

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 JUNE 2019

	3 months ended 30 June		3 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	13,629	12,069	13,629	12,069
Cost of sales	(10,533)	(9,561)	(10,533)	(9,561)
Gross profit/(loss)	3,096	2,508	3,096	2,508
Other income	510	181	510	181
Sales and marketing expenses	(314)	(333)	(314)	(333)
Administrative expenses	(2,837)	(2,772)	(2,837)	(2,772)
Operating profit/(loss)	455	(416)	455	(416)
Finance costs	(167)	(124)	(167)	(124)
Profit/(Loss) before tax	288	(540)	288	(540)
Tax expense	(164)	(211)	(164)	(211)
Profit/(Loss) for the period	124	(751)	124	(751)
Profit/(Loss) attributable to:				
Equity holders of the parent	188	(719)	188	(719)
Non-controlling interests	(64)	(32)	(64)	(32)
Profit/(Loss) for the period	124	(751)	124	(751)
Earnings per share attributable to equity holders of the parent:				
Basic, profit/(loss) for the period (sen)	0.18	(0.75)	0.18	(0.75)
Fully Diluted	0.18	(0.75)	0.18	(0.75)

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 30 JUNE 2019

	3 months ended 30 June		3 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the period	124	(751)	124	(751)
Other comprehensive income, net of tax				
Revaluation reserve on leasehold land and building, net of tax	-	-	-	-
Foreign currency translation differences for foreign operation	4	4	4	4
Total comprehensive income/(loss) for the period	128	(747)	128	(747)
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	192	(715)	192	(715)
Non-controlling interests	(64)	(32)	(64)	(32)
	128	(747)	128	(747)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 JUNE 2019

	30 June 2019 Unaudited RM'000	31 March 2019 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	24,835	25,241
Investment properties	163	165
Goodwill on consolidation	552	552
Right of use assets	2,016	-
Deferred tax assets	93	266
Total non current assets	27,659	26,224
Current Assets		
Inventories	43,156	43,509
Trade and other receivables	9,707	10,664
Current tax assets	176	254
Cash and cash equivalents	3,492	2,196
Total current assets	56,531	56,623
TOTAL ASSETS	84,190	82,847
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	18,801	18,144
Reserves	13,345	13,341
Retained earnings	12,535	12,375
Total equity attributable to owners of the Company	44,681	43,860
Non-controlling interests	8,721	8,785
TOTAL EQUITY	53,402	52,645
Non Current Liabilities		
Borrowings	2,069	2,182
Lease liabilities	1,431	-
Deferred tax liabilities	4,950	5,155
Total non current liabilities	8,450	7,337
Current liabilities		
Trade and other payables	15,067	15,402
Bank borrowings	6,457	7,271
Lease liabilities	623	-
Current tax liabilities	191	192
Total current liabilities	22,338	22,865
TOTAL EQUITY AND LIABILITIES	84,190	82,847
Net assets per share (RM)	0.42	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 2019 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 THREE MONTHS ENDED 30 JUNE 2019

	<----- 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 2019	18,144	13,313	28	12,375	8,785	52,645
Adjustment on adoption of MFRS 16	-	-	-	(28)	-	(28)
Adjusted 1 April 2019	18,144	13,313	28	12,347	8,785	52,617
Profit/(Loss) for the period	-	-	-	188	(64)	124
Revaluation reserve on leasehold land and buildings	-	-	-	-	-	-
Foreign exchange translation differences	-	-	4	-	-	4
Total comprehensive income/(loss) for the period	-	-	4	188	(64)	128
Issuance of new shares	657	-	-	-	-	657
At 30 June 2019	18,801	13,313	32	12,535	8,721	53,402
At 1 April 2018	17,329	12,690	21	13,181	7,878	51,099
Adjustment on adoption of MFRS 9	-	-	-	(1,371)	-	(1,371)
Adjusted 1 April 2018	17,329	12,690	21	11,810	7,878	49,728
Profit/(Loss) for the period	-	-	-	565	907	1,472
Revaluation reserve on leasehold land and buildings	-	623	-	-	-	623
Foreign exchange translation differences	-	-	7	-	-	7
Total comprehensive income/(loss) for the period	-	623	7	565	907	2,102
Issuance of new shares	815	-	-	-	-	815
At 31 March 2019	18,144	13,313	28	12,375	8,785	52,645

