

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2017

	3 months ended 30 Sep		6 months ended 30 Sep	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	13,366	25,506	25,788	39,646
Cost of sales	(9,920)	(19,864)	(19,631)	(31,193)
Gross profit/(loss)	3,446	5,642	6,157	8,453
Other income	123	911	505	1,759
Sales and marketing expenses	(291)	(387)	(597)	(681)
Administrative expenses	(2,723)	(2,892)	(5,729)	(5,666)
Operating profit/(loss)	555	3,274	336	3,865
Finance costs	(118)	(140)	(265)	(280)
Profit/(Loss) before tax	437	3,134	71	3,585
Tax expense	(208)	(311)	(431)	(729)
Profit/(Loss) for the period	229	2,823	(360)	2,856
Profit/(Loss) attributable to:				
Equity holders of the parent	250	2,864	(316)	2,927
Non-controlling interests	(21)	(41)	(44)	(71)
Profit/(Loss) for the period	229	2,823	(360)	2,856
Earnings per share attributable to equity holders of the parent:				
Basic, profit/(loss) for the period (sen)	0.26	2.99	(0.33)	3.05
Fully Diluted	0.26	2.99	(0.33)	3.05

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 SIX MONTHS ENDED 30 SEPTEMBER 2017

	3 months ended 30 Sep		6 months ended 30 Sep	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) for the period	229	2,823	(360)	2,856
Other comprehensive income, net of tax				
Revaluation reserve on leasehold land and building, net of tax	-	-	-	-
Foreign currency translation differences for foreign operation	-	(5)	6	(4)
Total comprehensive income/(loss) for the period	<u>229</u>	<u>2,818</u>	<u>(354)</u>	<u>2,852</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	250	2,859	(310)	2,923
Non-controlling interests	(21)	(41)	(44)	(71)
	<u>229</u>	<u>2,818</u>	<u>(354)</u>	<u>2,852</u>

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 30 SEPTEMBER 2017

	30 September 2017 Unaudited RM'000	31 March 2017 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	23,206	22,940
Investment properties	175	178
Goodwill on consolidation	552	552
Deferred tax assets	89	89
Total non current assets	24,022	23,759
Current Assets		
Inventories	40,500	36,640
Trade and other receivables	13,347	15,521
Current tax assets	468	344
Cash and cash equivalents	3,343	4,357
Total current assets	57,658	56,862
TOTAL ASSETS	81,680	80,621
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	17,329	17,329
Reserves	11,818	11,812
Retained earnings	13,084	13,400
Total equity attributable to owners of the Company	42,231	42,541
Non-controlling interests	7,997	8,041
TOTAL EQUITY	50,228	50,582
Non Current Liabilities		
Borrowings	2,073	2,422
Deferred tax liabilities	4,647	4,705
Total non current liabilities	6,720	7,127
Current liabilities		
Trade and other payables	15,002	15,308
Bank borrowings	6,437	6,447
Deferred revenue	3,016	839
Current tax liabilities	277	318
Total current liabilities	24,732	22,912
TOTAL EQUITY AND LIABILITIES	81,680	80,621
Net assets per share (RM)	0.44	0.44

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to equity holders of parent						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Retained earning RM'000	Non-controlling Interests RM'000	
At 1 April 2017	17,329	-	11,811	1	13,400	8,041	50,582
Profit/(Loss) for the period	-	-	-	-	(316)	(44)	(360)
Foreign exchange translation differences	-	-	-	6	-	-	6
Total comprehensive income/(loss) for the period	-	-	-	6	(316)	(44)	(354)
At 30 September 2017	17,329	-	11,811	7	13,084	7,997	50,228
At 1 April 2016	95,927	7,737	11,811	10	(74,537)	8,294	49,242
Profit/(Loss) for the period	-	-	-	-	2,927	(71)	2,856
Foreign exchange translation differences	-	-	-	(4)	-	-	(4)
Total comprehensive income/(loss) for the period	-	-	-	(4)	2,927	(71)	2,852
At 30 September 2016	95,927	7,737	11,811	6	(71,610)	8,223	52,094

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 SIX MONTHS ENDED 30 SEPTEMBER 2017

