

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

	3 months ended 31 December		9 months ended 31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	15,707	17,033	55,353	55,113
Cost of sales	(11,489)	(13,965)	(42,682)	(43,402)
Gross profit/(loss)	4,218	3,068	12,671	11,711
Other income	122	973	1,881	1,749
Sales and marketing expenses	(242)	(229)	(923)	(1,024)
Administrative expenses	(3,014)	(2,517)	(8,680)	(7,517)
Operating profit/(loss)	1,084	1,295	4,949	4,919
Finance costs	(133)	(138)	(413)	(395)
Profit/(Loss) before tax	951	1,157	4,536	4,524
Tax expense	(209)	(423)	(938)	(430)
Profit/(Loss) for the period	742	734	3,598	4,094
Profit/(Loss) attributable to:				
Equity holders of the parent	899	748	3,826	4,308
Non-controlling interests	(157)	(14)	(228)	(214)
Profit/(Loss) for the period	742	734	3,598	4,094
Earnings per share attributable to equity holders of the parent:				
Basic, profit/(loss) for the period (sen)	0.94	0.78	3.99	4.49
Fully Diluted	0.94	0.78	3.99	4.49

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

	3 months ended 31 December		9 months ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) for the period	742	734	3,598	4,094
Other comprehensive income, net of tax				
Revaluation reserve on leasehold land and building, net of tax	-	-	-	-
Foreign currency translation differences for foreign operation	(6)	(9)	(10)	1
Total comprehensive income/(loss) for the period	<u>736</u>	<u>725</u>	<u>3,588</u>	<u>4,095</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	893	739	3,816	4,309
Non-controlling interests	(157)	(14)	(228)	(214)
	<u>736</u>	<u>725</u>	<u>3,588</u>	<u>4,095</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED
AT 31 DECEMBER 2016

	31 December 2016 Unaudited RM'000	31 March 2016 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	23,042	23,628
Investment properties	180	184
Goodwill on consolidation	552	552
Deferred tax assets	327	327
Total non current assets	24,101	24,691
Current Assets		
Inventories	35,976	40,245
Trade and other receivables	16,196	17,931
Current tax assets	288	102
Cash and cash equivalents	7,030	8,598
Total current assets	59,490	66,876
TOTAL ASSETS	83,591	91,567
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	95,927	95,927
Reserves	19,548	19,558
Accumulated losses	(70,711)	(74,537)
	44,764	40,948
Non-controlling interests	8,066	8,294
TOTAL EQUITY	52,830	49,242
Non Current Liabilities		
Borrowings	2,767	3,653
Deferred tax liabilities	4,844	4,932
Total non current liabilities	7,611	8,585
Current liabilities		
Trade and other payables	15,745	19,042
Bank borrowings	6,920	7,927
Deferred revenue	78	5,828
Current tax liabilities	407	943
Total current liabilities	23,150	33,740
TOTAL EQUITY AND LIABILITIES	83,591	91,567
Net assets per share (RM)	0.47	0.43

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016
RM'000

	<----- Attributable to equity holders of parent ----->						
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Accumulated Losses RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 April 2016	95,927	7,737	11,811	10	(74,537)	8,294	49,242
Profit/(Loss) for the period	-	-	-	-	3,826	(228)	3,598
Foreign exchange translation differences	-	-	-	(10)	-	-	(10)
Revaluation reserve on leasehold land & buildings	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	(10)	3,826	(228)	3,588
At 31 December 2016	95,927	7,737	11,811	-	(70,711)	8,066	52,830
At 1 April 2015	95,927	7,737	10,809	24	(78,202)	7,913	44,208
Profit/(Loss) for the period	-	-	-	-	4,308	(214)	4,094
Foreign exchange translation differences	-	-	-	1	-	-	1
Revaluation reserve on leasehold land & buildings	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	1	4,308	(214)	4,095
At 31 December 2015	95,927	7,737	10,809	25	(73,894)	7,699	48,303

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW - UNAUDITED
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

