

EMICO HOLDINGS BERHAD (Company No : 230326-D)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER AND YEAR ENDED 30 SEPTEMBER 2023

	3 months ended 30 September		6 months ended 30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	15,091	17,865	28,276	31,810
Cost of sales	(11,762)	(13,229)	(21,781)	(25,646)
Gross profit	3,329	4,636	6,495	6,164
Other income	1,403	241	1,810	454
Sales and marketing expenses	(1,140)	(1,124)	(2,048)	(1,960)
Administrative expenses	(1,673)	(1,992)	(3,227)	(3,403)
Operating profit	1,919	1,761	3,030	1,255
Finance costs	(151)	(150)	(296)	(274)
Share of profit of an associate	30	17	60	24
Profit before tax	1,798	1,628	2,794	1,005
Taxation	(147)	33	(233)	64
Profit for the period	1,651	1,661	2,561	1,069
Profit attributable to:				
Equity holders of the parent	1,665	1,549	2,583	712
Non-controlling interests	(14)	112	(22)	357
Profit for the period	1,651	1,661	2,561	1,069
Earnings per share attributable to equity holders of the parent:				
Basic earnings for the period (sen)	1.34	1.26	2.07	0.58
Fully Diluted	1.33	1.24	2.06	0.57

* Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is antidilutive.

(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 2023 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 2023

	3 months ended 30 September		6 months ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the period	1,651	1,661	2,561	1,069
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operation	4	5	(1)	8
Total comprehensive profit for the period	<u>1,655</u>	<u>1,666</u>	<u>2,560</u>	<u>1,077</u>
Total comprehensive profit attributable to:				
Equity holders of the parent	1,669	1,554	2,582	720
Non-controlling interests	(14)	112	(22)	357
	<u>1,655</u>	<u>1,666</u>	<u>2,560</u>	<u>1,077</u>

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2023 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
AS AT 30 SEPTEMBER 2023

	30 September 2023 Unaudited RM'000	31 March 2023 Audited RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	15,725	14,489
Investment properties	135	139
Investment in an associate	233	173
Intangible assets	569	576
Right of use assets	11,689	11,414
Deferred tax assets	150	335
Other receivables	26	26
Total non current assets	28,527	27,152
Current Assets		
Inventories	38,279	37,073
Trade and other receivables	11,484	12,473
Current tax assets	743	684
Cash and cash equivalents	7,321	9,220
Total current assets	57,827	59,450
TOTAL ASSETS	86,354	86,602
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	23,896	23,524
Reserves	16,040	16,004
Retained earnings	11,696	9,929
Total equity attributable to owners of the Company	51,632	49,457
Non-controlling interests	8,413	8,619
TOTAL EQUITY	60,045	58,076
Non Current Liabilities		
Borrowings	4,143	4,101
Lease liabilities	2,568	2,041
Deferred tax liabilities	4,601	4,850
Total non current liabilities	11,312	10,992
Current liabilities		
Trade and other payables	8,546	10,348
Borrowings	5,396	5,915
Lease liabilities	929	1,145
Current tax liabilities	126	126
Total current liabilities	14,997	17,534
TOTAL EQUITY AND LIABILITIES	86,354	86,602
Net assets per share (RM)	0.41	0.40

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2023 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 2023

	<----- 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 2023	23,524	15,080	880	44	9,929	8,619	58,076
Profit for the period	-	-	-	-	2,583	(22)	2,561
Share options vested under ESOS	-	-	174	-	-	-	174
Acquisition of shares from non-controlling interest	-	-	-	-	(816)	(184)	(1,000)
Foreign exchange translation differences	-	-	-	(1)	-	-	(1)
Total comprehensive profit for the period	-	-	174	(1)	1,767	(206)	1,734
Issuance of new shares	372	-	(137)	-	-	-	235
At 30 September 2023	23,896	15,080	917	43	11,696	8,413	60,045
At 1 April 2022	23,218	13,313	49	26	9,553	8,400	54,559
Profit for the period	-	-	-	-	368	219	587
Share options vested under ESOS	-	-	951	-	-	-	951
Transfer of share options reserve to retained earnings upon lapse of ESOS	-	-	(8)	-	8	-	-
Revaluation reserve on leasehold land and buildings	-	1,767	-	-	-	-	1,767
Foreign exchange translation differences	-	-	-	18	-	-	18
Total comprehensive loss for the period	-	1,767	943	18	376	219	3,323
Issuance of new shares	306	-	(112)	-	-	-	194
At 31 March 2023	23,524	15,080	880	44	9,929	8,619	58,076