	6 months ended 30 September 2017 RM'000	12 months ended 31 March 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	71	2,730
Adjustments for :		
Depreciation of property, plant and equipment	873	1,925
Interest expenses	232	524
Impairment losses on trade and other receivables	252	23
Amortisation of investment properties	3	7
Unrealised loss /(gain) on foreign exchange	82	(110)
Interest income	(92)	(89)
Property, plant and equipment written off	-	7
Operating profit/(loss) before working capital changes	1,421	5,017
Changes in working capital:		
Decrease/(increase) in trade and other receivables	1,339	2,387
Decrease/(increase) in inventories	(3,865)	3,605
(Decrease)/increase in deferred revenue	2,176	(3,734)
(Decrease)/increase in trade and other payables	291	(4,989)
Cash generated from operations	1,362	2,286
Interest received	92	89
Tax refund	-	20
Tax paid	(653)	(2,257)
Net cash generated from operating activities	801	138
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,142)	(1,090)
Net cash used in investing activities	(1,142)	(1,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(232)	(524)
Net (repayment)/ drawdown of bank borrowings	(1,141)	(1,880)
Net (repayment)/ drawdown of hire purchase payables	231	(249)
Changes in deposits pledged to licensed banks	-	35
Net cash used in financing activities	(1,142)	(2,618)
Net increase/(decrease) in cash and cash equivalents	(1,483)	(3,570)
Effects of exchange rate changes on cash and cash equivalents	(83)	76
Cash and cash equivalents at beginning of financial year	3,005	6,499
Cash and cash equivalents at end of financial period	1,439	3,005
Cash and cash equivalents comprise of:		
Cash and bank balances	3,256	3,771
Deposits with licensed banks	87	586
Bank overdrafts included in bank borrowings	(1,817)	(1,266)
	1,526	3,091
Less: Deposits pledged to licensed banks	(87)	(86)
	1,439	3,005

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 2ND QUARTER ENDED 30 SEPTEMBER 2017

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 2017. 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 2017.

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 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
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A2 Audited financial statements of the preceding year

The auditors' report on the financial statements for the year ended 31 March 2017 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 financial quarter ended 30 September 2017.

A5 Changes in estimates

There were no significant changes in estimates of amount, which give a material effect in the financial quarter ended 30 September 2017.

A6 Issuance, cancellations, repurchases, resale and repayment of debt/equity securities

There have been no issuance and repayment of debt and equity securities for the financial quarter ended 30 September 2017.

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 30 September 2017 are as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Manufacturing and trading - consumable products	13,077	13,589	25,499	27,729
Property development	289	11,917	289	11,917
Investment holdings	45	45	90	90
	<u>13,411</u>	<u>25,551</u>	<u>25,878</u>	<u>39,736</u>
Inter-segment elimination	<u>(45)</u>	<u>(45)</u>	<u>(90)</u>	<u>(90)</u>
Total Revenue	<u>13,366</u>	<u>25,506</u>	<u>25,788</u>	<u>39,646</u>

Segment Results

Manufacturing and trading - consumable products	1,236	1,200	1,786	2,517
Property development	(406)	2,331	(934)	1,832
Investment holdings	(275)	(257)	(516)	(484)
Total Segment Results	555	3,274	336	3,865
Finance cost	(118)	(140)	(265)	(280)
Profit/(Loss) before tax	437	3,134	71	3,585
Tax expense	(208)	(311)	(431)	(729)
Non-controlling interests	21	41	44	71
Profit/(Loss) for the period	250	2,864	(316)	2,927

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 30 September 2017 were as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-09-2017	30-09-2016	30-09-2017	30-09-2016
	RM'000	RM'000	RM'000	RM'000
Sales of raw materials:				
Century Plas Industries Sdn Bhd	1,285	2,002	2,860	3,686
Purchases of semi finished parts and components:				
Century Plas Industries Sdn Bhd	1,900	2,571	3,896	4,643
Sales and purchases of trading items				
U Can Marketing Sdn Bhd	11	10	23	16
Rental of premises received:				
Century Plas Industries Sdn Bhd	39	39	78	78
Rental of machinery received:				
Century Plas Industries Sdn Bhd	6	6	12	12
Rental of factory paid and payable to:				
Beng Choo Marketing Sdn Bhd	90	90	180	180
Purchases and sales of trophy parts and bases:				
Emico (Vietnam) Co. Ltd	857	781	1,534	1,252
Contract works billed:				
Frame World Sdn Bhd	748	(229)	1,774	1,950

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
	30-Sep-17
	RM'000
Property, plant and equipment:	
Approved and contracted for	-

B ADDITIONAL INFORMATION AS REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (PART A OF APPENDIX 9B)**B1 Tax expense**

	Current	Current
	6 months	6 months
	30-09-2017	30-09-2016
	RM'000	RM'000
Current period	489	787
Deferred	(58)	(58)
	<u>431</u>	<u>729</u>
Taxation - net		

The effective tax rates were higher than statutory tax rate mainly due to the losses which cannot be set-off against taxable profits made by subsidiaries and certain expenses which are not tax deductible.

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

There were no corporate proposals announced but not completed during the period.

B5 Group borrowings

Group borrowings and debt securities are as follows:

	30-Sep-17 RM'000	31-Mar-17 RM'000
<u>a) Current bank Borrowings - Secured</u>		
Bank overdraft	1,817	1,266
Bankers' acceptance	3,240	3,831
Hire purchase creditors	271	237
Term loan	1,109	1,113
	<u>6,437</u>	<u>6,447</u>
<u>b) Non Current Bank Borrowings - Secured</u>		
Hire purchase creditors	1,096	898
Term loan	977	1,524
	<u>2,073</u>	<u>2,422</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 November 2017.

