



ENG KAH CORPORATION BERHAD

199701020152 (435649-H)

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE SECOND (2ND) QUARTER ENDED**

30 JUNE 2023

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	Unaudited as at 30.06.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,100	20,303
Investment in joint ventures	481	238
	<u>20,581</u>	<u>20,541</u>
Current assets		
Inventories	28,168	28,522
Trade receivables	9,008	11,623
Other receivables, deposits and prepayments	1,789	1,851
Current tax assets	461	1,296
Cash and cash equivalents	14,453	13,042
	<u>53,879</u>	<u>56,334</u>
TOTAL ASSETS	<u>74,460</u>	<u>76,875</u>
EQUITY AND LIABILITIES		
Share capital	68,741	68,741
Other reserves	2,054	1,969
Accumulated losses	(8,633)	(8,336)
Total equity	<u>62,162</u>	<u>62,374</u>
Non-current liabilities		
Lease liability	121	161
Deferred tax liabilities	1,148	1,137
	<u>1,269</u>	<u>1,298</u>
Current liabilities		
Trade payables	6,753	8,273
Other payables and accruals	3,722	4,335
Borrowings	481	530
Lease liability	73	65
	<u>11,029</u>	<u>13,203</u>
Total liabilities	<u>12,298</u>	<u>14,501</u>
TOTAL EQUITY AND LIABILITIES	<u>74,460</u>	<u>76,875</u>
Net assets per share (RM)	0.53	0.53

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. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 6 months period ended 30 June 2023

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue		12,653	12,738	25,346	25,359
Operating expenses		(13,117)	(13,404)	(26,090)	(26,974)
Other income		<u>119</u>	<u>42</u>	<u>252</u>	<u>128</u>
Loss from operations		(345)	(624)	(492)	(1,487)
Finance costs		(8)	(1)	(22)	(4)
Share of results of joint ventures		<u>177</u>	<u>(103)</u>	<u>243</u>	<u>(39)</u>
Loss before tax		(176)	(728)	(271)	(1,530)
Tax expense	B5	<u>(51)</u>	<u>(67)</u>	<u>(112)</u>	<u>(147)</u>
Loss for the financial period	B6	(227)	(795)	(383)	(1,677)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign exchange differences for foreign operations		<u>(25)</u>	<u>(76)</u>	<u>126</u>	<u>43</u>
Total comprehensive loss for the financial period attributable to owners of the Company		<u>(252)</u>	<u>(871)</u>	<u>(257)</u>	<u>(1,634)</u>
Earnings per share (EPS) attributable to owners of the Company					
Basic EPS (sen)	B12	(0.19)	(0.67)	(0.32)	(1.42)
Diluted EPS (sen)	B12	<u>(0.19)</u>	<u>(0.67)</u>	<u>(0.32)</u>	<u>(1.42)</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 6 months period ended 30 June 2023

	Share Capital RM'000	Other Reserves RM'000	Accumulated Loss RM'000	Total Equity RM'000
As at 01.01.2023	68,741	1,969	(8,336)	62,374
Foreign exchange differences for foreign operations	-	126	-	126
Loss for the financial period	-	-	(383)	(383)
Total comprehensive loss for the financial period	-	126	(383)	(257)
Transactions with owners:				
Grant of ESOS to employees	-	45	-	45
ESOS forfeited due to resignation	-	(86)	86	-
Total transactions with owners	-	(41)	86	45
As at 30.06.2023	<u>68,741</u>	<u>2,054</u>	<u>(8,633)</u>	<u>62,162</u>
As at 01.01.2022	68,741	2,315	(4,709)	66,347
Foreign exchange differences for foreign operations	-	43	-	43
Loss for the financial period	-	-	(1,677)	(1,677)
Total comprehensive loss for the financial period	-	43	(1,677)	(1,634)
Transactions with owners:				
Grant of ESOS to employees	-	50	-	50
ESOS forfeited due to resignation	-	(92)	92	-
Total transactions with owners	-	(42)	92	50
As at 30.06.2022	<u>68,741</u>	<u>2,316</u>	<u>(6,294)</u>	<u>64,763</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 6 months period ended 30 June 2023