	9 months ended 31 December 2016 RM'000	12 months ended 31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	4,536	5,870
Adjustments for :		
Depreciation and amortisation	1,473	2,031
Interest expenses	364	513
Impairment losses on trade and other receivables	-	26
Amortisation of investment properties	-	6
Unrealised loss /(gain) on foreign exchange	77	86
Interest income	(125)	(151)
Impairment losses on trade and other receivables no longer required	-	(4)
Gain on disposal of property, plant and equipment	-	(54)
Operating profit/(loss) before working capital changes	6,325	8,323
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1,214	(1,269)
Decrease/(increase) in inventories	4,303	(97)
(Decrease)/increase in deferred revenue	(5,750)	(544)
(Decrease)/increase in trade and other payables	(2,843)	(1,370)
Cash generated from operations	3,249	5,043
Interest received	125	151
Tax refund	-	17
Tax paid	(1,761)	(1,489)
Net cash generated from operating activities	1,613	3,722
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(864)	(698)
Proceed from disposal of property, plant and equipment	-	100
Net cash used in investing activities	(864)	(598)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(364)	(513)
Net (repayment)/ drawdown of bank borrowings	(1,511)	950
Net (repayment)/ drawdown of hire purchase payables	(63)	(332)
Changes in deposits pledged to licensed banks	123	422
Net cash used in financing activities	(1,815)	527
Net increase/(decrease) in cash and cash equivalents	(1,066)	3,651
Effects of exchange rate changes on cash and cash equivalents	(63)	(108)
Cash and cash equivalents at beginning of financial year	6,499	2,956
Cash and cash equivalents at end of financial period	5,370	6,499
Cash and cash equivalents comprise of:		
Cash and bank balances	6,945	7,876
Deposits with licensed banks	85	722
Bank overdrafts included in bank borrowings	(1,660)	(1,977)
	5,370	6,621
Less: Deposits pledged to licensed banks	-	(122)
	5,370	6,499

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 31 DECEMBER 2016

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2016. These explanatory notes attached to the interim financial statements 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 March 2016.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017:

Amendments to MFRS 112	Recognition of Deferred Tax assets for Unrealised Losses
Amendments to MFRS 107	Disclosure Initiatives
Amendments to MFRS 12	Disclosure of Interests in Other Entities

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (2014)
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Investment Property - Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019:

MFRS 16	Leases
---------	--------

A2 Audited financial statements of the preceding year

The auditors' report on the financial statements for the year ended 31 March 2016 was not qualified.

A3 Seasonality or cyclicity of operations

The Group operations is not subject to seasonality or cyclicity of operations.

A4 Items of unusual nature and amount

There were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence during the quarter.

A5 Changes in estimates

There were no significant changes in estimates of amount, which give a material effect in the current financial period.

A6 Issuance or repayment of debt/equity securities

There have been no issuance and repayment of debt and equity securities for the financial quarter ended 31 December 2016.

A7 Dividend paid

There were no dividend paid during the quarter under review.

A8 Segmental Reporting

The analysis by activity of the Group for the financial period ended 31 December 2016 are as follows:

	<-----3 months ended----->		<-----9 months ended----->	
	31-12-2016 RM'000	31-12-2015 RM'000	31-12-2016 RM'000	31-12-2015 RM'000
Segment Revenue				
Manufacturing and trading - consumable products	15,707	17,033	43,436	47,373
Property development	-	-	11,917	7,740
Investment holdings	45	60	135	180
	<u>15,752</u>	<u>17,093</u>	<u>55,488</u>	<u>55,293</u>
Inter-segment elimination	(45)	(60)	(135)	(180)
Total Revenue	<u>15,707</u>	<u>17,033</u>	<u>55,353</u>	<u>55,113</u>

Segment Results				
Manufacturing and trading - consumable products	2,027	1,829	4,544	4,770
Property development	(577)	(345)	1,255	761
Investment holdings	(366)	(189)	(850)	(612)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Segment Results	1,084	1,295	4,949	4,919
Finance cost	(133)	(138)	(413)	(395)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) before tax	951	1,157	4,536	4,524
Tax expense	(209)	(423)	(938)	(430)
Non-controlling interests	157	14	228	214
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) for the period	899	748	3,826	4,308

A9 Valuation of property, plant and equipment

The valuation of leasehold land and buildings have been brought forward without amendments from previous annual financial statements.

A10 Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter.

A11 Contingent Liabilities

The Directors are not aware of any contingent liabilities that have arisen since the last annual balance sheet date.

A12 Related Party Transactions

Significant transactions between the Group with the related parties during the financial period ended 31 December 2016 were as follows:

	<-----3 months ended----->		<-----9 months ended----->	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
	RM'000	RM'000	RM'000	RM'000
Sales of raw materials:				
Century Plas Industries Sdn Bhd	1,954	2,023	5,640	4,922
Purchases of semi finished parts and components:				
Century Plas Industries Sdn Bhd	2,741	2,539	7,384	6,184
Sales and purchases of trading items				
U Can Marketing Sdn Bhd	10	1	26	2
Rental of premises received:				
Century Plas Industries Sdn Bhd	39	39	117	117
Rental of machinery received:				
Century Plas Industries Sdn Bhd	6	6	18	18
Rental of factory paid and payable to:				
Beng Choo Marketing Sdn Bhd	90	90	270	270
Purchases of trophy parts and bases:				
Emico (Vietnam) Co. Ltd	986	986	2,237	1,913
Contract works billed:				
Frame World Sdn Bhd	646	1,416	2,596	5,695

The transactions were entered in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties.

