

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 31 DECEMBER 2018

	3 months ended 31 December		9 months ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	12,722	11,599	37,210	33,906
Cost of sales	(10,093)	(8,699)	(28,679)	(24,849)
Gross profit/(loss)	2,629	2,900	8,531	9,057
Other income	115	594	417	1,099
Sales and marketing expenses	(263)	(279)	(843)	(876)
Administrative expenses	(2,601)	(2,984)	(8,566)	(8,713)
Operating profit/(loss)	(120)	231	(461)	567
Finance costs	(138)	(126)	(402)	(391)
Profit/(Loss) before tax	(258)	105	(863)	176
Tax expense	(233)	(333)	(631)	(764)
Profit/(Loss) for the period	(491)	(228)	(1,494)	(588)
Profit/(Loss) attributable to:				
Equity holders of the parent	(461)	(197)	(1,400)	(513)
Non-controlling interests	(30)	(31)	(94)	(75)
Profit/(Loss) for the period	(491)	(228)	(1,494)	(588)
Earnings per share attributable to equity holders of the parent:				
Basic, profit/(loss) for the period (sen)	(0.48)	(0.21)	(1.46)	(0.53)
Fully Diluted	(0.48)	(0.21)	(1.46)	(0.53)

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 ENDED 31 DECEMBER 2018

	3 months ended 31 December		9 months ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) for the period	(491)	(228)	(1,494)	(588)
Other comprehensive income, net of tax				
Revaluation reserve on leasehold land and building, net of tax	-	-	-	-
Foreign currency translation differences for foreign operation	(4)	5	8	15
Total comprehensive income/(loss) for the period	(495)	(223)	(1,486)	(573)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(465)	(192)	(1,392)	(498)
Non-controlling interests	(30)	(31)	(94)	(75)
	(495)	(223)	(1,486)	(573)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 2018

	31 December 2018 Unaudited RM'000	31 March 2018 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	24,686	24,896
Investment properties	166	171
Goodwill on consolidation	552	552
Deferred tax assets	-	28
Total non current assets	25,404	25,647
Current Assets		
Inventories	43,720	41,373
Trade and other receivables	11,927	13,267
Current tax assets	708	696
Cash and cash equivalents	1,772	2,728
Total current assets	58,127	58,064
TOTAL ASSETS	83,531	83,711
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	17,329	17,329
Reserves	12,720	12,712
Retained earnings	11,781	13,181
Total equity attributable to owners of the Company	41,830	43,222
Non-controlling interests	7,785	7,879
TOTAL EQUITY	49,615	51,101
Non Current Liabilities		
Borrowings	2,288	2,276
Deferred tax liabilities	4,856	4,979
Total non current liabilities	7,144	7,255
Current liabilities		
Trade and other payables	18,717	18,056
Bank borrowings	7,929	7,164
Current tax liabilities	126	135
Total current liabilities	26,772	25,355
TOTAL EQUITY AND LIABILITIES	83,531	83,711
Net assets per share (RM)	0.44	0.45

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 2018

	<----- Attributable to equity holders of parent ----->					
	Share Capital RM'000	Revaluation Reserve RM'000	Exchange Reserve RM'000	Retained earning RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 April 2018	17,329	12,690	22	13,181	7,879	51,101
Profit/(Loss) for the period	-	-	-	(1,400)	(94)	(1,494)
Foreign exchange translation differences	-	-	8	-	-	8
Total comprehensive income/(loss) for the period	-	-	8	(1,400)	(94)	(1,486)
At 31 December 2018	17,329	12,690	30	11,781	7,785	49,615
At 1 April 2017	17,329	11,811	1	13,400	8,041	50,582
Profit/(Loss) for the period	-	-	-	(513)	(75)	(588)
Foreign exchange translation differences	-	-	15	-	-	15
Total comprehensive income/(loss) for the period	-	-	15	(513)	(75)	(573)
At 31 December 2017	17,329	11,811	16	12,887	7,966	50,009

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 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 2018

