



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The First Quarter Ended 30 June 2018 (Unaudited)

ACME HOLDINGS BERHAD
(COMPANY NO : 189740-X)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
		CURRENT QUARTER ENDED 30 JUNE 2018 RM'000	CORRESPONDING PRECEDING QUARTER ENDED 30 JUNE 2017 RM'000	CUMULATIVE PERIOD ENDED 30 JUNE 2018 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2017 RM'000
Revenue		6,136	3,864	6,136	3,864
Cost of sales		(4,255)	(3,720)	(4,255)	(3,720)
Gross profit		<u>1,881</u>	<u>144</u>	<u>1,881</u>	<u>144</u>
Other income		67	107	67	107
Administrative and general expenses		(886)	(707)	(886)	(707)
Selling and distribution expenses		(201)	(189)	(201)	(189)
Finance costs		(13)	0	(13)	0
Profit/(Loss) before tax	16	<u>848</u>	<u>(645)</u>	<u>848</u>	<u>(645)</u>
Tax expense	18	(218)	(24)	(218)	(24)
Net profit/(loss) for the financial year		<u>630</u>	<u>(669)</u>	<u>630</u>	<u>(669)</u>
Other comprehensive income for the financial year		0	0	0	0
Total comprehensive income for the financial year		<u>630</u>	<u>(669)</u>	<u>630</u>	<u>(669)</u>
Profit/(Loss) for the financial period attributable to:-					
- Owners of the Company		631	(669)	631	(669)
- Non-controlling interests		(1)	0	(1)	0
		<u>630</u>	<u>(669)</u>	<u>630</u>	<u>(669)</u>
Earnings/(Loss) per share:-	24				
- Basic (sen)		0.30	(0.32)	0.30	(0.32)
- Diluted (sen)		<u>0.30</u>	<u>(0.32)</u>	<u>0.30</u>	<u>(0.32)</u>

Note:-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2018.

ACME HOLDINGS BERHAD
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(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	(Unaudited) 30 JUNE 2018 RM'000	(Audited) 31 MARCH 2018 RM'000
Non-current assets		
Property, plant and equipment	15,364	14,050
Investment properties	8,885	8,963
Land held for property development	14,679	14,679
	38,928	37,692
Current assets		
Property development costs	4,637	4,045
Accrued billings	0	0
Inventories	18,293	18,886
Trade and other receivables	19,758	21,946
Prepayments	704	704
Current tax assets	100	88
Cash and cash equivalents	14,512	6,041
	58,004	51,710
Current liabilities		
Trade and other payables	23,551	16,338
Short-term bank borrowings	347	341
Current tax liabilities	361	591
	24,259	17,270
Net current assets	33,745	34,440
Non-current liabilities		
Long-term bank borrowings	448	536
Deferred tax liabilities	2,032	2,033
Net assets	70,193	69,563
Financed by:-		
Share capital	226,051	226,051
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(3)	(3)
Retained profits	51,657	51,026
Equity Attributable to Owners of the Company	70,635	70,004
Non-controlling interests	(442)	(441)
	70,193	69,563
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	30.71	30.44

Notes:-

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2018.

(2) Based on 229,973,500 ordinary shares in issue after excluding 8,784,500 treasury shares as at 30 June 2018 and 31 March 2018.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018
 (THE FIGURES HAVE NOT BEEN AUDITED)

	----- Non-Distributable -----					Distributable	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share Capital RM'000	Treasury shares RM'000	Share Premium RM'000	Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000
CUMULATIVE PERIOD ENDED 30 JUNE 2018									
Balance as at 1 April 2018	226,051	(13,874)	0	(193,196)	(3)	51,026	70,004	(441)	69,563
Profit (representing total comprehensive income) for the financial year	0	0	0	0	0	631	631	(1)	630
Balance as at 30 June 2018	<u>226,051</u>	<u>(13,874)</u>	<u>0</u>	<u>(193,196)</u>	<u>(3)</u>	<u>51,657</u>	<u>70,635</u>	<u>(442)</u>	<u>70,193</u>
CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2017									
Balance as at 1 April 2017	219,970	(13,874)	0	(193,196)	(3)	47,657	60,554	(439)	60,115
Loss (representing total comprehensive income) for the financial year	0	0	0	0	0	(669)	(669)	0	(669)
Balance as at 30 June 2017	<u>219,970</u>	<u>(13,874)</u>	<u>0</u>	<u>(193,196)</u>	<u>(3)</u>	<u>46,988</u>	<u>59,885</u>	<u>(439)</u>	<u>59,446</u>