A13 Capital Commitments

Capital expenditures which have not been provided for at the end of each reporting period are as follows:

	As at 31-Dec-16 RM'000
Property, plant and equipment:	
Approved and contracted for	<hr/> 554

B ADDITIONAL INFORMATION AS REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (PART A OF APPENDIX 9B)

B1 Tax expense

	Current 9 months 31-12-2016 RM'000	Current 9 months 31-12-2015 RM'000
Current period	1,025	511
Under/(over) provision in prior years	-	-
Deferred	(87)	(81)
	<hr/>	<hr/>
Taxation - net	938	430

The effective tax rates were lower than statutory tax rate mainly due to the availability of tax losses and capital allowances which can be set off against taxable profits made by certain subsidiaries.

B2 Sale of unquoted investments and properties

There were no profit on sale of investments or properties for the current financial period.

B3 Particulars of purchase or disposal of quoted investments

There were no sales or purchases of quoted securities during the period.

B4 Status of Corporate proposals announced but not completed

On 19 October 2016, the Board of Directors of Emico has proposed to undertake the following:

(i) Proposed reduction of the issued and paid-up share capital of Emico via the cancellation of RM0.90 of the par value of the ordinary shares of RM1.00 each in Emico ("Existing Share(s)") to RM0.10 each in Emico ("Emico Share(s)" or "Share(s)") pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction") or via reduction of share capital of Emico pursuant to Section 116 of the incoming Companies Act, 2016 which was gazetted on 15 September 2016 and is awaiting the gazette for appointment of date of coming into operation ("New Act") ("Proposed Share Capital Reduction"), where applicable. The Proposed Capital Reduction refers to the Proposed Par Value Reduction or the Proposed Share Capital Reduction ("Proposed Capital Reduction"); and

(ii) proposed amendment to the Memorandum of Association of Emico to facilitate the implementation of the Proposed Capital Reduction ("Proposed Amendment").

The above proposals were approved by shareholders at the Extraordinary General Meeting held on 5 December 2016. The High Court of Penang had on 21 February 2017, granted an order confirming the Proposed Capital Reduction pursuant to Section 64 of the Companies Act, 1965.

The draft Court Order will be filed for the High Court's approval. Once the draft Court Order is approved, the fair order will be filed with the High Court. Upon extraction of the sealed Court Order, an office copy of the Court Order will be lodged with the Companies Commission of Malaysia for the Proposed Capital Reduction to take effect.

B5 Group borrowings

Group borrowings and debt securities are as follows:

	31-Dec-16 RM'000	31-Mar-16 RM'000
a) Current bank Borrowings - Secured		
Bank overdraft	1,660	1,977
Bankers' acceptance	3,930	3,987
Hire purchase creditors	233	242
Term loan	1,097	1,050
Receivable financing	-	671
	<u>6,920</u>	<u>7,927</u>
b) Non Current Bank Borrowings - Secured		
Hire purchase creditors	959	1,014
Term loan	1,808	2,639
	<u>2,767</u>	<u>3,653</u>

B6 Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risks for the current financial period.

B7 Material Litigations

There are no material litigation pending as at 22 February 2017.

B8 Performance review

	<----- 3 months ended ----->		<----- 9 months ended ----->	
	Oct-16 to Dec-16	Jul-16 to Sep-16	Apr-16 to Dec-16	Apr-15 to Dec-15
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Manufacturing and trading	15,707	13,589	43,436	47,373
Property development	-	11,917	11,917	7,740
Total	<u>15,707</u>	<u>25,506</u>	<u>55,353</u>	<u>55,113</u>
PROFIT/ (LOSS) BEFORE TAX ("PBT" & "LBT")				
Manufacturing and trading - operations	1,912	1,079	4,185	4,399
Property development	(595)	2,312	1,201	737
Investment holdings	(366)	(257)	(850)	(612)
Net Total	<u>951</u>	<u>3,134</u>	<u>4,536</u>	<u>4,524</u>

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group was lower at RM15.71 million as compared to RM25.51 million in the preceding quarter mainly due to no project completion from the property development division. The Group posted PBT of RM0.95 million for current quarter as compared to RM3.13 million in preceding quarter of which PBT of RM2.31 million was contributed by the property development division.