	9 months ended 31 December 2018 RM'000	12 months ended 31 March 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	(863)	505
Adjustments for :		
Depreciation of property, plant and equipment	1,323	1,782
Interest expenses	347	494
Impairment losses on trade and other receivables	79	252
Bad debt recovery	(5)	-
Amortisation of investment properties	5	6
Unrealised gain on foreign exchange	(56)	(99)
Interest income	(24)	(86)
Gain on disposal of property, plant and equipment	(104)	-
Operating profit before working capital changes	702	2,854
Changes in working capital:		
Decrease in trade and other receivables	1,340	2,002
Increase in inventories	(2,356)	(4,732)
Decrease in deferred revenue	-	(839)
Increase in trade and other payables	608	2,748
Cash generated from operations	294	2,033
Interest received	24	86
Tax refund	-	9
Tax paid	(746)	(1,374)
Net cash generated from operating activities	(428)	754
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,113)	(1,589)
Proceed from disposal of property plant and equipment	102	-
Net cash used in investing activities	(1,011)	(1,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(347)	(135)
Net drawdown/ (repayment) of bank borrowings	245	(1,107)
Net drawdown/ (repayment) of hire purchase payables	36	(401)
Changes in deposits pledged to licensed banks	-	(3)
Net cash used in financing activities	(66)	(1,646)
Net decrease in cash and cash equivalents	(1,505)	(2,481)
Effects of exchange rate changes on cash and cash equivalents	53	129
Cash and cash equivalents at beginning of financial year	653	3,005
Cash and cash equivalents at end of financial period	(799)	653
Cash and cash equivalents comprise of:		
Cash and bank balances	1,682	2,639
Deposits with licensed banks	90	89
Bank overdrafts included in bank borrowings	(2,481)	(1,986)
Less: Deposits pledged to licensed banks	(709)	742
	(90)	(89)
	(799)	653

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial report)

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 2018. 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 2018.

Except as described above, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2019.

The Group has adopted MFRS 15 Revenue from Contracts with Customers with effect from 1 April 2018 as mentioned below: MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 does not have any material financial impact to current period and prior period financial statements of the Group apart from the reclassification of certain components from revenue to cost of sales. Certain comparatives for the financial period ended 31 Dec 2017 have been reclassified and restated to conform to the current year's presentation under MFRS 15.

Condensed Consolidated Income Statement for the 9 months ended 31 December 2017			
	MFRS 118	Reclassification	MFRS 15
	RM'000	RM'000	RM'000
Revenue	39,683	(5,777)	33,906
Cost of sales	(30,626)	5,777	(24,849)

The adoption of other new standards are not expected to have any material financial impact to the Group upon their adoption with effective from 1 April 2018.

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.

		Effective for annual periods beginning on or after
MFRS 16	Leases	1-Jan-19
IC Interpretation 23	Uncertainty over Income Tax treatments	1-Jan-19
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1-Jan-19
Amendments to MFRS 128	Long term interest in Associates and Joint Ventures	1-Jan-19
Amendments to MFRS 3	Annual improvements to MFRS Standards 2015-2017 Cycle	1-Jan-19
Amendments to MFRS 11	Annual improvements to MFRS Standards 2015-2017 Cycle	1-Jan-19
Amendments to MFRS 112	Annual improvements to MFRS Standards 2015-2017 Cycle	1-Jan-19
Amendments to MFRS 123	Annual improvements to MFRS Standards 2015-2017 Cycle	1-Jan-19
Amendments to MFRS 119	Employee Benefits	1-Jan-19
MFRS 17	Insurance Contracts	1-Jan-21
Amendments to MFRS 10	Consolidated Financial statements	Effective date yet to be confirmed
MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

A2 Audited financial statements of the preceding year

The auditors' report on the financial statements for the year ended 31 March 2018 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 period ended 31 December 2018.

A5 Changes in estimates

There were no significant changes in estimates of amount, which give a material effect in the financial period ended 31 December 2018.

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

There were no issuance and repayment of debt and equity securities for the financial period ended 31 December 2018.