B8 Performance review

	<----- 3 months ended ----->		<-----6 months ended ----->	
	Jul-17 to Sep-17	Apr-17 to Jun-17	Apr-17 to Sep-17	Apr-16 to Sep-16
	RM'000	RM'000	RM'000	RM'000
<u>REVENUE</u>				
Manufacturing and trading	13,077	12,422	25,499	27,729
Property development	289	-	289	11,917
Total	<u>13,366</u>	<u>12,422</u>	<u>25,788</u>	<u>39,646</u>
<u>PROFIT/ (LOSS) BEFORE TAX ("PBT" & "LBT")</u>				
Manufacturing and trading - operations	1,135	420	1,555	2,273
Property development	(423)	(545)	(968)	1,796
Investment holdings	(275)	(241)	(516)	(484)
Net Total	<u>437</u>	<u>(366)</u>	<u>71</u>	<u>3,585</u>

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group was higher at RM13.37 million as compared to RM12.42 million in the preceding quarter mainly due to higher sales from all divisions. As such, the Group posted PBT of RM0.44 million for current quarter as compared to LBT of RM0.37 million in preceding quarter.

Manufacturing and trading division posted an increase of 5.3% in revenue from of RM12.42 million in preceding quarter to RM13.08 million for current quarter due to higher sales from customers. As such, it posted PBT of RM1.13 million as compared to PBT of RM0.42 million in preceding quarter due to better sales mix with higher margin.

The property development division current quarter revenue is derived from the sales of completed units classified under inventory. There was no project completion for current and preceding quarters. As such, the property division posted lower LBT of RM0.42 million as compared to LBT of RM0.55 million for preceding quarter.

Investment holding division LBT is maintained at RM0.28 million for current quarter and RM0.24 million in preceding quarter.

Comparison with preceding year results

The Group revenue for the six months ended 30 September 2017 was RM25.79 million as compared to RM39.65 million for preceding period representing a decline of 34.95%. The decline was mainly due to a drop in revenue from all divisions especially the property development division whereby there was no project completion for the current period. In tandem with the lower revenue, it posted PBT of RM0.07 million as compared to PBT of RM3.6 million in preceding period whereby the property division contributed PBT of RM1.80 million.

The manufacturing and trading division posted a decrease of 8.04% in revenue from RM27.73 million in preceding period to RM25.50 million for current period mainly due to lower sales from the trading sector. In tandem with the lower sales, it posted lower PBT of RM1.56 million for current period as compared to PBT of RM2.27 million in preceding period.

The property development division posted a decrease of RM11.68 million in revenue as compared to preceding period due to no project completion for the current period. As such, it posted LBT of RM0.97 million for current period as compared to PBT of RM1.80 million for preceding period.

Investment holding division LBT is maintained at RM0.52 million for current period and RM0.48 million for preceding period.

B9 Prospects

The manufacturing sector is expected to better its performance for the financial year 2018 through the upgrading and automation of certain production process to be undertaken in stages over the period. However, the trading sector will remain challenging as it is largely dependent on the recovery of the European economy. The Group will look into strengthening our sourcing team to provide a wider range of quality household products with competitive pricing to our customers. Property development division will remain challenging due to the rising cost of living and weak consumer spending in purchasing property. Despite the unfavourable market condition, the Group will continue to take proactive measures to optimize our project management and cost.

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 30 September 2017.

B12 Earnings per share ("EPS")**1) Basic Earnings per share****a) Numerator**

Profit attributable to ordinary equity holders:
Profit/(Loss) from operations (RM'000)

b) Denominator

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

Basic Earnings per share (Sen)

3 months		6 months	
30.09.2017	30.09.2016	30.09.2017	30.09.2016
250	2,864	(316)	2,927
95,927	95,927	95,927	95,927
0.26	2.99	(0.33)	3.05

B13 Operating Income/(Expenses)

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

	6 months ended Sep-17 RM'000	6 months ended Sep-16 RM'000
Depreciation of property, plant and equipment	(873)	(1,009)
Amortisation of investment properties	(3)	(3)
Interest expense	(232)	(245)
Interest income	92	99
Unrealised gain/(loss) on foreign exchange	(82)	(95)
Impairment losses on trade and other receivables	(252)	-

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 6 months ended 30.09.2017 RM'000	As at end of year ended 31.03.2017 RM'000
Total retained profits /(accumulated losses) of the Company and its subsidiaries:		
- Realised	20,165	20,329
- Unrealised	(989)	(797)
Total before consolidation adjustments	19,176	19,532
Less: Consolidation adjustments	(6,092)	(6,132)
Total Group retained profits/(accumulated losses) as per consolidation accounts	13,084	13,400