	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(271)	(1,530)
Adjustments for:		
- Depreciation	590	571
- Grant of ESOS to employees	45	50
- Gain on disposal of property, plant and equipment	(14)	(12)
- Interest expense	22	4
- Interest income	(29)	(73)
- Inventories written down	-	89
- Share of results of joint ventures	(243)	39
Operating profit/(loss) before working capital changes	100	(862)
Decrease/(Increase) in inventories	354	(4,147)
Decrease in receivables	2,677	4,825
(Decrease)/Increase in payables	(2,132)	1,949
Cash from operations	999	1,765
Income tax paid	(195)	(432)
Income tax refunded	928	-
Interest paid	(22)	(4)
Net cash from operating activities	1,710	1,329
Cash flows from investing activities		
Interest received	29	73
Purchase of property, plant and equipment	(388)	(534)
Proceeds from disposal of property, plant and equipment	15	14
Net cash used in investing activities	(344)	(447)
Cash flows from financing activities		
Repayment of banker's acceptances	(49)	-
Repayment of lease liability	(32)	(34)
Net cash used in financing activities	(81)	(34)
Net increase in cash and cash equivalents	1,285	848
Effect of changes in exchange rate	126	43
Cash and cash equivalents at beginning	13,042	17,086
Cash and cash equivalents at end	14,453	17,977

The Unaudited 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 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 2022. 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 2022.

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 2022.

At the beginning of the current financial year, the Group adopted new standards/amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 January 2023.

Initial application for the above amendments to standards did not 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 2024

Amendments to MFRS 16 Lease liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements

Deferred to a date to be determined by the MASB

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 applications of the above applicable standards are 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 2022 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.

	6 months ended 30.06.2023 (RM'000)	6 months ended 30.06.2022 (RM'000)
Segment Revenue		
Personal care	18,273	16,050
Household	7,212	9,463
Total revenue including inter segment sales	<u>25,485</u>	<u>25,513</u>
Elimination of inter-segment sales	<u>(139)</u>	<u>(154)</u>
	<u>25,346</u>	<u>25,359</u>
Segment Results		
Personal care	(137)	(1,150)
Household	(88)	(171)
Investment holding	(296)	(239)
Total results	<u>(521)</u>	<u>(1,560)</u>
Results excluding inter segment sales	(521)	(1,560)
Interest expense	(22)	(4)
Interest income	29	73
Share of results of joint ventures	243	(39)
Loss before tax	<u>(271)</u>	<u>(1,530)</u>
Tax expense	<u>(112)</u>	<u>(147)</u>
Loss for the financial period	<u>(383)</u>	<u>(1,677)</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 2022.

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:	
- Renovation	17
- Others	26
	<u>43</u>

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 6 Months Ended		
	(Unaudited) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000	Changes (Amount/ %)	(Unaudited) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	9,606	7,834	1,772/ 22.62%	18,134	15,896	2,238/ 14.08%
- Household	3,047	4,904	-1,857/ -37.87%	7,212	9,463	-2,251/ -23.79%
	<u>12,653</u>	<u>12,738</u>	<u>-85/ -0.67%</u>	<u>25,346</u>	<u>25,359</u>	<u>-13/ -0.05%</u>
Loss before tax						
- Personal care	(97)	(386)	289/ 74.87%	(149)	(1,152)	1,003/ 87.07%
- Household	(44)	(132)	88/ 66.67%	(98)	(173)	75/ 43.35%
- Investment holding	(35)	(210)	175/ 83.33%	(24)	(205)	181/ 88.29%
	<u>(176)</u>	<u>(728)</u>	<u>552/ 75.82%</u>	<u>(271)</u>	<u>(1,530)</u>	<u>1,259/ 82.29%</u>

Comparison with Corresponding Quarter in Previous Period

In the reporting quarter, the Group's revenue decreased by 0.67% to RM12.653 million, compared to the corresponding quarter of the preceding year, which was RM12.738 million.

The personal care segment was a standout performer, experiencing significant growth with a revenue increase of 22.62% compared to the corresponding quarter of the previous year. This achievement reflects the successful reception of the Group's personal care products in the market, and it highlights the potential for further expansion in this segment.

