



ENG KAH CORPORATION BERHAD

199701020152 (435649-H)

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED**

30 SEPTEMBER 2024

ENG KAH CORPORATION BERHAD

Company No. 199701020152 (435649-H)

Unaudited Condensed Consolidated Statement of Financial Position**As at 30 September 2024**

	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,568	20,036
Investment in joint ventures	554	778
	<u>20,122</u>	<u>20,814</u>
Current assets		
Inventories	20,964	23,256
Trade receivables	4,960	8,848
Other receivables, deposits and prepayments	977	970
Current tax assets	505	480
Cash and cash equivalents	18,922	15,501
	<u>46,328</u>	<u>49,055</u>
TOTAL ASSETS	<u>66,450</u>	<u>69,869</u>
EQUITY AND LIABILITIES		
Share capital	68,741	68,741
Other reserves	2,016	2,233
Accumulated losses	(13,687)	(11,929)
Total equity	<u>57,070</u>	<u>59,045</u>
Non-current liabilities		
Lease liability	38	93
Deferred tax liabilities	1,137	1,137
	<u>1,175</u>	<u>1,230</u>
Current liabilities		
Trade payables	3,117	4,077
Other payables and accruals	5,015	5,449
Lease liability	73	68
	<u>8,205</u>	<u>9,594</u>
Total liabilities	<u>9,380</u>	<u>10,824</u>
TOTAL EQUITY AND LIABILITIES	<u>66,450</u>	<u>69,869</u>
Net assets per share (RM)	0.48	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 9 months period ended 30 September 2024

	NOTE	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Revenue		10,066	10,991	31,802	36,337
Operating expenses		(11,229)	(12,664)	(34,115)	(38,754)
Other income		<u>229</u>	<u>176</u>	<u>796</u>	<u>428</u>
Loss from operations		(934)	(1,497)	(1,517)	(1,989)
Finance costs		(1)	(6)	(4)	(28)
Share of results of joint ventures		<u>(83)</u>	<u>100</u>	<u>(224)</u>	<u>343</u>
Loss before tax		(1,018)	(1,403)	(1,745)	(1,674)
Tax expense	B5	<u>15</u>	<u>(63)</u>	<u>(80)</u>	<u>(175)</u>
Loss for the financial period	B6	(1,003)	(1,466)	(1,825)	(1,849)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign exchange differences for foreign operations		<u>(226)</u>	<u>146</u>	<u>(167)</u>	<u>272</u>
Total comprehensive loss for the financial period attributable to owners of the Company		<u>(1,229)</u>	<u>(1,320)</u>	<u>(1,992)</u>	<u>(1,577)</u>
Earnings per share (EPS) attributable to owners of the Company					
Basic EPS (sen)	B12	(0.85)	(1.24)	(1.55)	(1.57)
Diluted EPS (sen)	B12	<u>(0.85)</u>	<u>(1.24)</u>	<u>(1.55)</u>	<u>(1.57)</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 9 months period ended 30 September 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	-	(167)	-	(167)
Loss for the financial period	-	-	(1,825)	(1,825)
Total comprehensive loss for the financial period	-	(167)	(1,825)	(1,992)
Transactions with owners:				
Grant of ESOS to employees	-	17	-	17
ESOS forfeited due to resignation	-	(67)	67	-
Total transactions with owners	-	(50)	67	17
As at 30.09.2024	<u>68,741</u>	<u>2,016</u>	<u>(13,687)</u>	<u>57,070</u>
As at 01.01.2023	68,741	1,969	(8,336)	62,374
Foreign exchange differences for foreign operations	-	272	-	272
Loss for the financial period	-	-	(1,849)	(1,849)
Total comprehensive loss for the financial period	-	272	(1,849)	(1,577)
Transactions with owners:				
Grant of ESOS to employees	-	59	-	59
ESOS forfeited due to resignation	-	(100)	100	-
Total transactions with owners	-	(41)	100	59
As at 30.09.2023	<u>68,741</u>	<u>2,200</u>	<u>(10,085)</u>	<u>60,856</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 9 months period ended 30 September 2024

