



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The First Quarter Ended 30 June 2019 (Unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019
 (THE FIGURES HAVE NOT BEEN AUDITED)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>		
	Note	CURRENT QUARTER ENDED 30 JUNE 2019 RM'000	CORRESPONDING PRECEDING QUARTER ENDED 30 JUNE 2018 RM'000	CUMULATIVE PERIOD ENDED 30 JUNE 2019 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2018 RM'000
Revenue		5,593	6,136	5,593	6,136
Cost of sales		(4,068)	(4,255)	(4,068)	(4,255)
Gross profit		1,525	1,881	1,525	1,881
Other income		52	67	52	67
Administrative and general expenses		(1,171)	(886)	(1,171)	(886)
Selling and distribution expenses		(210)	(201)	(210)	(201)
Finance costs		(9)	(13)	(9)	(13)
Profit before tax	16	187	848	187	848
Tax expense	18	(105)	(218)	(105)	(218)
Net profit, representing total comprehensive income for the financial year		82	630	82	630
Total comprehensive income attributable to:-					
- Owners of the Company		82	631	82	631
- Non-controlling interests		0	(1)	0	(1)
		82	630	82	630
Earnings per share attributable to owners of the Company (sen)	23				
- Basic		0.04	0.27	0.04	0.27
- Diluted		0.04	0.30	0.04	0.30

Note:-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	(Unaudited) 30 JUNE 2019 RM'000	(Audited) 31 MARCH 2019 RM'000
Non-current assets		
Property, plant and equipment	20,983	21,435
Investment properties	8,573	8,651
Land held for development	14,796	14,785
Deferred tax assets	88	88
	44,440	44,959
Current assets		
Inventory properties	19,573	19,747
Inventories	2,175	2,363
Trade and other receivables	14,116	12,145
Prepayments	755	755
Current tax assets	10,206	10,036
Cash and cash equivalents	6,807	6,769
	53,632	51,815
Current liabilities		
Trade and other payables	15,833	14,561
Short-term bank borrowings	284	376
Current tax liabilities	130	95
	16,247	15,032
Net current assets	37,385	36,783
Non-current liabilities		
Long-term bank borrowings	234	234
Deferred tax liabilities	2,236	2,236
	79,355	79,272
Net assets	79,355	79,272
Financed by:-		
Share capital	226,051	226,051
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(35)	(36)
Retained profits	60,409	60,327
Equity Attributable to Owners of the Company	79,355	79,272
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	35	34

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 2019.

(2) Based on 229,973,500 ordinary shares in issue after excluding 8,784,500 treasury shares as at 30 June 2019 and 31 March 2019.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019
 (THE FIGURES HAVE NOT BEEN AUDITED)

	----- Attributable to owners of the parent -----							
	Share Capital RM'000	Distributable Treasury Shares RM'000	---- Non-Distributable ---- Reverse Acquisition Reserve RM'000	 Currency Translation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
CUMULATIVE PERIOD ENDED 30 JUNE 2019								
Balance as at 1 April 2019	226,051	(13,874)	(193,196)	(36)	60,327	79,272	0	79,272
Profit (representing total comprehensive income for the financial year)	0	0	0	1	82	83	0	83
Balance as at 30 June 2019	<u>226,051</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(35)</u>	<u>60,409</u>	<u>79,355</u>	<u>0</u>	<u>79,355</u>
CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2018								
Balance as at 1 April 2018	226,051	(13,874)	(193,196)	(3)	51,026	70,004	(441)	69,563
Profit (representing total comprehensive income for the financial year)	0	0	0	0	631	631	(1)	630
Balance as at 30 June 2018	<u>226,051</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(3)</u>	<u>51,657</u>	<u>70,635</u>	<u>(442)</u>	<u>70,193</u>