Notes:-

- (1) *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.*
- (2) *Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value. Accordingly, the amount standing to the credit of share premium has been transferred to share capital on 31 January 2017.*

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 30 JUNE 2018 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2017 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	848	(645)
Adjustments for:-		
Depreciation	342	391
(Gain)/Loss on disposal of plant, property and equipment	0	0
Impairment loss on receivables	0	0
Interest income	(11)	(76)
Inventories written down	0	0
Reversal of inventories written down	0	0
Operating profit/(loss) before working capital changes	1,179	(330)
Changes in:-		
Property development costs	(592)	(270)
Progress billings	0	14,216
Inventories	593	(30)
Receivables and prepayments	2,188	(4,013)
Payables	7,213	(6,937)
Cash generated from operations	10,581	2,636
Interest paid	(13)	0
Tax paid	(461)	(434)
Tax refunded	0	0
Net cash from operating activities	10,107	2,202
Cash flows from investing activities		
Interest received	11	76
Proceeds from disposal of plant, property and equipment	0	0
Purchase of property, plant and equipment	(1,578)	(34)
Net cash from/(used in) investing activities	(1,567)	42
Cash flows from financing activity		
Placement of term deposits pledged as security	(137)	(2)
Drawdown of hire purchase loan	0	0
Repayment of hire purchase creditor	(70)	0
Net cash used in financing activity	(207)	(2)
Net increase/(decrease) in cash and cash equivalents	8,333	2,242
Cash and cash equivalents brought forward	5,853	1,718
Cash and cash equivalents carried forward	14,186	3,960
Cash and cash equivalents comprise the following:-		
Cash and bank balances	14,186	3,960
Term deposits with licensed banks	326	186
	14,512	4,146
Term deposits pledged as security	(326)	(186)
	14,186	3,960

Note:-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018.

ACME HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report has been prepared in accordance with requirements of FRS 134: "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018.

The same accounting policies and methods of computation are followed in the interim financial report as compared with the audited financial statements for the financial year ended 31 March 2018 except for the adoption of the following Financial Reporting Standards ("FRSs"):

Standard/Interpretation	Effective for financial periods beginning on or after
<i>FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)</i>	1 January 2018
<i>Amendments to FRS 2 Share-based payment: Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
<i>Amendments to FRS 4 Insurance Contracts: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018
<i>Amendments to FRS 140 Investment Property: Transfers of Investment Property</i>	1 January 2018
<i>IC Interpretation 22 Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
<i>Annual Improvements to FRS Standards 2014 – 2016 Cycles</i>	1 January 2018
<i>Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date yet to be confirmed

The adoption of the above FRSs did not have any significant impacts on the financial statements of the Group.

On November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework is a fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including their parents, significant investors and joint venturers ("Transitioning Entities"). As announced by the MASB on 28 October 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

Being a Transitioning Entity as defined above, the Group has elected to continue preparing its financial statements in accordance with the FRS Framework. Accordingly, the Group will be required to apply *MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards* in its financial statements for the financial year ending 31 March 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework. Management is currently in the process of examining the financial impacts of transition to the MFRS Framework and thus the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and reliably estimated until the process is complete.

NOTES TO THE INTERIM FINANCIAL REPORT

2. Seasonal or Cyclical Factors

The interim operations of the Group were not affected by any seasonal or cyclical factors.

3. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the interim period.

4. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial period that have a material effect in the current interim period.

5. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the interim period.

6. Dividend Paid

There was no payment of dividend during the interim period.