Manufacturing and trading division posted an increase of 15.59% in revenue from of RM13.59 million in preceding quarter to RM15.71 million for current quarter. The increase was caused by higher sales and orders from the manufacturing sector whilst the revenue from the trading sector was maintained at approximately RM1.10 million for both quarters. As such, the manufacturing and trading division posted higher PBT of RM1.91 million for current quarter as compared to RM1.08 million in preceding quarter.

There was no project completion for current quarter as compared to the completion and sales of 40 units of double storey terrace house in Bandar Mutiara, Sungai Petani, Kedah which was recognised in preceding quarter. As such, property division posted LBT of RM0.59 million for current quarter as compared to PBT of RM2.31 million for preceding quarter.

Investment holding division posted LBT of RM0.37 million for current quarter as compared to LBT of RM0.26 million in preceding quarter due to expenditure on legal and professional fees incurred in relation to the proposed par value reduction as mentioned in Note B4.

Comparison with preceding year results

The Group revenue for the 9 months ended 31 December 2016 was maintained at approximately RM55.35 million as compared to RM55.11 million for preceding period. The decline in revenue from the manufacturing and trading division was offset by the increase in the property development division. As such, the PBT for the current 9 months ended 31 December 2016 was maintained at RM4.54 million as compared to RM4.52 million for preceding period.

The manufacturing and trading division posted a decrease of 8.31% in revenue from RM47.37 million in preceding period to RM43.44 million for current period mainly due to lower revenue from the trading sector. Trading sector contributed RM3.74 million in revenue for current period as compared to RM12.70 million in preceding period, a drop of RM8.96 million which was caused by the exit of retail business by one of its major customer during the fourth quarter of the preceding year. However, the decline in trading sector revenue was mitigated by an increase of RM5.02 million revenue from the manufacturing sector especially from the export business on the back of increased orders from customers and higher translation of Ringgit against US Dollars. In tandem with the strong performance from the manufacturing sector, it posted PBT of RM4.19 million for current period as compared to RM4.40 million in preceding period.

Property development division posted revenue of RM11.92 million for current period as compared to RM7.74 million in preceding period. In tandem with the higher revenue, the PBT for current period was RM1.20 million as compared to RM0.74 million in preceding period.

Investment holding division LBT increased from RM0.61 million in preceding period to RM0.85 million for current period. The increase was due to expenditure on legal and professional fees in relation to the proposed par value reduction as mentioned in Note B4.

B9 Current Year Prospects

The Group expects the business environment for the remaining quarters to be challenging in view of the uncertainties in the prevailing global economic condition. However, we will strive to maintain our competitiveness by continuously improving on our production efficiency and productivity.

B10 Explanatory notes on any variance in actual profit from forecasted profit

This note is not applicable for the financial period under review.

B11 Dividend

The Directors do not recommend any dividend for the period ended 31 December 2016.

B12 Earnings per share ("EPS")

1) Basic Earnings per share

a) Numerator

Profit attributable to ordinary equity holders:

Profit/(Loss) from operations (RM'000)

3 months		9 months	
31.12.2016	31.12.2015	31.12.2016	31.12.2015
899	748	3,826	4,308
95,927	95,927	95,927	95,927
0.94	0.78	3.99	4.49

b) Denominator

Weighted average number of ordinary shares used as denominator (per 1000 shares)

Basic Earnings per share (Sen)

B13 Operating Income/(Expenses)

Included in operating income/(expenses) are the followings credits/(charges):

	9 months ended Dec-16 RM'000	9 months ended Dec-15 RM'000
Depreciation of property, plant and equipment	(1,468)	(1,494)
Amortisation of investment properties	(5)	(5)
Interest expense	(364)	(373)
Interest income	125	150
Gain on disposal of property, plant & equipment	-	21
Unrealised gain/(loss) on foreign exchange	(77)	-

B14 Accumulated losses

The breakdown of accumulated losses of the Group as at reporting date, into realised and unrealised is as follows:

	As at end of 9 months ended 31.12.2016 RM'000	As at end of year ended 31.03.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(75,658)	(79,165)
- Unrealised	(768)	(864)
Total before consolidation adjustments	(76,426)	(80,029)
Less: Consolidation adjustments	5,715	5,492
Total Group accumulated losses as per consolidation accounts	(70,711)	(74,537)