Notes:-

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.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 30 JUNE 2019 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2018 RM'000
Cash flows from operating activities		
Profit before tax	187	848
Adjustments for:-		
Depreciation	547	342
Interest expense	9	0
Interest income	(9)	(11)
Unrealised gain on foreign exchange	1	0
Operating profit before working capital changes	735	1,179
Changes in:-		
Inventory properties	163	642
Inventories	188	(641)
Receivables and prepayments	(1,970)	2,188
Payables	1,274	7,213
Cash generated from operations	390	10,581
Income tax paid	(240)	(461)
Interest paid	(9)	(13)
Net cash from operating activities	141	10,107
Cash flows from investing activities		
Interest received	7	11
Purchase of property, plant and equipment	(17)	(1,578)
Net cash used in investing activities	(10)	(1,567)
Cash flows from financing activities		
Payment of finance lease liabilities	(92)	(70)
Placement of term deposits pledged as security	(2)	(137)
Net cash used in financing activities	(94)	(207)
Net increase in cash and cash equivalents	37	8,333
Cash and cash equivalents brought forward	6,574	5,853
Cash and cash equivalents carried forward	6,611	14,186
Cash and cash equivalents comprise the following:-		
Cash and bank balances	6,611	14,186
Term deposits with licensed banks	196	326
	6,807	14,512
Term deposits pledged as security	(196)	(326)
	6,611	14,186

Note:-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2019.

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 2019.

The financial statements of the Group for the financial year ending 31 March 2020 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.

Adoption of New and Amendments/Improvements to MFRS

The Group has adopted the following standards with a date of initial application of 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures

IC Int 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015 – 2017 Cycle

The initial application of the above standards is not expected to have any material impact to the consolidated financial statements of the Group upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under MFRS 16 is substantially unchanged under MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor. The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

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NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation (cont'd)

The effects of adoption MFRS 16 as at 1 January 2019 is as follows:

	Current Quarter Ended 30 June 2019 (Unaudited) RM'000	Impact of MFRS 16 Adoption RM'000	Current Quarter Ended 30 June 2019 with adoption of MFRS 16 (Unaudited) RM'000
<u>Non-current Assets</u>			
Right-of-use of assets	-	101	101
<u>Non-current Liabilities</u>			
Lease Liabilities	-	58	58
<u>Current Liabilities</u>			
Lease Liabilities	-	43	43

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combination: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statement and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT

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>	Property		Others RM'000	Group RM'000
	Manufacturing RM'000	development RM'000		
<u>Revenue</u>				
Total revenue	7,579	818	275	8,672
Intersegment revenue	(3,079)	0	0	(3,079)
External revenue	4,500	818	275	5,593
<u>Results</u>				
Segment results	272	106	(191)	187
Interest income	0	9	0	9
Interest expense	(9)	0	0	(9)
Profit/(Loss) before tax	263	115	(191)	187
Tax expense	(77)	(28)	0	(105)
Net profit/(loss) for the financial period	186	87	(191)	82
<u>Assets</u>				
Segment assets	34,792	45,326	7,747	87,865
Income tax assets	9,227	980	0	10,207
Total assets	44,019	46,306	7,747	98,072

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 2019.

9. Material Events After The Reporting Period

Save for the disclosure in Note 21, 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 2019.

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NOTES TO THE INTERIM FINANCIAL REPORT**12. Capital Commitments**

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

13. Review of Performance

(a) Cumulative Period Vs Corresponding Preceding Period

	Current Quarter Ended 30 June 2019 RM'000	Corresponding Preceding Quarter Ended 30 June 2018 RM'000	Changes RM'000	Cumulative Period Ended 30 June 2019 RM'000	Corresponding Preceding Period Ended 30 June 2018 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	4,500	3,893	607	4,500	3,893	607
Property	818	2,050	(1,232)	818	2,050	(1,232)
Others	275	193	82	275	193	82
	5,593	6,136	(543)	5,593	6,136	(543)
<u>Profit/(Loss) before tax</u>						
Manufacturing	263	237	26	263	237	26
Property	115	672	(557)	115	672	(557)
Others	(191)	(61)	(130)	(191)	(61)	(130)
	187	848	(661)	187	848	(661)

The Group recorded profit before tax of RM187,000 for current period ended 30 June 2019 as compared to profit before tax of RM848,000 for the previous corresponding period ended 30 June 2018. This is mainly due to drop in revenue recorded by the Property Division of about 60%.

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 30 June 2019 RM'000	Immediate Preceding Quarter Ended 31 March 2019 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	4,500	4,178	322
Property	818	4	814
Others	275	275	-
	5,593	4,457	1,136
<u>Profit/(Loss) before tax</u>			
Manufacturing	263	(2,370)	2,633
Property	115	(68)	183
Others	(191)	(146)	(45)
	187	(2,584)	2,771

The Group recorded profit before tax of RM187,000 in the current quarter as compared to loss before tax of RM2,584,000 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.

