



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The Third Quarter Ended 31 December 2018 (Unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
		CURRENT QUARTER ENDED 31 DECEMBER 2018 RM'000	CORRESPONDING PRECEDING QUARTER ENDED 31 DECEMBER 2017 RM'000	CUMULATIVE PERIOD ENDED 31 DECEMBER 2018 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2017 RM'000
Revenue		7,585	11,267	22,272	19,818
Cost of sales		(4,691)	(7,527)	(15,831)	(12,807)
Gross profit		<u>2,894</u>	<u>3,740</u>	<u>6,441</u>	<u>7,011</u>
Other income		169	56	1,008	250
Administrative and general expenses		(1,167)	(909)	(3,081)	(2,456)
Selling and distribution expenses		(174)	(192)	(588)	(570)
Finance costs		(4)	(4)	(29)	(4)
Profit before tax	16	<u>1,718</u>	<u>2,691</u>	<u>3,751</u>	<u>4,231</u>
Tax expense	18	(447)	(492)	(800)	(1,011)
Net profit for the financial year		<u>1,271</u>	<u>2,199</u>	<u>2,951</u>	<u>3,220</u>
Other comprehensive income for the financial year		0	0	0	0
Total comprehensive income for the financial year		<u>1,271</u>	<u>2,199</u>	<u>2,951</u>	<u>3,220</u>
Profit for the financial period attributable to:-					
- Owners of the Company		1,271	2,199	2,951	3,221
- Non-controlling interests		0	0	0	(1)
		<u>1,271</u>	<u>2,199</u>	<u>2,951</u>	<u>3,220</u>
Earnings per share:-	24				
- Basic (sen)		0.61	1.05	1.41	1.54
- Diluted (sen)		<u>0.61</u>	<u>1.05</u>	<u>1.41</u>	<u>1.54</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
(COMPANY NO: 189740-X)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	(Unaudited) 31 DECEMBER 2018 RM'000	(Audited) 31 MARCH 2018 RM'000
Non-current assets		
Property, plant and equipment	17,430	14,050
Investment properties	8,729	8,963
Inventories	14,729	14,679
	<u>40,888</u>	<u>37,692</u>
Current assets		
Inventories	20,015	22,931
Trade and other receivables	20,729	21,946
Prepayments	704	704
Current tax assets	1,337	88
Cash and cash equivalents	4,649	6,041
	<u>47,434</u>	<u>51,710</u>
Current liabilities		
Trade and other payables	11,780	16,338
Short-term bank borrowings	373	341
Current tax liabilities	795	591
	<u>12,948</u>	<u>17,270</u>
Net current assets	34,486	34,440
Non-current liabilities		
Long-term bank borrowings	386	536
Deferred tax liabilities	2,033	2,033
Net assets	<u>72,955</u>	<u>69,563</u>
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	53,977	51,026
Equity Attributable to Owners of the Company	<u>72,955</u>	<u>70,004</u>
Non-controlling interests	0	(441)
	<u>72,955</u>	<u>69,563</u>
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	<u>31.72</u>	<u>30.44</u>

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 31 December 2018 and 31 March 2018.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	----- Non-Distributable -----					Distributable		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	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				
CUMULATIVE PERIOD ENDED 31 DECEMBER 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	2,951	2,951	0	2,951	
Disposal of a subsidiary	0	0	0	0	0	0	0	441	441	
Balance as at 31 December 2018	<u>226,051</u>	<u>(13,874)</u>	<u>0</u>	<u>(193,196)</u>	<u>(3)</u>	<u>53,977</u>	<u>72,955</u>	<u>0</u>	<u>72,955</u>	
CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2017										
Balance as at 1 April 2017	219,970	(13,874)	0	(193,196)	(3)	47,657	60,554	(439)	60,115	
Profit/(Loss) (representing total comprehensive income) for the financial year	0	0	0	0	0	3,221	3,221	(1)	3,220	
Balance as at 31 December 2017	<u>219,970</u>	<u>(13,874)</u>	<u>0</u>	<u>(193,196)</u>	<u>(3)</u>	<u>50,878</u>	<u>63,775</u>	<u>(440)</u>	<u>63,335</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.*

