



ENG KAH CORPORATION BERHAD

199701020152 (435649-H)

Incorporated in Malaysia

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

31 MARCH 2024

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2024

	Unaudited as at 31.03.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,756	20,036
Investment in joint ventures	685	778
	<u>20,441</u>	<u>20,814</u>
Current assets		
Inventories	21,456	23,256
Trade receivables	5,424	8,848
Other receivables, deposits and prepayments	1,403	970
Current tax assets	499	480
Cash and cash equivalents	19,061	15,501
	<u>47,843</u>	<u>49,055</u>
TOTAL ASSETS	<u>68,284</u>	<u>69,869</u>
EQUITY AND LIABILITIES		
Share capital	68,741	68,741
Other reserves	2,219	2,233
Accumulated losses	(12,419)	(11,929)
Total equity	<u>58,541</u>	<u>59,045</u>
Non-current liabilities		
Lease liability	72	93
Deferred tax liabilities	1,137	1,137
	<u>1,209</u>	<u>1,230</u>
Current liabilities		
Trade payables	4,512	4,077
Other payables and accruals	3,949	5,449
Lease liability	73	68
	<u>8,534</u>	<u>9,594</u>
Total liabilities	<u>9,743</u>	<u>10,824</u>
TOTAL EQUITY AND LIABILITIES	<u>68,284</u>	<u>69,869</u>
Net assets per share (RM)	0.50	0.50

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 3 months period ended 31 March 2024

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
		31.03.2024 RM'000	31.03.2023 RM'000	31.03.2024 RM'000	31.03.2023 RM'000
Revenue		10,711	12,693	10,711	12,693
Operating expenses		(11,390)	(12,973)	(11,390)	(12,973)
Other income		<u>342</u>	<u>133</u>	<u>342</u>	<u>133</u>
Loss from operations		(337)	(147)	(337)	(147)
Finance costs		(2)	(14)	(2)	(14)
Share of results of joint ventures		<u>(93)</u>	<u>66</u>	<u>(93)</u>	<u>66</u>
Loss before tax		(432)	(95)	(432)	(95)
Tax expense	B5	<u>(67)</u>	<u>(61)</u>	<u>(67)</u>	<u>(61)</u>
Loss for the financial period	B6	(499)	(156)	(499)	(156)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign exchange differences for foreign operations		<u>(17)</u>	<u>151</u>	<u>(17)</u>	<u>151</u>
Total comprehensive loss for the financial period attributable to owners of the Company		<u>(516)</u>	<u>(5)</u>	<u>(516)</u>	<u>(5)</u>
Earnings per share (EPS) attributable to owners of the Company					
Basic EPS (sen)	B12	(0.42)	(0.13)	(0.42)	(0.13)
Diluted EPS (sen)	B12	<u>(0.42)</u>	<u>(0.13)</u>	<u>(0.42)</u>	<u>(0.13)</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 2024

	Share Capital RM'000	Other Reserves RM'000	Accumulated Loss RM'000	Total Equity RM'000
As at 01.01.2024	68,741	2,233	(11,929)	59,045
Foreign exchange differences for foreign operations	-	(17)	-	(17)
Loss for the financial period	-	-	(499)	(499)
Total comprehensive loss for the financial period	-	(17)	(499)	(516)
Transactions with owners:				
Grant of ESOS to employees	-	12	-	12
ESOS forfeited due to resignation	-	(9)	9	-
Total transactions with owners	-	3	9	12
As at 31.03.2024	<u>68,741</u>	<u>2,219</u>	<u>(12,419)</u>	<u>58,541</u>
As at 01.01.2023	68,741	1,969	(8,336)	62,374
Foreign exchange differences for foreign operations	-	151	-	151
Loss for the financial period	-	-	(156)	(156)
Total comprehensive loss for the financial period	-	151	(156)	(5)
Transactions with owners:				
Grant of ESOS to employees	-	24	-	24
ESOS forfeited due to resignation	-	(5)	5	-
Total transactions with owners	-	19	5	24
As at 31.03.2023	<u>68,741</u>	<u>2,139</u>	<u>(8,487)</u>	<u>62,393</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 2024