(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 2023 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 2023

	6 months ended 30 September 2023 RM'000	12 months ended 31 March 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,794	1,408
Adjustments for :		
Amortisation of investment properties	3	7
Amortisation of intangible assets	7	24
Depreciation of property, plant and equipment	613	992
Depreciation of right of use assets	894	1,685
Impairment losses on trade and other receivables	-	369
Interest expenses	289	569
Interest income	(68)	(97)
Property, plant and equipment written off	-	63
Inventories written off	-	1,135
Reversal of impairment losses on trade and other receivables	-	(198)
Share options vested under ESOS	174	951
Share of profit of an associate	(60)	(71)
Unrealised gain on foreign exchange	(151)	(97)
Operating profit before working capital changes	4,495	6,740
Changes in working capital:		
(Increase)/Decrease in inventories	(1,207)	1,112
Increase in trade and other receivables	(728)	(884)
(Decrease)/Increase in trade and other payables	(112)	1,233
Decrease in contract liability	-	(390)
Cash generated from operations	2,448	7,811
Interest received	68	97
Tax refund	-	16
Tax paid	(355)	(988)
Net cash generated from operating activities	2,161	6,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,693)	(635)
Purchase of right of use assets	(713)	(246)
Investment in an associate	-	(69)
Acquisition of shares from non-controlling interest	(1,000)	-
Net cash used in investing activities	(3,406)	(950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(259)	(423)
Proceeds from issuance of ordinary shares pursuant to:-		
- ESOS	235	194
Net drawdown of bank borrowings	(476)	1,483
Net repayment of lease liabilities	(154)	(1,720)
Net cash used in financing activities	(654)	(466)
Net (decrease)/increase in cash and cash equivalents	(1,899)	5,520
Effects of exchange rate changes on cash and cash equivalents	-	32
Cash and cash equivalents at beginning of financial year	9,125	3,573
Cash and cash equivalents at end of financial year	7,226	9,125
Cash and cash equivalents comprise of:		
Cash and bank balances	7,226	9,125
Deposits with licensed banks	95	95
	7,321	9,220
Less: Deposits pledged to licensed banks	(95)	(95)
	7,226	9,125

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2023 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 2023

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 2023. 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 2023.

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 112	International Tax Reform - Pillar Two Model Rules	See MFRS 112 paragraph 98M
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1-Jan-24
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1-Jan-24
Amendments to MFRS 101	Non-current Liabilities with Covenants	1-Jan-24
Amendments to MFRS 121	Lack of Exchangeability	1-Jan-25
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 2023 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 2023.

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 2023.

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 2023.

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 2023 are as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-9-2023 RM'000	30-9-2022 RM'000	30-9-2023 RM'000	30-9-2022 RM'000
Segment Revenue				
Manufacturing and trading - consumable products	15,091	17,525	28,276	30,172
Property development	-	340	-	1,638
Investment holdings	123	123	246	246
	<u>15,214</u>	<u>17,988</u>	<u>28,522</u>	<u>32,056</u>
Inter-segment elimination	<u>(123)</u>	<u>(123)</u>	<u>(246)</u>	<u>(246)</u>
Total Revenue	<u>15,091</u>	<u>17,865</u>	<u>28,276</u>	<u>31,810</u>
Segment Results				
Manufacturing and trading - consumable products	2,292	1,909	3,745	1,192
Property development	(77)	130	(175)	561
Investment holdings	(296)	(278)	(540)	(498)
	<u>1,919</u>	<u>1,761</u>	<u>3,030</u>	<u>1,255</u>
Finance cost	(151)	(150)	(296)	(274)
Share of profit of an associate	30	17	60	24
	<u>1,798</u>	<u>1,628</u>	<u>2,794</u>	<u>1,005</u>
Taxation	(147)	33	(233)	64
Non-controlling interests	14	(112)	22	(357)
	<u>1,665</u>	<u>1,549</u>	<u>2,583</u>	<u>712</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