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 2018 are as follows:

	<-----3 months ended----->		<-----9 months ended----->	
	31-12-2018 RM'000	31-12-2017 RM'000	31-12-2018 RM'000	31-12-2017 RM'000
Segment Revenue				
Manufacturing and trading - consumable products	12,722	11,310 **	37,210	33,328 **
Property development	-	289	-	578
Investment holdings	30	45	90	135
	<u>12,752</u>	<u>11,644</u>	<u>37,300</u>	<u>34,041</u>
Inter-segment elimination	(30)	(45)	(90)	(135)
Total Revenue	<u>12,722</u>	<u>11,599</u>	<u>37,210</u>	<u>33,906</u>

Note **

The revenue for the period of 3 months ended December 2017 and 9 months ended December 2017 has been restated to conform with MFRS 15 presentation respectively. The impact of the restatement were the reclassification of RM2.3 million and RM5.8 million from revenue to cost of sales respectively.

Segment Results				
Manufacturing and trading - consumable products	530	708	1,526	2,494
Property development	(373)	(235)	(1,209)	(1,169)
Investment holdings	(277)	(242)	(778)	(758)
	<u>(120)</u>	<u>231</u>	<u>(461)</u>	<u>567</u>
Total Segment Results	(120)	231	(461)	567
Finance cost	(138)	(126)	(402)	(391)
	<u>(258)</u>	<u>105</u>	<u>(863)</u>	<u>176</u>
Profit/(Loss) before tax	(258)	105	(863)	176
Tax expense	(233)	(333)	(631)	(764)
Non-controlling interests	30	31	94	75
	<u>(461)</u>	<u>(197)</u>	<u>(1,400)</u>	<u>(513)</u>
Profit/(Loss) for the period	(461)	(197)	(1,400)	(513)

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

Save for the corporate proposal as disclosed in Section B4 below, there were no other 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 2018 were as follows:

	<-----3 months ended----->		<-----9 months ended----->	
	31-12-2018 RM'000	31-12-2017 RM'000	31-12-2018 RM'000	31-12-2017 RM'000
Sales of raw materials:				
Century Plas Industries Sdn Bhd	1,465	1,896	5,411	4,756
Purchases of semi finished parts and components:				
Century Plas Industries Sdn Bhd	2,474	2,360	8,231	6,256
Sales and purchases of trading items				
U Can Marketing Sdn Bhd	3	5	20	28
Rental of premises received:				
Century Plas Industries Sdn Bhd	39	39	117	117
Rental of machinery received:				
Century Plas Industries Sdn Bhd	56	6	117	18
Rental of factory paid and payable to:				
Beng Choo Marketing Sdn Bhd	150	90	350	270
Purchases and sales of trophy parts and bases:				
Emico (Vietnam) Co. Ltd	1,253	662	4,038	2,195
Contract works billed:				
Frame World Sdn Bhd	-	2,164	-	3,938

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-18
	RM'000
Property, plant and equipment:	
Approved and contracted for	<u>-</u>

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

B1 Tax expense

	Current 9 months 31-12-2018 RM'000	Current 9 months 31-12-2017 RM'000
Current period	725	852
Deferred	(94)	(88)
Taxation - net	<u>631</u>	<u>764</u>

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

On 3 December 2018, the Company proposed to undertake a proposed private placement of up to 10% of the total number of issued shares of the Company ("Placement Shares") to third party investor(s) to be identified at a later date ("Proposed Private Placement").

The Proposed Private Placement was approved by Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 5 December 2018.

On 29 January 2019, the Board had fixed the issue price for the first tranche of the Proposed Private Placement comprising 5,000,000 Placement Shares at RM0.163 per Placement Share. The first tranche of the Placement Shares was listed on Bursa Securities on 11 February 2019.

B5 Group borrowings

Group borrowings and debt securities are as follows:

	31-Dec-18 RM'000	31-Mar-18 RM'000
a) Current bank Borrowings - Secured		
Bank overdraft	2,481	1,986
Bankers' acceptance	4,988	4,060
Hire purchase creditors	428	428
Term loan	32	690
	<u>7,929</u>	<u>7,164</u>
b) Non Current Bank Borrowings - Secured		
Hire purchase creditors	1,468	1,432
Term loan	820	844
	<u>2,288</u>	<u>2,276</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 19 February 2019.