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 31 DECEMBER 2018 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2017 RM'000
Cash flows from operating activities		
Profit before tax	3,751	4,231
Adjustments for:-		
Depreciation	1,169	1,115
Gain on deconsolidation of subsidiary	(662)	0
Interest income	(219)	(131)
Operating profit before working capital changes	<u>4,039</u>	<u>5,215</u>
Changes in:-		
Progress billings	0	17,887
Inventories	2,866	1,855
Receivables and prepayments	1,187	(7,721)
Payables	(3,425)	(11,204)
Cash generated from operations	<u>4,667</u>	<u>6,032</u>
Interest paid	(30)	(4)
Tax paid	(1,844)	(1,318)
Net cash from operating activities	<u>2,793</u>	<u>4,710</u>
Cash flows from investing activities		
Interest received	219	131
Purchase of property, plant and equipment	(4,315)	(148)
Net cash from/(used in) investing activities	<u>(4,096)</u>	<u>(17)</u>
Cash flows from financing activity		
Placement of fixed deposits	(65)	0
Placement of term deposits pledged as security	(135)	(4)
Drawdown of hire purchase loan	80	1,067
Repayment of hire purchase creditor	(170)	(46)
Net cash used in financing activity	<u>(290)</u>	<u>1,017</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,593)</u>	<u>5,710</u>
Cash and cash equivalents brought forward	<u>5,853</u>	<u>1,718</u>
Cash and cash equivalents carried forward	<u>4,260</u>	<u>7,428</u>
Cash and cash equivalents comprise the following:-		
Cash and bank balances	4,260	7,428
Term deposits with licensed banks	389	188
	<u>4,649</u>	<u>7,616</u>
Term deposits pledged as security	(389)	(188)
	<u>4,260</u>	<u>7,428</u>

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 MFRS 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 financial statements of the Group for the financial year ending 31 March 2019 will be prepared under the Malaysian Financial Reporting Standards Framework ("MFRS"). The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. Save for the required presentation of three statements of financial position in the first MFRS financial statement and the changes of accounts classification as disclosed below, there is no major impact on the Group's financial statements.

MFRS 15 Revenue from Contracts with Customers

The new MFRS 15 *Revenue from Contracts with Customers* was introduced as a single comprehensive model for revenue accounting across different industries replacing accounting standards that include FRS 111 *Construction Contracts*. The comprehensive model introduced a five-step model which requires the Group to identify the individual contract from which revenue are generated and its individual performance obligation. By using the five-step model, the revenue recognition had shifted from recognition based on the transfer of risk and reward of ownership and control to the satisfaction of each performance obligation stated in the individual contracts. The adoption of MFRS 15 will not have a major impact on the financial statements of the Group since there is no on-going property development projects and the manufacturing division does not have any contracts which will give rise to a different recognition method from the previous GAAP.

Classification of land held for property development and property development costs

Upon withdrawal of *FRS 201 Property Development Activities*, land held for property development and property development costs have been reclassified as inventories as these assets are in the process of production for sale. These inventories will be carried at the lower of cost or net realisable value.

The financial impact from the adoption of MFRS is as follows:

Condensed consolidated statement of financial position

	As Previously Stated RM'000	Effect of Adopting MFRS RM'000	As Restated RM'000
As at 1 April 2017			
Non-Current Assets			
Land held for development	14,454	(14,454)	-
Inventories	-	14,454	14,454
Current Assets			
Property development costs	24,545	(24,545)	-
Inventories	5,199	24,545	29,744
As at 31 March 2018			
Non-Current Assets			
Land held for development	14,679	(14,679)	-
Inventories	-	14,679	14,679
Current Assets			
Property development costs	4,045	(4,045)	-
Inventories	18,886	4,045	22,931

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NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation (cont'd)

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement*. It introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which falls under the scope of MFRS 9, new “expected credit loss mode” under impairment of financial assets and greater flexibility allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

Expected credit loss model

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. As the Group’s trade receivables are mainly deriving from the manufacturing division and do not contain a significant financing component or is a lease receivables, The Group adopted the lifetime basis in recognising expected credit losses under MFRS 9.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT**7. Segment Information**

	Manufacturing	Property development	Others	Group
<u>Analysis by activity</u>	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Total revenue	17,987	7,406	744	26,137
Intersegment revenue	(3,865)	0	0	(3,865)
External revenue	14,122	7,406	744	22,272
<u>Results</u>				
Segment results	684	2,232	646	3,562
Interest income	180	39	0	219
Interest expense	(30)	0	0	(30)
Profit before tax	834	2,271	646	3,751
Tax expense	(255)	(545)	0	(800)
Net profit for the financial period	579	1,726	646	2,951
<u>Assets</u>				
Segment assets	34,806	44,387	7,794	86,987
Income tax assets	121	1,214	0	1,335
Total assets	34,927	45,601	7,794	88,322

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.

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 Group has no major capital commitments as at the end of the reporting period.