	30.09.2024	30.09.2023
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(1,745)	(1,674)
Adjustments for:		
- Depreciation	920	892
- Grant of ESOS to employees	17	59
- Gain on disposal of property, plant and equipment	-	(14)
- Interest expense	4	28
- Interest income	(263)	(60)
- Inventories written down	648	345
- Share of results of joint ventures	224	(343)
Operating loss before working capital changes	(195)	(767)
Decrease in inventories	1,644	399
Decrease in receivables	3,882	5,239
Decrease in payables	(1,393)	(3,196)
Cash from operations	3,938	1,675
Income tax paid	(253)	(284)
Income tax refunded	147	928
Interest paid	(4)	(28)
Net cash from operating activities	3,828	2,291
Cash flows from investing activities		
Interest received	263	60
Purchase of property, plant and equipment	(452)	(689)
Proceeds from disposal of property, plant and equipment	-	15
Net cash used in investing activities	(189)	(614)
Cash flows from financing activities		
Repayment of banker's acceptances	-	(201)
Repayment of lease liability	(51)	(49)
Net cash used in financing activities	(51)	(250)
Net increase in cash and cash equivalents	3,588	1,427
Effect of foreign exchange rate changes	(167)	272
Cash and cash equivalents at beginning	15,501	13,042
Cash and cash equivalents at end	18,922	14,741

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

Effective for annual periods beginning on or after 1 January 2026

Annual improvements to MFRS Accounting Standards - Volume 11

Amendments to MFRS 9 and MFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

Effective for annual periods beginning on or after 1 January 2027

MFRS 18 – Presentation and Disclosure in Financial Statements

MFRS 19 – Subsidiaries without Public Accountability : Disclosures

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.

	9 months ended 30.09.2024 (RM'000)	9 months ended 30.09.2023 (RM'000)
Segment Revenue		
Personal care	21,869	25,882
Household	10,875	10,769
Total revenue including inter segment sales	<u>32,744</u>	<u>36,651</u>
Elimination of inter-segment sales	<u>(942)</u>	<u>(314)</u>
	<u><u>31,802</u></u>	<u><u>36,337</u></u>
Segment Results		
Personal care	(1,396)	(1,060)
Household	(239)	(195)
Investment holding	(145)	(794)
Total results	<u>(1,780)</u>	<u>(2,049)</u>
Results excluding inter segment sales	<u>(1,780)</u>	<u>(2,049)</u>
Interest expense	(4)	(28)
Interest income	263	60
Share of results of joint ventures	(224)	343
Loss before tax	<u>(1,745)</u>	<u>(1,674)</u>
Tax expense	<u>(80)</u>	<u>(175)</u>
Loss for the financial period	<u><u>(1,825)</u></u>	<u><u>(1,849)</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 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 9 Months Ended		
	(Unaudited) 30.09.2024 RM'000	(Unaudited) 30.09.2023 RM'000	Changes (Amount/ %)	(Unaudited) 30.09.2024 RM'000	(Unaudited) 30.09.2023 RM'000	Changes (Amount/ %)
Revenue						
- Personal care	6,771	7,434	-663/ -8.92%	21,372	25,568	-4,196/ -16.41%
- Household	3,295	3,557	-262/ -7.37%	10,430	10,769	-339/ -3.15%
	<u>10,066</u>	<u>10,991</u>	<u>-925/ -8.42%</u>	<u>31,802</u>	<u>36,337</u>	<u>-4,535/ -12.48%</u>
Loss before tax						
- Personal care	(928)	(926)	-2/ -0.22%	(1,398)	(1,075)	-323/ -30.05%
- Household	(17)	(110)	93/ 84.55%	(241)	(208)	-33/ -15.87%
- Investment holding	(73)	(367)	294/ 80.11%	(106)	(391)	285/ 72.89%
	<u>(1,018)</u>	<u>(1,403)</u>	<u>385/ 27.44%</u>	<u>(1,745)</u>	<u>(1,674)</u>	<u>-71/ -4.24%</u>

Comparison with Corresponding Quarter in Previous Period

In this reporting quarter, the Group experienced a decline in financial performance, with revenue falling by 8.42% compared to the same quarter of the prior year. This decrease was evidenced in both the personal care and household segments, reducing revenue from RM10.991 million to RM10.066 million.

Despite this, the Group shown an improvement in Loss Before Tax (LBT), which reduced from RM1.403 million in the same quarter last year to RM1.018 million in the current quarter. Lower LBT was reported in the household segment, indicating the Group's success in cost control effort.

Overall, these positive developments reflected the Group's ongoing commitment to cost optimization and revenue enhancement initiatives, contributing to a noticeable improvement in financial performance.