B8 Performance review

	<----- 3 months ended ----->		<-----9 months ended ----->	
	Oct-18 to Dec-18	Jul-18 to Sep-18	Apr-18 to Dec-18	Apr-17 to Dec-17
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Manufacturing and trading	12,722	12,419	37,210	33,328 **
Property development	-	-	-	578
Total	<u>12,722</u>	<u>12,419</u>	<u>37,210</u>	<u>33,906</u>

Note **

The revenue for the period of 9 months ended December 2017 has been restated to conform with MFRS 15 presentation which involved the reclassification of RM5.8 million from revenue to cost of sales.

PROFIT/ (LOSS) BEFORE TAX ("PBT" & "LBT")

Manufacturing and trading - operations	408	727	1,170	2,153
Property development	(389)	(507)	(1,255)	(1,219)
Investment holdings	(277)	(285)	(778)	(758)
Net Total	(258)	(65)	(863)	176

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group was slightly increase of 2.4% in revenue from RM12.42 million in preceeding quarter to RM12.72 million for current quarter. However, the Group posted a higher LBT of RM0.26 million for current quarter as compared to LBT of RM0.06 million in preceding quarter.

Manufacturing and trading division posted an increase of 2.4% in revenue from RM12.42 million in preceeding quarter to RM12.72 million for current quarter due to the strengthening of USD currency that is benefiting for export sales. However, it posted a lower PBT of RM0.41 million for current quarter from a higher PBT RM0.73 million in preceding quarter due to higher operation costs.

The property development division does not post any revenue for current quarter and preceeding quarter due to no project completion. As such, the current quarter and preceeding quarter posted LBT of RM0.4 million and RM0.5 million respectively.

Investment holding division LBT was maintained at RM0.28 million for current quarter and RM0.29 million in preceding quarter.

Comparison with preceding year results

The Group revenue for the 9 months ended 31 December 2018 was RM37.21 million as compared to RM33.91 million in preceding period, an increase of 9.7%. The increase was mainly due to higher sales revenue from the manufacturing division despite of a drop in revenue from trading division. However, the Group posted LBT of RM0.86 million for current period as compared to PBT of RM0.18 million in preceding period due to higher operational cost during the current period.

There was no project completion for current period and preceeding period for property development division. The revenue for preceding period was from the sales of completed units classified under inventory which posted RM0.58 million revenue. Hence, it posted LBT of RM1.26 million for current period as compared to LBT of RM1.22 million in preceding period.

Investment holding division LBT was maintained at RM0.78 million for current period and RM0.76 million for preceding period .

B9 Prospects

Based on Ministry of Finance's Economic Outlook 2019 , the global growth is projected to decline to 3.5% in 2019, as a result of challenging financial conditions, escalating trade threats and risks of a shift towards protectionism as well as geopolitical tension.

Manufacturing and trading division will remain the major business segment for the coming financial year and is expecting a more challenging environment in respect of labour cost and cost of raw materials which may affect the Group's profit margin. Despite the challenging environment, the Group will continue to closely monitor raw materials pricing to mitigate the impact of any unfavorable fluctuations on our earnings.

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 31 December 2018.

B12 Earnings per share ("EPS")**i) Basic Earnings per share**

	3 months		9 months	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
a) Numerator				
Profit attributable to ordinary equity holders:				
Profit/(Loss) from operations (RM'000)	(461)	(197)	(1,400)	(513)
b) Denominator				
Weighted average number of ordinary shares used as denominator (per 1000 shares)	95,927	95,927	95,927	95,927
Basic Earnings per share (Sen)	(0.48)	(0.21)	(1.46)	(0.53)

B13 Operating Income/(Expenses)

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

	9 months ended Dec-18 RM'000	9 months ended Dec-17 RM'000
Depreciation of property, plant and equipment	(1,323)	(1,329)
Amortisation of investment properties	(5)	(5)
Interest expense	(347)	(344)
Interest income	24	300
Unrealised gain/(loss) on foreign exchange	56	(109)
Gain on disposal of property plant and equipment	104	-
Impairment losses on trade and other receivables	(79)	(251)
Bad debt recovery	5	-