7. Segment Information

<u>Analysis by activity</u>	Manufacturing RM'000	Property development RM'000	Others RM'000	Group RM'000
<u>Revenue</u>				
Total revenue	3,893	2,050	193	6,136
Intersegment revenue	0	0	0	0
External revenue	<u>3,893</u>	<u>2,050</u>	<u>193</u>	<u>6,136</u>
<u>Results</u>				
Segment results	250	661	(61)	850
Interest income	0	11	0	11
Interest expense	(13)	0	0	(13)
Profit/(Loss) before tax	<u>237</u>	<u>672</u>	<u>(61)</u>	<u>848</u>
Tax expense	(57)	(161)	0	(218)
Net profit/(loss) for the financial period	<u>180</u>	<u>511</u>	<u>(61)</u>	<u>630</u>
<u>Assets</u>				
Segment assets	42,258	46,792	7,782	96,832
Income tax assets	100	0	0	100
Total assets	<u>42,358</u>	<u>46,792</u>	<u>7,782</u>	<u>96,932</u>

8. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the financial year ended 31 March 2018.

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NOTES TO THE INTERIM FINANCIAL REPORT**9. Material Events After The Reporting Period**

Save for the disclosure in Note 22, there were no material events after the reporting period that have not been reflected in the interim financial report.

10. Changes in Composition

There were no changes in the Group's composition during the interim period.

11. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 1 April 2018.

12. Capital Commitments

The capital commitments as at 30 June 2018 were as follows:-

RM'000

Approved and contracted for

2,310**13. Review of Performance**

(a) Cumulative Period Vs Corresponding Preceding Period

	Current Quarter Ended 30 June 2018 RM'000	Corresponding Preceding Quarter Ended 30 June 2017 RM'000	Changes RM'000	Cumulative Period Ended 30 June 2018 RM'000	Corresponding Preceding Period Ended 30 June 2017 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	3,893	3,699	194	3,893	3,699	194
Property development	2,050	0	2,050	2,050	0	2,050
Others	193	165	28	193	165	28
	<u>6,136</u>	<u>3,864</u>	<u>2,272</u>	<u>6,136</u>	<u>3,864</u>	<u>2,272</u>
<u>Profit/(Loss) before tax</u>						
Manufacturing	237	342	(105)	237	342	(105)
Property development	672	(987)	1,659	672	(987)	1,659
Others	(61)	0	(61)	(61)	0	(61)
	<u>848</u>	<u>(645)</u>	<u>1,493</u>	<u>848</u>	<u>(645)</u>	<u>1,493</u>

The Group recorded profit before tax of RM848,000 for current period ended 30 June 2018 as compared to loss before tax of RM645,000 for the previous corresponding period ended 30 June 2017. The profit for the current period is mainly due to revenue recognised by the Property Development Division.

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NOTES TO THE INTERIM FINANCIAL REPORT

13. Review of Performance (cont'd)

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 30 June 2018 RM'000	Immediate Preceding Quarter Ended 31 March 2018 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	3,893	4,401	(508)
Property development	2,050	3,347	(1,297)
Others	193	165	28
	<u>6,136</u>	<u>7,913</u>	<u>(1,777)</u>
<u>Profit/(Loss) before tax</u>			
Manufacturing	237	(847)	1,084
Property development	672	2,067	(1,395)
Others	(61)	(267)	206
	<u>848</u>	<u>953</u>	<u>(105)</u>

The Group recorded profit before tax of RM848,000 in the current quarter as compared to profit before tax of RM953,000 in the immediate preceding quarter mainly due to drop in profit achieved by the Property Development Division.

14. Prospects

The Group will continue to adopt a cautious business approach albeit the improving financial performance and the Group performance is expected to remain challenging in the coming financial year.

15. Profit Forecast

There was no profit forecast being previously announced or disclosed in a public document.

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NOTES TO THE INTERIM FINANCIAL REPORT

16. Profit/(Loss) Before Tax

	Current Quarter Ended 30 June 2018 RM'000	Corresponding Preceding Quarter Ended 30 June 2017 RM'000	Cumulative Period Ended 30 June 2018 RM'000	Corresponding Preceding Period Ended 30 June 2017 RM'000
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Profit/(Loss) before tax is arrived at
after charging:-

Depreciation of:-

- Property, plant and equipment	264	313	264	313
- Investment properties	78	78	78	78
Interest expense	13	0	13	0

and crediting:-

Gain on foreign exchange	1	1	1	1
Interest income	11	76	11	76

17. Additional Disclosure Information**(a) Foreign Exchange Exposure / Hedging Policy**

As at 30 June 2018, the Group's exposure to foreign currency risk was not significant.

The Group does not engage in any formal hedging activities.

