

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER AND YEAR ENDED 30 SEPTEMBER 2020

	3 months ended 30 September		6 months ended 30 September	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue	8,370	13,334	17,174	26,963
Cost of sales	(6,906)	(9,959)	(14,589)	(20,492)
Gross profit/(loss)	1,464	3,375	2,585	6,471
Other income	147	256	258	766
Sales and marketing expenses	(458)	(225)	(985)	(539)
Administrative expenses	(1,447)	(2,942)	(2,935)	(5,779)
Operating profit/(loss)	(294)	464	(1,077)	919
Finance costs	(69)	(168)	(145)	(335)
Profit/(Loss) before tax	(363)	296	(1,222)	584
Tax expense	32	(153)	(13)	(317)
Profit/(Loss) for the period	(331)	143	(1,235)	267
Profit/(Loss) attributable to:				
Equity holders of the parent	(293)	173	(1,169)	361
Non-controlling interests	(38)	(30)	(66)	(94)
Profit/(Loss) for the period	(331)	143	(1,235)	267
Earnings per share attributable to equity holders of the parent:				
Basic, profit/(loss) for the period (sen)	(0.28)	0.16	(1.10)	0.34
Fully Diluted	(0.27)	0.16	(1.08)	0.34

(The unaudited condensed consolidated statement of profit and loss should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 YEAR ENDED 30 SEPTEMBER 2020

	3 months ended 30 September		6 months ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) for the period	(331)	143	(1,235)	267
Other comprehensive income, net of tax				
Revaluation reserve on leasehold land and building, net of tax	-	-	-	-
Foreign currency translation differences for foreign operation	(2)	10	2	14
Total comprehensive income/(loss) for the period	(333)	153	(1,233)	281
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(295)	183	(1,167)	375
Non-controlling interests	(38)	(30)	(66)	(94)
	(333)	153	(1,233)	281

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 2020

	30 September 2020 Unaudited RM'000	31 March 2020 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	15,208	15,300
Investment properties	155	158
Goodwill on consolidation	552	552
Right of use assets	9,589	10,312
Deferred tax assets	-	165
Total non current assets	25,504	26,487
Current Assets		
Inventories	38,538	40,303
Trade and other receivables	9,150	11,025
Current tax assets	257	151
Cash and cash equivalents	2,768	3,138
Total current assets	50,713	54,617
TOTAL ASSETS	76,217	81,104
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	18,837	18,801
Reserves	13,482	13,421
Retained earnings	11,795	12,964
Total equity attributable to owners of the Company	44,114	45,186
Non-controlling interests	8,357	8,424
TOTAL EQUITY	52,471	53,610
Non Current Liabilities		
Borrowings	752	769
Lease liabilities	1,383	1,543
Deferred tax liabilities	4,690	4,919
Total non current liabilities	6,825	7,231
Current liabilities		
Trade and other payables	11,445	13,088
Borrowings	4,103	5,761
Lease liabilities	1,238	1,288
Current tax liabilities	135	126
Total current liabilities	16,921	20,263
TOTAL EQUITY AND LIABILITIES	76,217	81,104
Net assets per share (RM)	0.42	0.43

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 2020

	<----- Attributable to equity holders of parent ----->						Total Equity RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Reserve RM'000	Retained earning RM'000	Non-controlling Interests RM'000	
At 1 April 2020	18,801	13,313	69	39	12,964	8,423	53,609
Profit/(Loss) for the period	-	-	-	-	(1,169)	(66)	(1,235)
Share options vested under ESOS			59				59
Foreign exchange translation differences	-	-		2	-	-	2
Total comprehensive income/(loss) for the period	-	-	59	2	(1,169)	(66)	(1,174)
Issuance of new shares	36	-		-	-	-	36
At 30 September 2020	18,837	13,313	128	41	11,795	8,357	52,471
At 1 April 2019	18,144	13,313		28	12,375	8,785	52,645
Adjustment on adoption of MFRS 16	-	-		-	(17)	-	(17)
Adjusted 1 April 2019	18,144	13,313		28	12,358	8,785	52,628
Profit/(Loss) for the period	-	-		-	606	(361)	245
Share options vested under ESOS			69				69
Foreign exchange translation differences	-	-		11	-	-	11
Total comprehensive income/(loss) for the period	-	-	69	11	606	(361)	325
Issuance of new shares	657	-		-	-	-	657
At 31 March 2020	18,801	13,313	69	39	12,964	8,424	53,610

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial report)

