



ENG KAH CORPORATION BERHAD

199701020152 (435649-H)

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED**

31 DECEMBER 2023

ENG KAH CORPORATION BERHAD

Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Unaudited as at 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,036	20,303
Investment in joint ventures	778	238
	<u>20,814</u>	<u>20,541</u>
Current assets		
Inventories	23,256	28,522
Trade receivables	8,848	11,623
Other receivables, deposits and prepayments	971	1,851
Current tax assets	479	1,296
Cash and cash equivalents	15,500	13,042
	<u>49,054</u>	<u>56,334</u>
TOTAL ASSETS	<u>69,868</u>	<u>76,875</u>
EQUITY AND LIABILITIES		
Share capital	68,741	68,741
Other reserves	2,233	1,969
Accumulated losses	(11,929)	(8,336)
Total equity	<u>59,045</u>	<u>62,374</u>
Non-current liabilities		
Lease liability	93	161
Deferred tax liabilities	1,137	1,137
	<u>1,230</u>	<u>1,298</u>
Current liabilities		
Trade payables	4,076	8,273
Other payables and accruals	5,449	4,335
Borrowings	-	530
Lease liability	68	65
	<u>9,593</u>	<u>13,203</u>
Total liabilities	<u>10,823</u>	<u>14,501</u>
TOTAL EQUITY AND LIABILITIES	<u>69,868</u>	<u>76,875</u>
Net assets per share (RM)	0.50	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 12 months period ended 31 December 2023

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue		12,389	12,362	48,726	50,153
Operating expenses		(14,774)	(14,324)	(53,528)	(54,560)
Other income		<u>409</u>	<u>806</u>	<u>837</u>	<u>1,169</u>
Loss from operations		(1,976)	(1,156)	(3,965)	(3,238)
Finance costs		(2)	(11)	(30)	(17)
Share of results of joint ventures		<u>196</u>	<u>54</u>	<u>539</u>	<u>13</u>
Loss before tax		(1,782)	(1,113)	(3,456)	(3,242)
Tax expense	B5	<u>(70)</u>	<u>(273)</u>	<u>(245)</u>	<u>(486)</u>
Loss for the financial period	B6	(1,852)	(1,386)	(3,701)	(3,728)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign exchange differences for foreign operations		<u>(281)</u>	<u>(289)</u>	<u>(9)</u>	<u>(337)</u>
Total comprehensive loss for the financial period attributable to owners of the Company		<u>(2,133)</u>	<u>(1,675)</u>	<u>(3,710)</u>	<u>(4,065)</u>
Earnings per share (EPS) attributable to owners of the Company					
Basic EPS (sen)	B12	(1.57)	(1.17)	(3.13)	(3.16)
Diluted EPS (sen)	B12	<u>(1.57)</u>	<u>(1.17)</u>	<u>(3.13)</u>	<u>(3.15)</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 12 months period ended 31 December 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	-	300	-	300
Loss for the financial period	-	-	(3,701)	(3,701)
Total comprehensive loss for the financial period	-	300	(3,701)	(3,401)
Transactions with owners:				
Grant of ESOS to employees	-	72	-	72
ESOS forfeited due to resignation	-	(108)	108	-
Total transactions with owners	-	(36)	108	72
As at 31.12.2023	<u>68,741</u>	<u>2,233</u>	<u>(11,929)</u>	<u>59,045</u>
As at 01.01.2022	68,741	2,315	(4,709)	66,347
Foreign exchange differences for foreign operations	-	(337)	-	(337)
Loss for the financial period	-	-	(3,728)	(3,728)
Total comprehensive loss for the financial period	-	(337)	(3,728)	(4,065)
Transactions with owners:				
Grant of ESOS to employees	-	92	-	92
ESOS forfeited due to resignation	-	(101)	101	-
Total transactions with owners	-	(9)	101	92
As at 31.12.2022	<u>68,741</u>	<u>1,969</u>	<u>(8,336)</u>	<u>62,374</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 12 months period ended 31 December 2023