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

A11 Contingent Liabilities

As at 30 September 2023, the contingent liabilities are as follows:

	30-Sep-23 RM'000	31-Mar-23 RM'000
Corporate guarantees given by Emico Holdings Berhad to licensed banks for facilities granted to certain subsidiaries	22,301,051	18,474,051

A12 Related Party Transactions

Significant transactions between the Group with the related parties during the financial year ended 30 September 2023 were as follows:

	<-----3 months ended----->		<-----6 months ended----->	
	30-9-2023 RM'000	30-9-2022 RM'000	30-9-2023 RM'000	30-9-2022 RM'000
Purchases of semi finished parts and components:				
Century Plas Industry Sdn Bhd	568	795	1,270	1,488
Sales and purchases of trading items				
U Can Marketing Sdn Bhd	4	3	6	4
Rental of premises received:				
Century Plas Industry Sdn Bhd	39	39	78	78
Rental of machinery received:				
Century Plas Industry Sdn Bhd	58	56	117	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	1,587	1,648	2,636	2,660

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-23 RM'000
Property, plant and equipment:	
Approved and contracted for	<u>36</u>

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

B1 Taxation

	<-----3 months ended----->		<-----6 months ended----->	
	30-9-2023 RM'000	30-9-2022 RM'000	30-9-2023 RM'000	30-9-2022 RM'000
Current period	178	-	296	-
Deferred	(31)	(33)	(63)	(64)
Taxation - net	147	(33)	233	(64)

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 during the period.

B5 Group borrowings

Group borrowings and debt securities are as follows:

	30-Sep-23 RM'000	31-Mar-23 RM'000
a) Current Borrowings - Secured		
Bank overdraft	-	-
Bankers' acceptance	4,573	5,037
Term loan	823	878
	<u>5,396</u>	<u>5,915</u>
b) Non Current Borrowings - Secured		
Term loan	4,143	4,101
	<u>4,143</u>	<u>4,101</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 31 October 2023.

B8 Performance review

	<----- 3 months ended ----->		<----- 6 months ended ----->	
	Jul-23 to Sep-23 RM'000	Apr-23 to Jun-23 RM'000	Apr-23 to Sep-23 RM'000	Apr-22 to Sep-22 RM'000
REVENUE				
Manufacturing and trading	15,091	13,185	28,276	30,172
Property development	-	-	-	1,638
Total	15,091	13,185	28,276	31,810
PROFIT/(LOSS) BEFORE TAX ("PBT" & "LBT")				
Manufacturing and trading - operations	2,181	1,342	3,523	959
Property development	(87)	(102)	(189)	544
Investment holdings	(296)	(244)	(540)	(498)
Net Total	1,798	996	2,794	1,005

Comparison with preceding quarter

For the current quarter under review, the revenue of the Group increased from RM13.185 million in the preceding quarter to RM15.091 million for the current quarter. As a result, the Group posted a higher PBT of RM1.798 million for the current quarter as compared to PBT of RM0.996 million in the preceding quarter. The increase in PBT for the current quarter was primarily due to higher operating profit and an insurance claim of RM1.270 million received.

The manufacturing and trading division posted an increase of 14.5% in revenue from RM13.185 million in the preceding quarter to RM15.091 million for the current quarter. As a result, it posted a higher PBT of RM2.181 million for the current quarter as compared to PBT of RM1.342 million in the preceding quarter. The increase in PBT for the current quarter was primarily due to higher operating profit and an insurance claim of RM1.270 million received.