15. Profit Forecast

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

16. Profit Before Tax

Current Quarter Ended 30 June 2019 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30 June 2018 (Unaudited) RM'000	Cumulative Period Ended 30 June 2019 (Unaudited) RM'000	Corresponding Preceding Period Ended 30 June 2018 (Unaudited) RM'000
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Profit before tax is arrived at after charging:-

Depreciation of:-

- Property, plant and equipment	469	264	469	264
- Investment properties	78	78	78	78
Interest expense	9	13	9	13

and crediting:-

(Loss)/Gain on foreign exchange	(1)	1	(1)	1
Interest income	9	11	9	11

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

As at 30 June 2019, 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.

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NOTES TO THE INTERIM FINANCIAL REPORT

18. Tax Expense

	Current Quarter Ended 30 June 2019 RM'000	Corresponding Preceding Quarter Ended 30 June 2018 RM'000	Cumulative Period ended 30 June 2019 RM'000	Corresponding Preceding Period Ended 30 June 2018 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	(105)	(218)	(105)	(218)
Deferred tax	0	0	0	0
	<u>(105)</u>	<u>(218)</u>	<u>(105)</u>	<u>(218)</u>

The income tax expense of RM105,000 for the current period relates mainly to income tax on taxable profit of the Manufacturing Division.

19. Corporate Proposals

There were no other corporate proposals announced but not completed as at the date of this report save for the following:

On 7 August 2019, the Company has proposed to undertake the following:

- (i) proposed bonus issue of up to 59,689,500 free warrants in ACME on the basis of 1 warrant for every 4 existing ordinary shares in ACME held on an entitlement date to be determined and announced later;
- (ii) proposed private placement of up to 89,534,200 new ACME shares, representing up to 30% of the enlarged number of issued ACME shares (excluding treasury shares);
- (iii) proposed acquisition of the entire share capital of Medan Tropika Sdn Bhd for a total cash consideration of RM20,000,000; and
- (iv) proposed acquisition of the entire share capital of Focal Products Sdn Bhd for a total cash consideration of RM2,000,000.

(collectively referred to as the "Proposals").

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions precedents, the Board expects the Proposals to be completed in the last quarter of calendar year 2019.

20. Loans and Borrowings

The Group's borrowings as at 30 June 2019 are as follows:

	<u>RM'000</u>
<u>Long term borrowings (secured)</u>	
Hire purchase creditors	234
<u>Short term borrowings (secured)</u>	
Hire purchase creditors	284

All borrowings are denominated in Ringgit Malaysia.

The finance lease liabilities are secured over the leased assets.

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NOTES TO THE INTERIM FINANCIAL REPORT

21. Changes in Material Litigation

Further to the announcements dated 19 March 2019 and 20 March 2019 as well as the status update as disclosed in the unaudited interim financial report for the fourth quarter ended 31 March 2019, Supportive Technology Sdn Bhd ("STSB"), a wholly-owned subsidiary of the Company has entered into a settlement agreement ("SA") dated 19 March 2019 with the Inland Revenue Board of Malaysia ("IRB").

IRB allows STSB to revise its tax computations for years of assessment 2003 to 2005 and to claim the tax exemption granted via the Income Tax (Exemption) (No. 17) Order 2005 [PU(A) 158/2005] for years of assessment 2003 to 2005. Consequently, IRB further agrees to issue to STSB the notifications of reduced assessment for the sum of RM9,167,240.60 within a reasonable period, and in any event, within sixty (60) days from the date of receipt of the Deciding Order from Special Commissioners of Income Tax.

STSB had received the notifications of reduced assessment dated 9 May 2019 from IRB for the sum of RM9,167,241 of which the full amount had been received on 17 July 2019.

22. Dividend Declared/Recommended

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

23. 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 30 June 2019	Corresponding Preceding Quarter Ended 30 June 2018	Cumulative Period Ended 30 June 2019	Corresponding Preceding Period Ended 30 June 2018
Net profit for the financial period attributable to owners of the Company (RM'000)	82	631	82	631
Weighted average number of ordinary shares ('000)	229,974	229,974	229,974	229,974
Basic earnings per share (sen)	<u>0.04</u>	<u>0.27</u>	<u>0.04</u>	<u>0.27</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.

24. Audit Qualification

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

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NOTES TO THE INTERIM FINANCIAL REPORT

BY THE ORDER OF THE BOARD

DATO' SRI DR LEE KUANG SHING
EXECUTIVE CHAIRMAN
30 August 2019