain on disposal of property, plant and equipment	(11)	-
- Interest expense	3	2
- Interest income	(9)	(29)
- Share of results of joint ventures	(64)	27
Operating (loss)/profit before working capital changes	(575)	1,150
Increase in inventories	(2,453)	(2,373)
Decrease/(Increase) in receivables	4,077	(475)
Increase in payables	731	475
Cash used in operations	1,780	(1,223)
Income tax paid	(229)	(365)
Interest paid	(3)	(2)
Net cash from/(used in) operating activities	1,548	(1,590)
Cash flows from investing activities		
Interest received	9	29
Purchase of property, plant and equipment	(159)	(311)
Proceeds from disposal of property, plant and equipment	12	2
Net cash used in investing activities	(138)	(280)
Cash flows from financing activities		
Dividend paid	-	(2,476)
Repayment of lease liabilities	(16)	(13)
Net cash used in financing activities	(16)	(2,489)
Net increase/(decrease) in cash and cash equivalents	1,394	(4,359)
Effect of changes in exchange rate	119	177
Cash and cash equivalents at beginning	17,086	23,935
Cash and cash equivalents at end	18,599	19,753

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

Part A - Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The unaudited 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 2021. 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 2021.

2. Significant Accounting Policies

2.1 Adoption of New and Amendments/Improvements to MFRS

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2021.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2022:

Effective for annual periods beginning on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

The Group have not applied the following standards that have been issued by the MASB but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial Application MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

3. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not qualified.

4. Items of Unusual Nature

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

5. 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.

6. 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.

7. Dividends Paid

No dividends were paid in the current quarter under review.

8. Segmental Information

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

	3 months ended 31.03.2022 (RM'000)	3 months ended 31.03.2021 (RM'000)
Segment Revenue		
Personal care	8,197	6,240
Household	4,559	3,595
Total revenue including inter segment sales	<u>12,756</u>	<u>9,835</u>
Elimination of inter-segment sales	<u>(135)</u>	<u>(398)</u>
	<u><u>12,621</u></u>	<u><u>9,437</u></u>
Segment Results		
Personal care	(764)	(1,413)
Household	(40)	(169)
Investment holding	(68)	2,441
Total results	<u>(872)</u>	<u>859</u>
Results excluding inter segment sales	(872)	859
Interest expense	(3)	(2)
Interest income	9	29
Share of results of joint ventures	64	(27)
(Loss)/Profit before tax	<u>(802)</u>	<u>859</u>
Tax expense	<u>(80)</u>	<u>(92)</u>
(Loss)/Profit for the financial period	<u><u>(882)</u></u>	<u><u>767</u></u>

9. 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 2021.

10. Subsequent Event

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

11. Changes in Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

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

13. Capital Commitments

The Outstanding capital commitment as at the end of the reporting period is as follows:

	RM'000
Contracted but not provided for:	
- Others	40
	=====

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) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000	Changes (Amount/%)	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000	Changes (Amount/%)
Revenue						
- Personal care	8,062	5,842	2,220/38.00%	8,062	5,842	2,220/38.00%
- Household	4,559	3,595	964/26.82%	4,559	3,595	964/26.82%
	<u>12,621</u>	<u>9,437</u>	3,184/33.74%	<u>12,621</u>	<u>9,437</u>	3,184/33.74%
(Loss)/Profit before tax						
- Personal care	(766)	(1,413)	647/45.79%	(766)	(1,413)	647/45.79%
- Household	(41)	(169)	128/75.74%	(41)	(169)	128/75.74%
- Investment holding	5	2,441	-2,436/-99.80%	5	2,441	-2,436/-99.80%
	<u>(802)</u>	<u>859</u>	-1,661/-193.36%	<u>(802)</u>	<u>859</u>	-1,661/-193.36%

Comparison with Corresponding Quarter in Previous Period

Generally, the impact of seasonality on the demand for the Group's products is not that significant. The turnover for the reporting quarter was RM12.6 million, an increase of RM3.18 million or 33.74% compared to the preceding year's corresponding quarter of RM9.44million. The increase in turnover was due to the higher orders of personal care products in the reporting quarter.

The Group recorded a Loss Before Tax ("LBT") of RM0.80 million compared to a Profit Before Tax ("PBT") of RM0.86 million in the preceding year's corresponding quarter. In both personal care and household segments, the Group reduced the losses by 45.79% and 75.74% respectively from the preceding year's corresponding quarter.