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	6 months ended 30 September 2020 RM'000	12 months ended 31 March 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	(1,222)	961
Adjustments for :		
Depreciation of property, plant and equipment	816	1,158
Share options vested under ESOS	59	69
Interest expenses	127	543
Impairment losses on trade and other receivables	29	5
Reversal of impairment losses on trade and other receivables	-	(517)
Amortisation of investment properties	3	7
Depreciation of right of use assets	383	1,460
Unrealised gain on foreign exchange	(52)	(73)
Interest income	(14)	(36)
Gain on disposal of property, plant and equipment	-	(50)
Operating profit before working capital changes	129	3,527
Changes in working capital:		
Decrease in trade and other receivables	1,620	158
Decrease in inventories	1,760	3,206
Decrease in trade and other payables	(1,349)	(2,315)
Cash generated from operations	2,160	4,576
Interest received	14	36
Tax refund	-	176
Tax paid	(171)	(990)
Net cash generated from operating activities	2,003	3,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(417)	(652)
Proceed from disposal of property plant and equipment	19	50
Net cash used in investing activities	(398)	(602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(93)	(352)
Issuance of new shares	36	657
Net drawdown/ (repayment) of bank borrowings	(757)	329
Net drawdown/ (repayment) of lease liabilities	(207)	(1,486)
Changes in deposits pledged to licensed banks	-	(3)
Net cash used in financing activities	(1,021)	(855)
Net increase/(decrease) in cash and cash equivalents	584	2,341
Effects of exchange rate changes on cash and cash equivalents	(36)	76
Cash and cash equivalents at beginning of financial year	2,025	(392)
Cash and cash equivalents at end of financial year	2,573	2,025
Cash and cash equivalents comprise of:		
Cash and bank balances	2,672	3,043
Deposits with licensed banks	96	95
Bank overdrafts included in bank borrowings	(99)	(1,018)
	2,669	2,120
Less: Deposits pledged to licensed banks	(96)	(95)
	2,573	2,025

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 SEPTEMBER 2020

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 2020. 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 2020.

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 17	Insurance Contracts	01-Jan-21
Annual improvements to MFRS Standards 2018 - 2020		01-Jan-22
Amendments to MFRS 3	Reference to the Conceptual Framework	01-Jan-22
Amendments to MFRS 116	Property, Plant and Equipment -Proceeds before Intended Use	01-Jan-22
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	01-Jan-22
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	01-Jan-22
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 Audited financial statements of the preceding year

The auditors' report on the financial statements for the year ended 31 March 2020 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 September 2020.

A5 Changes in estimates

There were no significant changes in estimates of amount, which give a material effect in the financial period ended 30 September 2020.

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 September 2020.

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 2020 are as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-9-2020 RM'000	30-9-2019 RM'000	30-9-2020 RM'000	30-9-2019 RM'000
Segment Revenue				
Manufacturing and trading - consumable products	7,658	11,445	14,267	23,136
Property development	712	1,889	2,907	3,827
Investment holdings	114	114	228	228
	<u>8,484</u>	<u>13,448</u>	<u>17,402</u>	<u>27,191</u>
Inter-segment elimination	(114)	(114)	(228)	(228)
Total Revenue	<u>8,370</u>	<u>13,334</u>	<u>17,174</u>	<u>26,963</u>
Segment Results				
Manufacturing and trading - consumable products	106	849	(678)	1,447
Property development	(143)	91	65	274
Investment holdings	(257)	(476)	(464)	(802)
Total Segment Results	<u>(294)</u>	<u>464</u>	<u>(1,077)</u>	<u>919</u>
Finance cost	(69)	(168)	(145)	(335)
Profit/(Loss) before tax	(363)	296	(1,222)	584
Tax expense	32	(153)	(13)	(317)
Non-controlling interests	38	30	66	94
Profit/(Loss) for the period	<u>(293)</u>	<u>173</u>	<u>(1,169)</u>	<u>361</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 September 2020 were as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-9-2020 RM'000	30-9-2019 RM'000	30-9-2020 RM'000	30-9-2019 RM'000
Sales of raw materials:				
Century Plas Industries Sdn Bhd	1,392	1,234	2,723	2,764
Purchases of semi finished parts and components:				
Century Plas Industries Sdn Bhd	1,940	1,916	4,030	4,329
Sales and purchases of trading items				
U Can Marketing Sdn Bhd	4	5	5	6
Rental of premises received:				
Century Plas Industries Sdn Bhd	39	39	78	78
Rental of machinery received:				
Century Plas Industries Sdn Bhd	56	56	111	111
Rental of factory paid and payable to:				
Beng Choo Marketing Sdn Bhd	150	150	300	300
Purchases and sales of trophy parts and bases:				
Emico (Vietnam) Co. Ltd	66	1,225	395	2,646

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-20 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 6 months 30-9-2020 RM'000	Current 6 months 30-9-2019 RM'000
Current period	77	381
Deferred	(64)	(64)
Taxation - net	13	317

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

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-20 RM'000	31-Mar-20 RM'000
a) Current Borrowings - Secured		
Bank overdraft	99	1,018
Bankers' acceptance	3,929	4,703
Term loan	75	40
	<u>4,103</u>	<u>5,761</u>
b) Non Current Borrowings - Secured		
Term loan	752	769
	<u>752</u>	<u>769</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 23 November 2020.