Overall, the Group managed to show positive sign of improvement in its financial performance. The Group's Loss Before Tax ("LBT") decreased significantly from RM728 thousand in the corresponding quarter of the preceding year to RM176 thousand for the current quarter. This considerable improvement in performance demonstrates the Group's commitment to pursue cost optimization and revenue enhancement initiatives.

2. Comparison with Preceding Quarter's Results

	Current Quarter 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	9,606	8,528	1,078/ 12.64%
- Household	3,047	4,165	-1,118/ -26.84%
	12,653	12,693	-40/ -0.32%
<i>Loss before tax</i>			
- Personal care	(97)	(52)	-45/ -86.54%
- Household	(44)	(54)	10/ 18.52%
- Investment holding	(35)	11	-46/ -418.18%
	(176)	(95)	-81/ -85.26%

The revenue from the personal care segment demonstrated growth, ascending from RM8.528 million the preceding quarter to RM9.606 million in the current quarter. This represented a substantial rise of RM1.078 million or 12.64%. This positive development emphasizes the segment's solid market presence and consumer favourability.

Conversely, the household segment witnessed a decline in revenue from RM4.165 million in the preceding quarter to RM3.047 million in the current quarter. This equated to a notable decrease of RM1.118 million or 26.84%, resulted by lower orders in this segment.

3. Commentary on Prospects

The Group is optimistic about its future prospects. The beauty and cosmetics market is evolving rapidly, and companies must be prepared for the future and stay competitive. Consumers are increasingly concerned about the environmental impact of the products they buy. However, our Group is well-positioned to benefit from the current situation, as the Group continues to invest in product research and development to better meet the specific needs of our customers.

The Group will be participating in the leading international beauty trade fair in Asia, which will provide us with an excellent opportunity to showcase our unique products and expand our customer base. In addition, we will continue to promote our unique souvenir products, featuring an impressive 3D printing effect on glass containers, to capture the attention of customers and drive sales.

Furthermore, the Group is committed to investing in sustainability initiatives and green technology to reduce our carbon footprint and improve the environmental impact. The Group will also be fostering partnerships with local and international organizations to expand our product reach and to tap into new markets. These initiatives will not only help us to achieve our sustainability goals but also create new business opportunities and enhance shareholders' value.

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 6 Months Ended	
	(Unaudited) 30.06.2023	(Unaudited) 30.06.2022	(Unaudited) 30.06.2023	(Unaudited) 30.06.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax: Based on results for the financial period				
- Current tax	(40)	(63)	(101)	(149)
- Deferred tax	(11)	(4)	(11)	-
- Over provision in prior year	-	-	-	2
	<u>(51)</u>	<u>(67)</u>	<u>(112)</u>	<u>(147)</u>

6. Loss for the Financial Period

	Individual Quarter 3 Months Ended 30.06.2023 (Unaudited) RM'000	Cumulative Quarter 6 Months Ended 30.06.2023 (Unaudited) RM'000
Depreciation	295	590
Interest income	(21)	(29)
Loss on foreign exchange		
- Realised	35	97
Gain on disposal of property, plant and equipment	(2)	(14)

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. Lease Liability

The Group's lease liability as at the end of the current period is as follows:

	(Unaudited) 30.06.2023 Denominated in RM RM'000	(Unaudited) 30.06.2022 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	121	214
Short term		
Hire purchase loans	73	37
Total lease liability	194	251
Average effective interest rate:		
Hire purchase loans	2.09%	2.09%

9. Borrowings

The banker's acceptances are secured by way of corporate guarantee by the company. The interest rates for borrowings are charged at a range between 4.00% and 4.52% during the quarter.

10. Material Litigations

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

11. Proposed Dividends

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

12. 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 6 Months Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Loss for the financial period Attributable to owners of the Company (RM'000)	(227)	(795)	(383)	(1,677)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Basic earnings per share (sen)	(0.19)	(0.67)	(0.32)	(1.42)

12. Earnings Per Share (continued)

(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
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Loss for the financial period Attributable to owners of the Company (RM'000)	(227)	(795)	(383)	(1,677)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Effect of share-based payment transaction	26	186	26	186
Effect of warrants	-#	-#	-#	-#
Weighted average number of ordinary shares in issue - diluted ('000)	118,148	118,308	118,148	118,308
Diluted earnings per share (sen)	(0.19)	(0.67)	(0.32)	(1.42)

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