(b) Significant Related Party Transaction

Included in other payables is an amount of RM10,000,000 representing short term loan from Nada Wangi Sdn Bhd, a substantial shareholder of the Company. The loan is unsecured, non-interest bearing and repayable on demand.

18. Tax Expense

	Current Quarter Ended 30 June 2018 RM'000	Corresponding Preceding Quarter Ended 30 June 2017 RM'000	Cumulative Period ended 30 June 2018 RM'000	Corresponding Preceding Period Ended 30 June 2017 RM'000
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Tax based on results for the financial period:-

Malaysian income tax	(218)	(24)	(218)	(24)
Deferred tax	0	0	0	0
	<u>(218)</u>	<u>(24)</u>	<u>(218)</u>	<u>(24)</u>

The income tax expense of RM218,000 for the current period relates mainly to income tax on taxable profit of the Property Development Division.

ACME HOLDINGS BERHAD(COMPANY NO: 189740-X)
(INCORPORATED IN MALAYSIA)**NOTES TO THE INTERIM FINANCIAL REPORT****19. Retained Profits**

	As At 30 June 2018 RM'000	As At 31 March 2018 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:-		
- Realised	(129,054)	(129,684)
- Unrealised	(130)	(130)
	<u>(129,184)</u>	<u>(129,814)</u>
Consolidation adjustments and eliminations	180,841	180,840
Total retained profits as per statement of financial position	<u>51,657</u>	<u>51,026</u>

20. Corporate Proposals

On 4 April 2018, the Company completed the listing of 20,270,000 new ordinary shares issued to third party investors through private placement. The placement shares were issued at an issue price of RM0.30 per share and total proceeds of RM6,081,000 has been fully utilised as follows:-

Purpose	Proposed Utilisation	Actual Utilisation
	RM'000	RM'000
Purchase of moulds	5,981	5,992 *
Estimated expenses relating to the Proposed Private Placement	100	89 *
Total	6,081	6,081

* Surplus from the expenses relating to the proposed private placement is adjusted to the amount for purchase of moulds accordingly.

21. Loans and Borrowings

The Group's borrowings as at 30 June 2018 are as follows:

	<u>RM'000</u>
Long term	
Secured	
Hire purchase creditors	448
Short term	
Secured	
Hire purchase creditors	347

22. Changes in Material Litigation

Supportive Technology Sdn Bhd ("STSB"), a wholly-owned subsidiary of the Company, has appealed to the Special Commissioners of Income Tax ("SCIT") against the decision of the Director General of Inland Revenue ("DGIR") to reject STSB's application for relief in respect of error or mistake made in STSB's tax returns for the year of assessment 2003, 2004 and 2005 amounting to RM2,226,827.84, RM7,088,694.44 and RM9,627,068.88 respectively.

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NOTES TO THE INTERIM FINANCIAL REPORT

22. Changes in Material Litigation (cont'd)

As updated in the notes to the interim financial report for the quarter ended 30 June 2017, on 13 June 2017, the Appellant informed the court that the hearing date has subsequently been vacated as the Appellant's witness is not in the country. The court has fixed the date of hearing to be on 13.9.2018 and 14.9.2018 respectively.

23. Dividend Declared/Recommended

There was no declaration/recommendation of dividend during the interim period.

24. Earnings/(Loss) per Share

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the interim period as follows:-

	Current Quarter Ended 30 June 2018	Corresponding Preceding Quarter Ended 30 June 2017	Cumulative Period Ended 30 June 2018	Corresponding Preceding Period Ended 30 June 2017
Net profit/(loss) for the financial period attributable to owners of the Company (RM'000)	631	(669)	631	(669)
Weighted average number of ordinary shares ('000)	229,974	209,704	229,974	209,704
Basic earnings/(loss) per share (sen)	<u>0.27</u>	<u>(0.32)</u>	<u>0.27</u>	<u>(0.32)</u>

The diluted earnings/(loss) per share equal the basic earnings/(loss) per share due to the anti-dilutive effect of the share warrants which has been ignored in calculating the diluted earnings/(loss) per share.

25. Audit Qualification

The audit report on the Group's annual financial statements for the preceding financial year was not subject to any qualification.

BY THE ORDER OF THE BOARD

DATO' SRI DR LEE KUANG SHING
EXECUTIVE CHAIRMAN
20 August 2018