



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The Second Quarter Ended 30 September 2019 (Unaudited)

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

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

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
		CURRENT QUARTER ENDED 30 SEPTEMBER 2019 RM'000	CORRESPONDING PRECEDING QUARTER ENDED 30 SEPTEMBER 2018 RM'000	CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2019 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 2018 RM'000
Revenue		6,421	8,551	12,014	14,687
Cost of sales		(4,869)	(6,885)	(8,937)	(11,140)
Gross profit		1,552	1,666	3,077	3,547
Other income		287	772	339	839
Administrative and general expenses		(1,392)	(1,028)	(2,563)	(1,914)
Selling and distribution expenses		(226)	(213)	(436)	(414)
Finance costs		(8)	(12)	(17)	(25)
Profit before tax	16	213	1,185	400	2,033
Tax income/(expense)	18	320	(135)	215	(353)
Net profit, representing total comprehensive income for the financial year		533	1,050	615	1,680
Total comprehensive income attributable to:-					
- Owners of the Company		533	1,049	615	1,680
- Non-controlling interests		0	1	0	0
		533	1,050	615	1,680
Earnings per share attributable to owners of the Company (sen)	23				
- Basic		0.23	0.46	0.27	0.73
- Diluted		0.23	0.46	0.27	0.73

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 SEPTEMBER 2019

	(Unaudited) 30 SEPTEMBER 2019 RM'000	(Audited) 31 MARCH 2019 RM'000
Non-current assets		
Property, plant and equipment	20,573	21,435
Investment properties	8,495	8,651
Land held for development	14,968	14,785
Deferred tax assets	88	88
	<hr/> 44,124	<hr/> 44,959
Current assets		
Inventory properties	19,438	19,747
Inventories	2,199	2,363
Trade and other receivables	12,967	12,145
Prepayments	755	755
Current tax assets	1,210	10,036
Cash and cash equivalents	13,213	6,769
	<hr/> 49,782	<hr/> 51,815
Current liabilities		
Trade and other payables	11,275	14,561
Short-term bank borrowings	190	376
Current tax liabilities	75	95
	<hr/> 11,540	<hr/> 15,032
Net current assets	38,242	36,783
Non-current liabilities		
Long-term bank borrowings	234	234
Deferred tax liabilities	2,236	2,236
	<hr/> 79,896	<hr/> 79,272
Net assets		
Financed by:-		
Share capital	226,051	226,051
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(27)	(36)
Retained profits	60,942	60,327
	<hr/> 79,896	<hr/> 79,272
Equity Attributable to Owners of the Company		
	<hr/> 79,896	<hr/> 79,272
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	<hr/> 35	<hr/> 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 September 2019 and 31 March 2019.