B8 Performance review

	<----- 3 months ended ----->		<----- 6 months ended ----->	
	July-20 to Sep-20	Apr-20 to Jun-20	Apr-20 to Sep-20	Apr-19 to Sep-19
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Manufacturing and trading	7,658	6,609	14,267	23,136
Property development	712	2,195	2,907	3,827
Total	<u>8,370</u>	<u>8,804</u>	<u>17,174</u>	<u>26,963</u>
PROFIT/ (LOSS) BEFORE TAX ("PBT" & "LBT")				
Manufacturing and trading - operations	50	(847)	(797)	1,141
Property development	(156)	195	39	245
Investment holdings	(257)	(207)	(464)	(802)
Net Total	<u>(363)</u>	<u>(859)</u>	<u>(1,222)</u>	<u>584</u>

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group was decreased from RM8.80 million in the preceding quarter to RM8.37 million for the current quarter mainly due to lesser sales generated by the property development division. As a result, the Group posted a lower LBT of RM0.36 million for the current quarter as compared to RM0.86 million in the preceding quarter.

The manufacturing and trading division posted an increase of 15.9% in revenue from RM6.61 million in the preceding quarter to RM7.66 million for the current quarter due to the increase in sales. As a result, it posted a PBT of RM0.05 million for the current quarter as compared to LBT of RM0.85 million in the preceding quarter.

The property development division posted revenue of RM0.71 million for the current quarter as compared to RM2.20 million in the preceding quarter. The decrease was due to lower sales of completed units. As such, the property development division posted a LBT of RM0.16 million as compared to PBT of RM0.20 million in the preceding quarter.

For the investment holding division, the LBT was maintained at RM0.26 million for the current quarter and RM0.21 million in the preceding quarter.

Comparison with preceding year results

The Group revenue for the 6 months ended 30 September 2020 was RM17.17 million as compared to RM26.96 million in the preceding period, a decrease of 36.3%. The decrease was mainly due to lower sales generated by the manufacturing and trading division. As a result, the Group posted a LBT of RM1.22 million for the current period as compared to PBT of RM0.58 million in the preceding period.

The manufacturing and trading division posted a decrease of 38.3% in revenue from RM23.14 million in the preceding period to RM14.27 million for the current period due to a drop in sales. As a result, it posted a LBT of RM0.80 million for the current period as compared to PBT of RM1.14 million in the preceding period.

The property development division posted a decrease of 24% in revenue from RM3.83 million in the preceding period to RM2.91 million for the current period due to lesser sales of completed units. As a result, the property development division posted a lower PBT of RM0.04 million for the current period as compared to PBT of RM0.25 million in the preceding period.

For the investment holding division, the LBT was maintained at RM0.46 million for the current period and RM0.80 million for the preceding period.

B9 Prospects

The Covid-19 pandemic continued to pose significant challenges to the business environment of the Group in the current interim quarter under review. As the result, the Group will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of our Group's operations and financial performance.

The Group will continue to undertake the on-going measures such as managing its workforce at an optimal level to meet the operational requirements and continue with cost-consciousness exercise within its operations including improvement of processes efficiencies as well as will leverage on our digital marketing capabilities and accelerate sales via online platforms.

With regard to the property development market under the current Covid-19 pandemic condition, we expect market conditions remain tough and more challenging as the consumers have their concerns on job security and will be more conscious in procuring capital goods like properties. On a more positive note, with the economic stimulus packages launched by the Government such as the reintroduction of the Home Ownership Campaign with a waiver of stamp duties on instruments of transfers and loan agreements for residential properties priced between RM300,000 and RM2.5 million as well as lower interest rates offered by banks which will also help to promote the recovery of economic and business activities. However, at this juncture, all new planned launches will be reviewed diligently and phased accordingly to current property market sentiments.

Whilst we remain cautious over the outlook of the economy, the Group will continue to explore new business opportunities to invest. The Group will continue to reinvent and improve the business and will take affirmative steps to expand the Group's scope. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ended in 2021.

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 September 2020.

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		6 months	
30.9.2020	30.9.2019	30.9.2020	30.9.2019
(293)	173	(1,169)	361
105,995	105,519	105,995	105,519
(0.28)	0.16	(1.10)	0.34

II) Diluted 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)

Diluted Earnings per share (Sen)

3 months		6 months	
30.9.2020	30.9.2019	30.9.2020	30.9.2019
(293)	173	(1,169)	361
108,441	105,519	108,441	105,519
(0.27)	0.16	(1.08)	0.34

B13 Operating Income/(Expenses)

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

	6 months ended Sep-20 RM'000	6 months ended Sep-19 RM'000
Depreciation of property, plant and equipment	(816)	(872)
Amortisation of investment properties	(3)	-
Interest expense	(127)	(232)
Interest income	14	20
Unrealised gain/(loss) on foreign exchange	52	820
Gain on disposal of property, plant and equipment	-	50
Impairment losses on trade and other receivables	(29)	-
Depreciation of right of use assets	(383)	(426)
Bad debt written off	-	(2)