	31.03.2024	31.03.2023
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(432)	(95)
Adjustments for:		
- Depreciation	308	295
- Grant of ESOS to employees	12	24
- Gain on disposal of property, plant and equipment	-	(12)
- Interest expense	2	14
- Interest income	(59)	(8)
- Share of results of joint ventures	93	(66)
Operating loss before working capital changes	(76)	152
Decrease/(Increase) in inventories	1,800	(432)
Decrease in receivables	2,992	1,381
Decrease in payables	(1,065)	(718)
Cash from operations	3,651	383
Income tax paid	(86)	(105)
Income tax refunded	-	337
Interest paid	(2)	(14)
Net cash from operating activities	3,563	601
Cash flows from investing activities		
Interest received	59	8
Purchase of property, plant and equipment	(28)	(296)
Proceeds from disposal of property, plant and equipment	-	14
Net cash from/(used in) investing activities	31	(274)
Cash flows from financing activities		
Drawdown of banker's acceptances	-	595
Repayment of lease liability	(17)	(16)
Net cash (used in)/from financing activities	(17)	579
Net increase in cash and cash equivalents	3,577	906
Effect of foreign exchange rate changes	(17)	151
Cash and cash equivalents at beginning	15,501	13,042
Cash and cash equivalents at end	19,061	14,099

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 2023. 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 2023.

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 2023.

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 2024.

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 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 2023 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 31.03.2024 (RM'000)	3 months ended 31.03.2023 (RM'000)
Segment Revenue		
Personal care	7,077	8,576
Household	3,852	4,165
Total revenue including inter segment sales	10,929	12,741
Elimination of inter-segment sales	(218)	(48)
	<u>10,711</u>	<u>12,693</u>
Segment Results		
Personal care	(258)	(45)
Household	(319)	(48)
Investment holding	181	(62)
Total results	(396)	(155)
Results excluding inter segment sales	(396)	(155)
Interest expense	(2)	(14)
Interest income	59	8
Share of results of joint ventures	(93)	66
Loss before tax	(432)	(95)
Tax expense	(67)	(61)
Loss for the financial period	<u>(499)</u>	<u>(156)</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 2023.

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 3 Months Ended		
	(Unaudited) 31.03.2024 RM'000	(Unaudited) 31.03.2023 RM'000	Changes (Amount/ %)	(Unaudited) 31.03.2024 RM'000	(Unaudited) 31.03.2023 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	7,033	8,528	-1,495/ -17.53%	7,033	8,528	-1,495/ -17.53%
- Household	3,678	4,165	-487/ -11.69%	3,678	4,165	-487/ -11.69%
	<u>10,711</u>	<u>12,693</u>	<u>-1,982/ -15.61%</u>	<u>10,711</u>	<u>12,693</u>	<u>-1,982/ -15.61%</u>
Loss before tax						
- Personal care	(259)	(52)	-207/ -398.08%	(259)	(52)	-207/ -398.08%
- Household	(320)	(54)	-266/ -492.59%	(320)	(54)	-266/ -492.59%
- Investment holding	147	11	136/ 1,236.36%	147	11	136/ 1,236.36%
	<u>(432)</u>	<u>(95)</u>	<u>-337/ -354.74%</u>	<u>(432)</u>	<u>(95)</u>	<u>-337/ -354.74%</u>

Comparison with Corresponding Quarter in Previous Period

During the current reporting quarter, the Group encountered a significant downturn in its financial performance, marked by a 15.61% reduction in revenue compared to the corresponding period of the prior year. This decline was evidenced across both the personal care and household segments, resulting in a decrease in revenue from RM12.693 million to RM10.711 million.

The Group's Loss Before Tax (LBT) experienced a substantial increase from RM95 thousand in the corresponding quarter of the previous year to RM432 thousand in the current quarter. This higher in losses was attributed primarily to significant losses in both the personal care and household segments. Despite these challenges, the investment holding segment shown a positive performance, reporting a profit of RM147 thousand during the quarter.

Overall, the Group's financial performance in the present reporting period showcased a mixed scenario of outcomes. The investment holding segment exhibited profitability, which is a positive sign. However, both the personal care and household segments encountered significant challenges, primarily due to diminished orders from customers in this timeframe. These challenges led to decreased revenue and a higher LBT for the Group.