	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(3,456)	(3,242)
Adjustments for:		
- Allowance for expected credit losses	3	254
- Depreciation	1,197	1,170
- Grant of ESOS to employees	72	92
- Gain on disposal of property, plant and equipment	(14)	(12)
- Interest expense	30	17
- Interest income	(143)	(133)
- Inventories written down	1,510	215
- Share of results of joint ventures	(539)	(13)
- Unrealised loss on foreign exchange	155	627
Operating loss before working capital changes	(1,185)	(1,025)
Decrease/(Increase) in inventories	3,757	(6,155)
Decrease in receivables	3,630	2,835
(Decrease)/Increase in payables	(3,104)	2,355
Cash from/(used in) operations	3,098	(1,990)
Income tax paid	(357)	(637)
Income tax refunded	928	-
Interest paid	(30)	(17)
Net cash from/(used in) operating activities	3,639	(2,644)
Cash flows from investing activities		
Interest received	143	133
Purchase of property, plant and equipment	(931)	(1,681)
Proceeds from disposal of property, plant and equipment	15	14
Net cash used in investing activities	(773)	(1,534)
Balance carried forward	2,866	(4,178)

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

Unaudited Condensed Consolidated Statement of Cash Flows
For the 12 months period ended 31 December 2023

	31.12.2023	31.12.2022
	RM'000	RM'000
Balance brought forward	2,866	(4,178)
Cash flows from financing activities		
(Repayment)/Drawdown of banker's acceptances	(530)	530
Repayment of lease liability	(65)	(59)
Net cash (used in)/from financing activities	(595)	471
Net increase/(decrease) in cash and cash equivalents	2,271	(3,707)
Effect of foreign exchange rate changes	187	(337)
Cash and cash equivalents at beginning	13,042	17,086
Cash and cash equivalents at end	15,500	13,042

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

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 – Lack of Exchangeability

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.

	12 months ended 31.12.2023 (RM'000)	12 months ended 31.12.2022 (RM'000)
Segment Revenue		
Personal care	34,715	32,915
Household	14,460	17,459
Total revenue including inter segment sales	49,175	50,374
Elimination of inter-segment sales	(449)	(221)
	<u>48,726</u>	<u>50,153</u>
Segment Results		
Personal care	(2,437)	(2,875)
Household	(369)	(164)
Investment holding	(1,302)	(332)
Total results	(4,108)	(3,371)
Results excluding inter segment sales	(4,108)	(3,371)
Interest expense	(30)	(17)
Interest income	143	133
Share of results of joint ventures	539	13
Loss before tax	(3,456)	(3,242)
Tax expense	(245)	(486)
Loss for the financial period	<u>(3,701)</u>	<u>(3,728)</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

There was no capital expenditure contracted but not provided for in the unaudited interim financial report of the Group during the current financial period under review.

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 12 Months Ended		
	(Unaudited) 31.12.2023 RM'000	(Audited) 31.12.2022 RM'000	Changes (Amount/ %)	(Unaudited) 31.12.2023 RM'000	(Audited) 31.12.2022 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	8,698	8,788	-90/ -1.02%	34,266	32,694	1,572/ 4.81%
- Household	3,691	3,574	117/ 3.27%	14,460	17,459	-2,999/ -17.18%
	<u>12,389</u>	<u>12,362</u>	27/ 0.22%	<u>48,726</u>	<u>50,153</u>	-1,427/ -2.85%
Loss before tax						
- Personal care	(1,377)	(1,083)	-294/ -27.15%	(2,452)	(2,878)	426/ 14.80%
- Household	(175)	(48)	-127/ -264.58%	(383)	(168)	-215/ -127.98%
- Investment holding	(230)	18	-248/ -1377.78%	(621)	(196)	-425/ -216.84%
	<u>(1,782)</u>	<u>(1,113)</u>	-669/ -60.17%	<u>(3,456)</u>	<u>(3,242)</u>	-214/ -6.60%

Comparison with Corresponding Quarter in Previous Period

The Group's financial performance for the quarter ended December 31, 2023, reflected a slight increase of 0.22% in revenue, totaling RM12.389 million compared to RM12.362 million in the corresponding quarter of the previous year. Within the segments, the personal care segment experienced a marginal decline of 1.02% compared to the same quarter last year. However, over the cumulative period, the personal care segment exhibited a healthy growth rate of 4.81%, suggesting positive long-term trends.

Conversely, the household segment demonstrated a 3.27% increase in revenue for the current quarter compared to the corresponding period of the preceding year. Despite this quarterly growth, the household segment faced significant challenges, evidenced by a 17.18% decline in revenue over the cumulative quarter.

The Group reported a Loss Before Tax (LBT) of RM1.782 million in the current quarter as compare to LBT of RM1.113 million in the corresponding quarter of the preceding year. This was due to higher losses in both the personal care and investment holding segment.

However, personal care segment was a notable improvement as the LBT decreased by 14.80% for the 12 months cumulative quarter. This positive trend indicates the Group's efforts in addressing operational efficiencies and optimizing costs.