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 THREE MONTHS ENDED 30 JUNE 2019

	3 months ended 30 June 2019 RM'000	12 months ended 31 March 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	288	2,172
Adjustments for :		
Depreciation of property, plant and equipment	456	1,771
Interest expenses	103	506
Impairment losses on trade and other receivables	-	79
Reversal of impairment losses on trade and other receivables	-	(1,030)
Bad debt written off	2	-
Amortisation of investment properties	-	6
Amortisation of lease assets	212	-
Unrealised gain on foreign exchange	-	(23)
Interest expense on lease liabilities	29	-
Interest income	(5)	(20)
Gain on disposal of property, plant and equipment	(50)	(104)
Operating profit before working capital changes	1,035	3,357
Changes in working capital:		
Decrease in trade and other receivables	932	2,182
Increase in inventories	347	(2,136)
(Decrease)/increase in trade and other payables	(306)	(2,654)
Cash generated from operations	2,008	749
Interest received	5	20
Tax refund	93	529
Tax paid	(212)	(989)
Net cash generated from operating activities	1,894	309
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48)	(873)
Proceed from disposal of property plant and equipment	50	104
Net cash used in investing activities	2	(769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(103)	(176)
Issuance of new shares	657	815
Net drawdown/ (repayment) of bank borrowings	(492)	(635)
Net drawdown/ (repayment) of hire purchase payables	(338)	(618)
Changes in deposits pledged to licensed banks	-	(3)
Net cash used in financing activities	(276)	(617)
Net decrease in cash and cash equivalents	1,620	(1,077)
Effects of exchange rate changes on cash and cash equivalents	-	32
Cash and cash equivalents at beginning of financial year	(392)	653
Cash and cash equivalents at end of financial year	1,228	(392)
Cash and cash equivalents comprise of:		
Cash and bank balances	3,399	2,105
Deposits with licensed banks	93	93
Bank overdrafts included in bank borrowings	(2,171)	(2,497)
	1,321	(299)
Less: Deposits pledged to licensed banks	(93)	(93)
	1,228	(392)

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 1ST QUARTER ENDED 30 JUNE 2019

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 2019. 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 2019.

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 2019. 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 2020.

MFRS 16 Leases ("MFRS 16")

The Group has adopted MFRS 16 Leases in the current financial period, where MFRS 16 supersedes MFRS 117 "Leases" and the related interpretations. Under MFRS 16, a lease is a contract (or part of contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases.

MFRS 16 requires the lessee to recognise in the statements of financial position, a "right-of-use" of the underlying asset and a lease liability reflecting future lease payment for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 impacts the Group's financial performance in the current financial period as below:

- a) On the statements of profit or loss, expenses which previously included operating lease rentals within PBIT were replaced by interest expense on lease liabilities (included within "finance costs") and amortisation of the right-of-use assets (included within "amortisation").
- b) On the statements of cash flows, operating lease rental outflows previously recorded within "net cash flows from operating activities" were reclassified as "net cash flows used in financing activities" for repayment of the principal and interest of lease liabilities.

Reconciliation of financial position and equity:

	Previously Reported RM'000	Effect of MFRS 16 RM'000	Restated RM'000
1 April 2019			
Non Current Assets			
Property, plant and equipment	25,241	-	25,241
Investment properties	165	-	165
Right-of-use assets	-	2,099	2,099
Goodwill on consolidation	552	-	552
Deferred tax assets	266	-	266
Total non current assets	26,224	2,099	28,323
Current Assets			
Inventories	43,509	-	43,509
Trade and other receivables	10,664	-	10,664
Current tax assets	254	-	254
Cash and cash equivalents	2,196	-	2,196
Total current assets	56,623	-	56,623
TOTAL ASSETS	82,847	2,099	84,946
Equity attributable to equity holders of the parent			
Share capital	18,144	-	18,144
Reserves	13,341	-	13,341
Retained earnings	12,375	(28)	12,347
Total equity attributable to owners of the Company	43,860	(28)	43,832
Non-controlling interests	8,785	-	8,785
TOTAL EQUITY	52,645	(28)	52,617
Non Current Liabilities			
Borrowings	2,182	-	2,182
Lease liabilities	-	1,364	1,364
Deferred tax liabilities	5,155	-	5,155
Total non current liabilities	7,337	1,364	8,701
Current liabilities			
Trade and other payables	15,402	-	15,402
Bank borrowings	7,271	-	7,271
Lease liabilities	-	763	763
Current tax liabilities	192	-	192
Total current liabilities	22,865	763	23,628
TOTAL EQUITY AND LIABILITIES	82,847	2,099	84,946

A1 Basis of preparation

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 2019.