2. Comparison with Preceding Quarter's Results

	Current Quarter 30.09.2024 RM'000	Immediate Preceding Quarter 30.06.2024 RM'000	Changes (Amount/%)
<i>Revenue</i>			
- Personal care	6,771	7,568	-797/ -10.53%
- Household	3,295	3,457	-162/ -4.69%
	10,066	11,025	-959/ -8.70%
<i>Loss before tax</i>			
- Personal care	(928)	(211)	-717 -339.81%
- Household	(17)	96	-113/ -117.71%
- Investment holding	(73)	(180)	107/ 59.44%
	(1,018)	(295)	-723/ -245.08%

In the quarter ended September 30, 2024, the Group's financial performance declined compared to the immediate preceding quarter ended June 30, 2024. Revenue decreased by 8.7%, from RM11.025 million to RM10.066 million, primarily driven by reduced orders in both the personal care and household products segments.

The Group's Loss Before Tax (LBT) for the current quarter rose to RM1.018 million, up from LBT of RM0.295 million in the previous quarter. This increase in LBT was mainly attributed to lower sales orders and inventory write-downs incurred during the period.

3. Commentary on Prospects

The Group remains optimistic about its future, recognizing the beauty industry as a dynamic space influenced by changing consumer preferences, rapid technological progress, and competitive forces. The beauty and personal care market is flourishing, especially in cosmetics and skincare, fueled by a generational shift as younger consumers enter the market. This trend is further accelerated by the impact of social media, global influences, and the growth of e-commerce. In Malaysia, beauty products are popular for their hydration, sun protection, and anti-aging benefits. Consumers increasingly prioritize self-care and seek personalized skincare routines. Long-term growth is bolstered by the rising financial independence of women, a heightened interest among younger consumers in natural and organic products, and a growing emphasis on grooming among men. The demand for anti-pollution skincare and multifunctional products is also rising, reflecting a broader movement toward natural, sustainable, and versatile beauty solutions. Additionally, there is significant growth in demand for halal-certified products, catering to the preferences of Malaysia's predominantly Muslim population.

With a thriving beauty industry and a culturally diverse population, Malaysia has become a key market for skincare products in Southeast Asia. The Group is well-positioned to capitalize on these favorable market conditions, maintaining a strong commitment to research and development to create products tailored to the unique needs of its customers. Additionally, the Group plans to participate actively in major international beauty trade shows across Asia, offering a valuable opportunity to showcase its distinct offerings and expand its customer base.

A central strategic focus is to showcase unique souvenir products featuring innovative 3D-printed glass containers, designed to captivate customers and drive sales growth. Additionally, the Group is fostering partnerships with both local and international organizations to broaden its distribution channels and tap into new markets. These initiatives not only strengthen the Group's sustainability goals but also present opportunities to unlock new business potential and enhance overall stakeholder 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 9 Months Ended	
	(Unaudited) 30.09.2024	(Unaudited) 30.09.2023	(Unaudited) 30.09.2024	(Unaudited) 30.09.2023
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Based on results for the financial period				
- Current tax	15	(35)	(87)	(136)
- Deferred tax	-	(28)	-	(39)
- Over provision in prior year	-	-	7	-
	<u>15</u>	<u>(63)</u>	<u>(80)</u>	<u>(175)</u>

6. Loss for the Financial Period

	Individual Quarter 3 Months Ended 30.09.2024 (Unaudited) RM'000	Cumulative Quarter 9 Months Ended 30.09.2024 (Unaudited) RM'000
Depreciation	306	920
Interest income	(100)	(263)
Inventory written down	648	648
Loss on foreign exchange - Realised	26	49

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) 30.09.2024 Denominated in RM RM'000	(Unaudited) 30.09.2023 Denominated in RM RM'000
Secured:		
Long term		
Hire purchase loans	38	105
Short term		
Hire purchase loans	73	73
Total lease liability	111	178
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 9 Months Ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Loss for the financial period Attributable to owners of the Company (RM'000)	(1,003)	(1,466)	(1,825)	(1,849)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Basic earnings per share (sen)	(0.85)	(1.24)	(1.55)	(1.57)

(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 9 Months Ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Loss for the financial period Attributable to owners of the Company (RM'000)	(1,003)	(1,466)	(1,825)	(1,849)
Weighted average number of ordinary shares in issue ('000)	118,122	118,122	118,122	118,122
Effect of share-based payment transaction	_*	_*	_*	_*
Effect of warrants	_#	_#	_#	_#
Weighted average number of ordinary shares in issue - diluted ('000)	118,122	118,122	118,122	118,122
Diluted earnings per share (sen)	(0.85)	(1.24)	(1.55)	(1.57)

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

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