There is no revenue generated under the property development division for the current quarter. As a result, the property development division posted a LBT of RM0.087 million as compared to LBT of RM0.102 million in the preceding quarter.

For the investment holding division, it posted a LBT of RM0.296 million for the current quarter as compared to RM0.244 million in the preceding quarter.

Comparison with preceding year results

The Group revenue for the 6 months ended 30 September 2023 was RM28.276 million as compared to RM31.810 million in the preceding period, a decrease of 11.1%. The decrease was mainly due to no sales generated by the property development division. However, the Group posted a PBT of RM2.794 million, an increase of 178.0% for the current period as compared to PBT of RM1.005 million in the preceding period. The increase in PBT for the current period was primarily due to higher operating profit and an insurance claim of RM1.270 million received.

The manufacturing and trading division posted a decrease of 6.3% in revenue from RM30.172 million in the preceding period to RM28.276 million for the current period due to the slight decrease in sales from the contract manufacturing business. However, it posted a higher PBT of RM3.523 million, an increase of 267.4% for the current period as compared to PBT of RM0.959 million in the preceding period. The increase in PBT for the current period was primarily due to higher operating profit and an insurance claim of RM1.270 million received.

There is no revenue generated under the property development division for the current quarter as compared to RM1.638 million of revenue generated in the preceding period. As a result, the property development division posted a LBT of RM0.189 million as compared to PBT of RM0.544 million in the preceding period.

For the investment holding division, it posted a LBT of RM0.540 million for the current period and RM0.498 million for the preceding period.

B9 Prospects

Looking forward, the pace and magnitude of interest rate hikes have somehow slowed down, as central banks in various countries take a cautious stance in response to the recent moderation of inflationary pressures. The shift in monetary policy by certain countries reflects the delicate balancing act that central banks are facing, striving to maintain economic stability while keeping a close eye on the inflation dynamics.

The operating environment for businesses remains challenging. The recent increase in labor costs, driven by various factors such as wage growth and the need for skilled workers, has put significant pressure on businesses' cost structures. Additionally, rising utility and financing expenditures have further compounded these challenges.

Despite these challenges, the Group anticipate the trophy sales orders remain robust, and stability in the contract manufacturing business. The Group has implemented the lean manufacturing principles across the production processes, optimizing resource allocation, minimizing waste, and enhancing overall efficiency. The integration of automation and machine upgrades has played a crucial role in elevating the production output, leading to significant gains in productivity. In addition, the Group continues to implement Just-In-Time (JIT) to improve inventory control.

Barring any unforeseen circumstances, the Group maintains its optimistic outlook for FYE 31 March 2024.

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 2023.

B12 Earnings per share ("EPS")

I) Basic earnings per share

a) Numerator

Profit attributable to ordinary equity holders:

Profit from operations (RM'000)

b) Denominator

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

Basic profit per share (Sen)

3 months		6 months	
30.9.2023	30.9.2022	30.9.2023	30.9.2022
1,665	1,549	2,583	712
124,667	123,217	124,667	123,217
1.34	1.26	2.07	0.58

II) Diluted earnings per share

a) Numerator

Profit attributable to ordinary equity holders:

Profit 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	
30.9.2023	30.9.2022	30.9.2023	30.9.2022
1,665	1,549	2,583	712
125,256	124,441	125,256	124,441
1.33	1.24	2.06	0.57

* Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is antidilutive.

B13 Operating Income/(Expenses)

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

	6 months ended Sep-23 RM'000	6 months ended Sep-22 RM'000
Depreciation of property, plant and equipment	(613)	(830)
Depreciation of right of use assets	(894)	(473)
Amortisation of investment properties	(3)	(3)
Amortisation of intangible assets	(7)	(3)
Interest expense	(289)	(257)
Interest income	68	23
Unrealised gain on foreign exchange	151	127
Share options vested under ESOS	(174)	(432)
Share of profit of an associate	60	24