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
Amendments to MFRS 3	Definition of a Business	1-Jan-20
Amendments to MFRS 101	Definition of Material	1-Jan-20
Amendments to MFRS 108	Definition of Material	1-Jan-20
MFRS 17	Insurance Contracts	1-Jan-21
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture))) Effective date yet to be confirmed

A2 Audited financial statements of the preceding year

The auditors' report on the financial statements for the year ended 31 March 2019 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 30 June 2019.

A5 Changes in estimates

There were no significant changes in estimates of amount, which give a material effect in the financial period ended 30 June 2019.

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 30 June 2019.

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 June 2019 are as follows:

	<-----3 months ended----->	
	30-6-2019	30-6-2018
	RM'000	RM'000
Segment Revenue		
Manufacturing and trading - consumable products	11,691	12,069
Property development	1,938	-
Investment holdings	114	30
	<u>13,743</u>	<u>12,099</u>
Inter-segment elimination	(114)	(30)
Total Revenue	<u>13,629</u>	<u>12,069</u>
Segment Results		
Manufacturing and trading - consumable products	598	145
Property development	183	(345)
Investment holdings	(326)	(216)
Total Segment Results	<u>455</u>	<u>(416)</u>
Finance cost	(167)	(124)
Profit/(Loss) before tax	288	(540)
Tax expense	(164)	(211)
Non-controlling interests	64	32
Profit/(Loss) for the period	<u>188</u>	<u>(719)</u>

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 year ended 30 June 2019 were as follows:

	<-----3 months ended----->	
	30-6-2019	30-6-2018
	RM'000	RM'000
Sales of raw materials:		
Century Plas Industries Sdn Bhd	1,531	1,876
Purchases of semi finished parts and components:		
Century Plas Industries Sdn Bhd	2,413	2,793
Sales and purchases of trading items		
U Can Marketing Sdn Bhd	1	7
Rental of premises received:		
Century Plas Industries Sdn Bhd	39	39
Rental of machinery received:		
Century Plas Industries Sdn Bhd	56	6
Rental of factory paid and payable to:		
Beng Choo Marketing Sdn Bhd	150	90
Purchases and sales of trophy parts and bases:		
Emico (Vietnam) Co. Ltd	1,391	1,573

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-Jun-19 RM'000
Property, plant and equipment: Approved and contracted for	- <hr/>

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

B1 Tax expense

	Current 3 months 30-6-2019 RM'000	Current 3 months 30-6-2018 RM'000
Current period	196	243
Under/(over) provision in prior years	-	-
Deferred	(32)	(32)
Taxation - net	164	211

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

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.

On 24 May 2019, the Board had fixed the issue price for the final tranche of the Proposed Private Placement comprising 4,592,600 Placement Shares at RM0.143 per Placement Share. The final tranche of the Placement Shares was listed on Bursa Securities on 30 May 2019.

As at 2 August 2019, the status of the utilization of the gross proceeds from the first tranche of the private placement is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation %	Expected Timeframe for Utilisation
i) Working Capital	1,389	1,389	100%	Within 12 months
ii) Estimated expenses in relation to the the Proposed Private Placement	83	83	100%	Within 12 months
Total gross proceeds	1,472	1,472	100%	

B5 Group borrowings

Group borrowings and debt securities are as follows:

	30-Jun-19 RM'000	31-Mar-19 RM'000
a) Current bank Borrowings - Secured		
Bank overdraft	2,171	2,497
Bankers' acceptance	3,855	4,333
Hire purchase creditors	396	409
Term loan	35	32
	6,457	7,271
b) Non Current Bank Borrowings - Secured		
Hire purchase creditors	1,268	1,364
Term loan	801	818
	2,069	2,182

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 13 August 2019.