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

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

	----- Attributable to owners of the parent -----							Total Equity RM'000
	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	
CUMULATIVE PERIOD ENDED 30 SEPTEMBER 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	9	615	624	0	624
Balance as at 30 September 2019	<u>226,051</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(27)</u>	<u>60,942</u>	<u>79,896</u>	<u>0</u>	<u>79,896</u>
CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 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	1,680	1,680	0	1,680
Disposal of a subsidiary	0	0	0	0	0	0	441	441
Balance as at 30 September 2018	<u>226,051</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(3)</u>	<u>52,706</u>	<u>71,684</u>	<u>0</u>	<u>71,684</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 SEPTEMBER 2019
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2019 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 2018 RM'000
Cash flows from operating activities		
Profit before tax	400	2,033
Adjustments for:-		
Allowance for expected credit losses	9	0
Bad debts recovered	(38)	0
Depreciation	1,096	748
Gain on deconsolidation of subsidiary	0	(662)
Interest expense	17	0
Interest income	(163)	(90)
Unrealised loss on foreign exchange	9	0
Operating profit before working capital changes	1,330	2,029
Changes in:-		
Inventory properties	126	(592)
Inventories	164	2,056
Receivables and prepayments	(793)	5,627
Payables	(3,286)	5,593
Cash (used in)/generated from operations	(2,459)	14,713
Income tax paid	(462)	(921)
Income tax refund	9,483	0
Interest paid	(17)	(26)
Net cash from operating activities	6,545	13,766
Cash flows from investing activities		
Change in bank balances held in trusts	13	0
Interest received	163	90
Purchase of property, plant and equipment	(78)	(3,729)
Net cash from/(used in) investing activities	98	(3,639)
Cash flows from financing activities		
Payment of finance lease liabilities	(186)	(142)
Placement of fixed deposits	0	(10,064)
Placement of term deposits pledged as security	(3)	(135)
Net cash used in financing activities	(189)	(10,341)
Net increase/(decrease) in cash and cash equivalents	6,454	(214)
Cash and cash equivalents brought forward	6,562	5,853
Cash and cash equivalents carried forward	13,016	5,639
Cash and cash equivalents comprise the following:-		
Cash and bank balances	13,016	5,639
Term deposits with licensed banks	197	10,199
	13,213	15,838
Fixed deposits	0	(10,064)
Term deposits pledged as security	(197)	(135)
	13,016	5,639

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

(COMPANY NO: 189740-X)

(INCORPORATED IN MALAYSIA)

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').

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 September 2019 (Unaudited) RM'000	Impact of MFRS 16 Adoption RM'000	Current Quarter Ended 30 September 2019 with adoption of MFRS 16 (Unaudited) RM'000
<u>Non-current Assets</u>			
Right-of-use of assets	-	127	127
<u>Non-current Liabilities</u>			
Lease Liabilities	-	98	98
<u>Current Liabilities</u>			
Lease Liabilities	-	29	29

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	15,567	1,877	550	17,994
Intersegment revenue	(5,980)	0	0	(5,980)
External revenue	<u>9,587</u>	<u>1,877</u>	<u>550</u>	<u>12,014</u>
<u>Results</u>				
Segment results	442	100	(288)	254
Interest income	37	126	0	163
Interest expense	(17)	0	0	(17)
Profit/(Loss) before tax	<u>462</u>	<u>226</u>	<u>(288)</u>	<u>400</u>
Tax income/(expense)	268	(53)	0	215
Net profit/(loss) for the financial period	<u>730</u>	<u>173</u>	<u>(288)</u>	<u>615</u>
<u>Assets</u>				
Segment assets	38,961	43,883	9,852	92,696
Income tax assets	72	1,138	0	1,210
Total assets	<u>39,033</u>	<u>45,021</u>	<u>9,852</u>	<u>93,906</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 2019.

9. Material Events After The Reporting Period

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.

NOTES TO THE INTERIM FINANCIAL REPORT

12. Capital Commitments

The capital commitments as at 30 September 2019 were as follows:-

Approved and contracted for	RM'000 634
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13. Review of Performance

(a) Cumulative Period Vs Corresponding Preceding Period

	Current Quarter Ended 30 September 2019 RM'000	Corresponding Preceding Quarter Ended 30 September 2018 RM'000	Changes RM'000	Cumulative Period Ended 30 September 2019 RM'000	Corresponding Preceding Period Ended 30 September 2018 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	5,087	6,183	(1,096)	9,587	10,076	(489)
Property development	1,059	2,093	(1,034)	1,877	4,143	(2,266)
Others	275	275	-	550	468	82
	<u>6,421</u>	<u>8,551</u>	<u>(2,130)</u>	<u>12,014</u>	<u>14,687</u>	<u>(2,673)</u>
<u>Profit/(Loss) before tax</u>						
Manufacturing	199	(184)	383	462	53	409
Property development	111	707	(596)	226	1,379	(1,153)
Others	(97)	662	(759)	(288)	601	(889)
	<u>213</u>	<u>1,185</u>	<u>(972)</u>	<u>400</u>	<u>2,033</u>	<u>(1,633)</u>

The Group recorded profit before tax of RM213,000 for current period ended 30 September 2019 as compared to profit before tax of RM1,185,000 for the previous corresponding period ended 30 September 2018. This is mainly due to drop in revenue recorded by the Property Development Division of about 49%.