During the individual quarter under review, the demands for personal care and household products were 63.88% and 36.12% respectively as compared to 61.91% and 38.09% respectively in the preceding year's corresponding quarter. The change was fairly usual in terms of manufacturing activities of the Group.

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	8,062	9,810	-1,748/-17.82%
- Household	4,559	6,296	-1,737/-27.59%
	12,621	16,106	-3,485/-21.64%
(Loss)/Profit before tax			
- Personal care	(766)	(746)	-20/-2.68%
- Household	(41)	50	-91/-182.00%
- Investment holding	5	391	-386/-98.72%
	(802)	(305)	-497/-162.95%

The turnover for the reporting quarter was RM12.6 million as compared to RM16.1 million in the immediately preceding quarter, a decrease of approximately 21.64% or RM3.49 million. The decrease in turnover was mainly due to lesser orders placed on personal care and household products during the quarter under review. Tough economic is one of the factors causing the reducing orders by overseas customers.

The Group recorded a loss before tax of RM0.80 million for the current quarter as compared to a loss before tax of RM0.31 million in the immediately preceding quarter. The LBT was due to the lesser sales orders during the quarter under review.

During the quarter under review, the LBT margin was approximate -6.35% as compared to the LBT margin of -1.89% in the immediately preceding quarter. The lower LBT margin was mainly due to the lower turnover.

3. Commentary on Prospects

Referring to the April 2022 World Economic Outlook issued by the International Monetary Fund (IMF), the global economic prospects have worsened significantly since the last forecast in January 2022. The global growth outlook will continue to be affected by the developments surrounding the conflict in Ukraine, COVID-19, global supply chain conditions, commodity price shocks, and financial market volatility.

The Group will monitor the situation closely as to enable the Group to initiate countermeasures on a timely basis to mitigate the impact, when necessary.

On 1 April 2022, Malaysia transitioned to endemicity and it would strengthen economic activity, in line with further easing of restrictions and the reopening of international borders. The hospitality industry is expected to be in a recovery phase. The Group anticipates new opportunities for the development of souvenir products that are unique and impressive.

The Regional Comprehensive Economic Partnership (RCEP) agreement has come into force for Malaysia on 18 March 2022. It is signaling an important part of the trade liberalisation process for the country. The agreement is noteworthy because it includes 29.46% of the global population or 2.3 billion people. The Group is looking forward to identifying the opportunities of the RCEP such as to optimise sourcing and processing arrangements and taking advantage of any benefits of business expansion.

4. Profit Forecast Variance

Not applicable as the Company did not publish any profit forecast or profit guarantee.

5. Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000
Malaysian income tax:				
Based on results for the financial period				
- Current tax	(86)	(92)	(86)	(92)
- Deferred tax	4	-	4	-
- Over provision in prior year	2	-	2	-
	<u>(80)</u>	<u>(92)</u>	<u>(80)</u>	<u>(92)</u>

6. Loss for the Financial Period

	Current Quarter 3 Months Ended 31.03.2022 (Unaudited) RM'000
Depreciation	282
Interest income	(9)
Gain on foreign exchange	
- Realised	(189)
- Unrealised	(11)
Gain on disposal of property, plant and equipment	(11)

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

7. Corporate Proposal

There were no corporate proposals 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:

	(Unaudited) 31.03.2022 Denominated in RM RM'000	(Unaudited) 31.03.2021 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	214	-
Short term		
Hire purchase loans	55	19
Total borrowings	269	19
Average effective interest rate:		
Hire purchase loans	2.09% to 2.70%	2.70%

9. Material Litigations

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

10. Proposed Dividends

The Board do not recommend the payment of interim dividend for the reporting quarter.

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 12 Months Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(Loss)/Profit for the financial period Attributable to owners of the Company (RM'000)	(882)	767	(882)	767
Weighted average number of ordinary shares in issue ('000)	118,122	70,757	118,122	70,757
Basic earnings per share (sen)	(0.75)	1.08	(0.75)	1.08

(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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(Loss)/profit for the financial period Attributable to owners of the Company (RM'000)	(882)	767	(882)	767
Weighted average number of ordinary shares in issue ('000)	118,122	70,757	118,122	70,757
Effect of share-based payment transaction	278	-*	278	-*
Effect of warrants	-#	-#	-#	-#
Weighted average number of ordinary shares in issue - diluted ('000)	118,400	70,757	118,400	70,757
Diluted earnings per share (sen)	(0.74)	1.08	(0.74)	1.08

* The effects of the ESOS have not been computed as they are anti-dilutive in nature.

The effects of the warrants are anti-dilutive in nature.