B8 Performance review

	<----- 3 months ended ----->		<-----3 months ended ----->	
	Apr-19 to Jun-19	Jan-19 to Mar-19	Apr-19 to Jun-19	Apr-18 to Jun-18
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Manufacturing and trading	11,691	11,953	11,691	12,069
Property development	1,938	3,112	1,938	-
Total	13,629	15,065	13,629	12,069
PROFIT/ (LOSS) BEFORE TAX ("PBT" & "LBT")				
Manufacturing and trading - operations	446	1,344	446	35
Property development	168	2,096	168	(359)
Investment holdings	(326)	(389)	(326)	(216)
Net Total	288	3,051	288	(540)

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group decreased from RM15.07 million in preceding quarter to RM13.63 million for current quarter due to lesser sales of completed units in Property Development division previously classified under inventory. As a result, the Group posted PBT of RM0.29 million for current quarter as compared to PBT of RM3.05 million in preceding quarter.

Manufacturing and trading division posted a decrease of 2.2% in revenue from RM11.95 million in preceding quarter to RM11.69 million for current quarter due to the lesser of export sales. Hence, it posted a lower PBT of RM0.45 million for current quarter from a higher PBT RM1.34 million in preceding quarter. The lower of PBT also due to higher operation costs.

The property development division posted revenue of RM1.94 million for current quarter as compared to RM3.11 million in the preceding quarter. The decrease was due to lesser sales of completed units. As such, property development division posted a PBT of RM0.17 million as compared to PBT of RM2.10 million in preceding quarter.

For Investment holding division, the LBT was maintained at RM0.33 million for current quarter and RM0.39 million in preceding quarter.

Comparison with preceding year results

The Group revenue for the 3 months ended 30 June 2019 was RM13.63 million as compared to RM12.07 million in the preceding period, an increase of 12.9%. The increase was mainly due to current period revenue was derived from the sales of completed units in Property Development division previously classified under inventory. As such, the Group posted a PBT of RM0.29 million for current period as compared to LBT of RM0.54 million in the preceding period.

Manufacturing and trading division posted a decrease of 3.1% in revenue from RM12.07 million in preceding period to RM11.69 million for current period due to the lesser of export sales. However, it posted a higher PBT of RM0.45 million for current period from a lower PBT RM0.04 million in preceding period due to strengthening of USD and lesser operation costs.

The property development division posted revenue of RM1.98 million for current period mainly due to the sales of completed units classified under inventory. There was no revenue for preceding period was due to no project completed. As such, property development division posted a PBT of RM0.17 million as compared to LBT of RM0.36 million in preceding period.

For Investment holding division, the LBT was maintained at RM0.33 million for current period and RM0.22 million for preceding period.

B9 Prospects

The Group continues to take a cautiously optimistic outlook on coming financial year. Manufacturing and trading division will remain the major business segment for the coming financial year. The Group will focus on driving sales opportunities for domestic and export segments, regardless of the ongoing soft market conditions and competitive pressures in respect of labour cost, cost of raw materials, fluctuation in foreign exchange resulting in the volatility of the Ringgit against major currencies as well as trade tensions around the world and the region which may affect the Group's profit margin. Despite the challenging environment, the Group will continue to automate certain manufacturing processes to mitigate the reliance on labour intensive process as well as closely monitor the raw materials pricing and foreign currency exchanges to mitigate the impact of any unfavorable fluctuations on Group earnings.

Property development market environment is expected to remain competitive and challenging due to the rising cost of living, over supply and price affordability. Despite the unfavourable market condition, due to a proactive measure implemented by the Kementerian Perumahan dan Kerajaan Tempatan such as Dasar Perumahan Mampu Milik Negara as well as Government's announcement related to reducing lending rates, hence, the Group is optimistic to continue to achieve satisfactory performance for property division.

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 financial period ended 30 June 2019.

B12 Earnings per share ("EPS")**I) 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	
30.6.2019	30.6.2018
188	(719)
105,519	95,927
0.18	(0.75)

B13 Operating Income/(Expenses)

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

	3 months ended Jun-19 RM'000	3 months ended Jun-18 RM'000
Depreciation of property, plant and equipment	(456)	(439)
Amortisation of investment properties	-	(1)
Interest expense	(103)	(104)
Interest income	5	12
Unrealised gain/(loss) on foreign exchange	-	(19)
Gain on disposal of property plant and equipment	50	102
Amortisation of lease assets	(212)	-
Interest expense on lease liabilities	(29)	-
Bad debt written off	(2)	-