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	8,698	7,434	1,264/ 17.00%
- Household	3,691	3,557	134/ 3.77%
	12,389	10,991	1,398/ 12.72%
<i>Loss before tax</i>			
- Personal care	(1,377)	(926)	-451/ -48.70%
- Household	(175)	(110)	-65/ -59.09%
- Investment holding	(230)	(367)	137/ 37.33%
	(1,782)	(1,403)	-379/ -27.01%

In the quarter ended on December 31, 2023, the Group witnessed a notable increase in revenue, totaling RM12.389 million, representing a substantial rise of approximately 12.72% or RM1.398 million compared to the previous quarter's revenue of RM10.991 million. This surge in revenue was primarily driven by heightened demand for both personal care and household products throughout the reviewed quarter.

In the current quarter, the personal care segment continues to report loss with RM1.377 million compared to RM926 thousand in the immediate preceding quarter. Similarly, the household segment reported a marginal increase in loss, with RM175 thousand in the current quarter compared to RM110 thousand in the immediate preceding quarter.

The investment holding segment reported a loss of RM230 thousand in the current quarter, compared to a loss of RM367 thousand in the immediate preceding period. This remarkable improvement in the investment holding segment contributed positively to the Group's financial performance.

The increase in revenue was attributed to an upsurge in orders across both personal care and household product lines, reflecting favorable market conditions and consumer demand. The Group's strategic initiatives and operational efficiencies also played a pivotal role in achieving these results.

Overall, the Group's performance in the current quarter underscored its resilience and ability to adapt to changing market dynamics. By effectively managing its operations and responding adeptly to shifting consumer preferences, the Group has positioned itself for sustained growth and profitability in the foreseeable future.

3. Commentary on Prospects

The Group holds a positive outlook for its future prospects, recognizing the evolving nature of the beauty and cosmetics market and the importance of staying competitive. Consumer awareness of the potentially harmful effects of synthetic ingredients in beauty and personal care products has fueled a surge in demand for natural and organic alternatives. Furthermore, the desire for personalized beauty and personal care experiences is driving a trend toward customization. Consumers seek products that cater to their unique needs and preferences, whether it's skincare tailored to their specific skin type, hair care formulated for their hair concerns, or cosmetics that match their individual style. The stigma surrounding men's grooming has faded, leading to a surge in demand for men's personal care products.

The Group is well-prepared to capitalize on the current market landscape, with a commitment to investing in research and development aimed at creating products that meet the specific needs of its customers. Moreover, the Group intends to participate in prominent international beauty trade fairs in Asia, providing an excellent platform to showcase its distinctive products and expand its customer base. Emphasizing unique souvenir products featuring impressive 3D printing on glass containers will be a key strategy to engage customers and drive sales.

Furthermore, the Group is fostering partnerships with both local and international organizations to extend its product reach and access into new markets. These initiatives not only support the Group's sustainability goals but also have the potential to generate new business opportunities and enhance value for stakeholders.

4. Profit Forecast Variance

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

5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the financial period				
- Current tax	(134)	(123)	(270)	(382)
- Deferred tax	39	(155)	-	(155)
- Over provision in prior year	25	5	25	51
	<u>(70)</u>	<u>(273)</u>	<u>(245)</u>	<u>(486)</u>

6. Loss for the Financial Period

	Individual Quarter 3 Months Ended 31.12.2023 (Unaudited) RM'000	Cumulative Quarter 12 Months Ended 31.12.2023 (Unaudited) RM'000
Depreciation	305	1,197
Interest income	(83)	(143)
Inventory written down	1,165	1,510
Loss on foreign exchange - Realised	55	189
Gain on disposal of property, plant and equipment	-	(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) 31.12.2023 Denominated in RM RM'000	(Audited) 31.12.2022 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	93	161
Short term		
Hire purchase loans	68	65
Total lease liability	<u>161</u>	<u>226</u>
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 12 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss for the financial period Attributable to owners of the Company (RM'000)	(1,852)	(1,386)	(3,701)	(3,728)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Basic earnings per share (sen)	(1.57)	(1.17)	(3.13)	(3.16)

(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 12 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Loss for the financial period Attributable to owners of the Company (RM'000)	(1,852)	(1,386)	(3,701)	(3,728)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Effect of share-based payment transaction	-*	78	-*	78
Effect of warrants	-#	-#	-#	-#
Weighted average number of ordinary shares in issue - diluted ('000)	118,122	118,200	118,122	118,200
Diluted earnings per share (sen)	(1.57)	(1.17)	(3.13)	(3.15)

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