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.03.2024 RM'000	Immediate Preceding Quarter 31.12.2023 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	7,033	8,698	-1,665/ -19.14%
- Household	3,678	3,691	-13/ -0.35%
	10,711	12,389	-1,678/ -13.54%
<i>Loss before tax</i>			
- Personal care	(259)	(1,377)	1,118/ 81.19%
- Household	(320)	(175)	-145/ -82.86%
- Investment holding	147	(230)	377/ 163.91%
	(432)	(1,782)	1,350/ 75.76%

In the quarter ended March 31, 2024, there was a noticeable shift in the Group's financial performance compared to the immediate preceding quarter ended December 31, 2023. Revenue decreased from RM12.389 million to RM10.711 million, primarily due to reduced orders in the personal care product sector during this period.

An encouraging trend was observed in the personal care segment, which significantly reduced its losses from RM1.377 million in the preceding quarter to RM259 thousand in the current quarter. Similarly, the investment holding segment demonstrated a notable improvement, transitioning from a loss of RM230 thousand to a profit of RM147 thousand. These developments positively impacted the Group's overall financial standing.

Conversely, the Group experienced reduction in losses and remained losses at RM432 thousand compared to RM1.782 million in the previous quarter. Nonetheless, these results demonstrating the Group's ability to effectively manage and mitigate losses while navigating challenges in specific segments.

3. Commentary on Prospects

The Group maintains an optimistic outlook regarding its future prospects, acknowledging the dynamic nature of the beauty and cosmetics market and the imperative of maintaining competitiveness. The skincare products sector in Malaysia has experienced notable growth over time, propelled by heightened customer awareness, increasing disposable incomes, and a growing focus on personal grooming and wellness. The Malaysian skincare products market encompasses a diverse array of skincare solutions aimed at cleansing, moisturizing, and safeguarding the skin, catering to various skin types, concerns, and age groups. These products address issues such as acne, aging, hyperpigmentation, and sun protection, reflecting Malaysia's rich cultural heritage and evolving beauty standards.

With a flourishing beauty industry and a culturally diverse populace, Malaysia has emerged as a significant market for skincare products in Southeast Asia. The Group is well-prepared to leverage the current market dynamics, with a steadfast commitment to investing in research and development endeavors focused on crafting products that align with the distinct requirements of its clientele. Additionally, the Group plans to actively participate in prominent international beauty trade fairs across Asia, providing a robust platform to showcase its unique offerings and broaden its customer base.

A key strategic approach involves highlighting distinctive souvenir products featuring innovative 3D printing techniques on glass containers, aimed at engaging customers effectively and stimulating sales growth. Moreover, the Group is actively cultivating partnerships with both local and international entities to expand its product distribution channels and access untapped markets. These strategic initiatives not only reinforce the Group's sustainability objectives but also hold promises for unlocking new business avenues and augmenting overall 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 3 Months Ended		Cumulative Quarter 3 Months Ended	
	(Unaudited) 31.03.2024	(Unaudited) 31.03.2023	(Unaudited) 31.03.2024	(Unaudited) 31.03.2023
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the financial period				
- Current tax	(67)	(61)	(67)	(61)
	<u>(67)</u>	<u>(61)</u>	<u>(67)</u>	<u>(61)</u>

6. Loss for the Financial Period

	Individual Quarter 3 Months Ended 31.03.2024 (Unaudited) RM'000	Cumulative Quarter 3 Months Ended 31.03.2024 (Unaudited) RM'000
Depreciation	308	308
Interest income	(59)	(59)
Loss on foreign exchange - Realised	12	12

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) 31.03.2024 Denominated in RM RM'000	(Unaudited) 31.03.2023 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	72	137
Short term		
Banker acceptances	-	1,125
Hire purchase loans	73	73
Total lease liability	145	1,335
Average effective interest rate:		
Hire purchase loans	2.09%	2.09%

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 3 Months Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Loss for the financial period Attributable to owners of the Company (RM'000)	(499)	(156)	(499)	(156)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Basic earnings per share (sen)	(0.42)	(0.13)	(0.42)	(0.13)

(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	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Loss for the financial period Attributable to owners of the Company (RM'000)	(499)	(156)	(499)	(156)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Effect of share-based payment transaction	31*	-*	31*	-*
Effect of warrants	_#	_#	_#	_#
Weighted average number of ordinary shares in issue - diluted ('000)	118,153	118,122	118,153	118,122
Diluted earnings per share (sen)	(0.42)	(0.13)	(0.42)	(0.13)

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