NOTES TO THE INTERIM FINANCIAL REPORT

13. Review of Performance

(a) Cumulative Period Vs Corresponding Preceding Period

	Current Quarter Ended 31 December 2018 RM'000	Corresponding Preceding Quarter Ended 31 December 2017 RM'000	Changes RM'000	Cumulative Period Ended 31 December 2018 RM'000	Corresponding Preceding Period Ended 31 December 2017 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	4,046	4,126	(80)	14,122	10,692	3,430
Property	3,263	6,976	(3,713)	7,406	8,631	(1,225)
Others	276	165	111	744	495	249
	<u>7,585</u>	<u>11,267</u>	<u>(3,682)</u>	<u>22,272</u>	<u>19,818</u>	<u>2,454</u>
<u>Profit/(Loss) before tax</u>						
Manufacturing	782	702	80	835	1,326	(491)
Property	891	1,998	(1,107)	2,270	2,993	(723)
Others	45	(9)	54	646	(88)	734
	<u>1,718</u>	<u>2,691</u>	<u>(973)</u>	<u>3,751</u>	<u>4,231</u>	<u>(480)</u>

The Group recorded profit before tax of RM1,718,000 for current period ended 31 December 2018 as compared to profit before tax of RM2,691,000 for the previous corresponding period ended 31 December 2017. The profit for the current period is mainly due to revenue recognised by the Property Development and Manufacturing Divisions.

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 31 December 2018 RM'000	Immediate Preceding Quarter Ended 30 September 2018 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	4,046	6,183	(2,137)
Property development	3,263	2,093	1,170
Others	276	275	1
	<u>7,585</u>	<u>8,551</u>	<u>(966)</u>
<u>Profit/(Loss) before tax</u>			
Manufacturing	782	(184)	966
Property development	891	707	184
Others	45	662	(617)
	<u>1,718</u>	<u>1,185</u>	<u>533</u>

The Group recorded profit before tax of RM1,718,000 in the current quarter as compared to profit before tax of RM1,185,000 in the immediate preceding quarter mainly due to turnaround achieved by the Manufacturing Division.

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NOTES TO THE INTERIM FINANCIAL REPORT

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 for the remaining quarters.

15. Profit Forecast

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

16. Profit Before Tax

	Current Quarter Ended 31 December 2018 RM'000	Corresponding Preceding Quarter Ended 31 December 2017 RM'000	Cumulative Period Ended 31 December 2018 RM'000	Corresponding Preceding Period Ended 31 December 2017 RM'000
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Profit before tax is arrived at after charging:-

Depreciation of:-

- Property, plant and equipment	343	289	935	891
- Investment properties	78	78	234	234
Interest expense	5	4	30	4

and crediting:-

Gain on foreign exchange	0	69	3	76
Interest income	129	12	219	131

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

As at 31 December 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 RM5,800,000 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.

ACME HOLDINGS BERHAD(COMPANY NO: 189740-X)
(INCORPORATED IN MALAYSIA)**NOTES TO THE INTERIM FINANCIAL REPORT****18. Tax Expense**

	Current Quarter Ended 31 December 2018 RM'000	Corresponding Preceding Quarter Ended 31 December 2017 RM'000	Cumulative Period ended 31 December 2018 RM'000	Corresponding Preceding Period Ended 31 December 2017 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	(447)	(492)	(800)	(1,011)
Deferred tax	0	0	0	0
	<u>(447)</u>	<u>(492)</u>	<u>(800)</u>	<u>(1,011)</u>

The income tax expense of RM800,000 for the current period relates mainly to income tax on taxable profit of the Property Development Division.

19. Retained Profits

	As At 31 December 2018 RM'000	As At 31 March 2018 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	(126,291)	(129,684)
- Unrealised	<u>(130)</u>	<u>(130)</u>
	(126,421)	(129,814)
Consolidation adjustments and eliminations	<u>180,399</u>	<u>180,840</u>
Total retained profits as per statement of financial position	<u>53,978</u>	<u>51,026</u>

20. Corporate Proposals

There was no corporate proposal announced but not completed as at 11 February 2019, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

21. Loans and Borrowings

The Group's borrowings as at 31 December 2018 are as follows:

	<u>RM'000</u>
Long term	
Secured	
Hire purchase creditors	373
Short term	
Secured	
Hire purchase creditors	386

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NOTES TO THE INTERIM FINANCIAL REPORT

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.

Further to the announcement in the notes to the interim financial report for the quarter ended 30 September 2018, the Special Commissioners of Income Tax has fixed the date of case management to be held on 19 March 2019 to update the court on the status of the settlement.

23. Dividend Declared/Recommended

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

24. Earnings per Share

The basic earnings per share is calculated by dividing the net profit 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 31 December 2018	Corresponding Preceding Quarter Ended 31 December 2017	Cumulative Period Ended 31 December 2018	Corresponding Preceding Period Ended 31 December 2017
Net profit for the financial period attributable to owners of the Company (RM'000)	1,271	2,203	2,951	3,221
Weighted average number of ordinary shares ('000)	229,974	209,704	229,974	209,704
Basic earnings per share (sen)	<u>0.61</u>	<u>1.05</u>	<u>1.41</u>	<u>1.54</u>

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

18 February 2019