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 30 September 2019 RM'000	Immediate Preceding Quarter Ended 30 June 2019 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	5,087	4,500	587
Property development	1,059	818	241
Others	275	275	-
	<u>6,421</u>	<u>5,593</u>	<u>828</u>
<u>Profit before tax</u>			
Manufacturing	199	263	(64)
Property development	111	115	(4)
Others	(97)	(191)	94
	<u>213</u>	<u>187</u>	<u>26</u>

The Group recorded profit before tax of RM213,000 in the current quarter as compared to profit before tax of RM187,000 in the immediate preceding quarter mainly due to turnover achieved by the Manufacturing Division.

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NOTES TO THE INTERIM FINANCIAL REPORT

14. Prospects

After the completion of our highly successful Quayside @ Clear Water Bay development in 2017, the Property Development Division is currently gearing up for 2 new launches next year.

The Group has obtained approvals in July 2019 for the building plans in respect of a future development of 6 blocks of 13-storey apartments (with a total of 404 units) which the Group intends to launch in the second quarter of 2020. The development land is located in Teluk Air Tawar, Seberang Perai Utara, Pulau Pinang and the gross development value is estimated to be approximately RM198.5 million.

As further disclosed in Note 19 Corporate Proposals, at the Extraordinary General Meeting of the Company held on 6 November 2019, shareholders of the Company had amongst other matters, approved the proposed acquisition of the entire share capital in Medan Tropika Sdn Bhd for a total consideration of RM34,255,000. Medan Tropika Sdn Bhd is the registered owner of 2 adjoining parcels of freehold development land located in Air Itam, Pulau Pinang with total land area measuring about 178,748 square feet. Subject to the approvals of the relevant authorities being granted, the proposed development is expected to commence in the third quarter of 2020 and the gross development value is forecasted to be approximately RM194.37 million.

As for the Manufacturing Division, barring any unforeseen impairment loss, it is expected to return to profitability in the current financial year on the back of favourable resin price and consistent order from existing customers.

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 September 2019 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30 September 2018 (Unaudited) RM'000	Cumulative Period Ended 30 September 2019 (Unaudited) RM'000	Corresponding Preceding Period Ended 30 September 2018 (Unaudited) RM'000
Profit before tax is arrived at after charging:-				
Allowance for expected credit lossess	9	0	9	0
Depreciation of:-				
- Property, plant and equipment	471	328	940	592
- Investment properties	78	78	156	156
Interest expense	8	12	17	25
and crediting:-				
Bad debts recovered	38	0	38	0
(Loss)/Gain on foreign exchange	(8)	2	(9)	3
Interest income	154	79	163	90

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NOTES TO THE INTERIM FINANCIAL REPORT

17. Additional Disclosure Information

(a) Foreign Exchange Exposure / Hedging Policy

As at 30 September 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 RM3,713,122 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 Income/(Expense)

	Current Quarter Ended 30 September 2019 RM'000	Corresponding Preceding Quarter Ended 30 September 2018 RM'000	Cumulative Period ended 30 September 2019 RM'000	Corresponding Preceding Period Ended 30 September 2018 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	320	(135)	215	(353)
Deferred tax	0	0	0	0
	<u>320</u>	<u>(135)</u>	<u>215</u>	<u>(353)</u>

The tax income of RM320,000 for the current period relates mainly to income tax refund from 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 had proposed to undertake the following:

- (i) proposed bonus issue of up to 59,689,500 free warrants in ACME ("Warrants") on the basis of 1 Warrant for every 4 existing ordinary shares in ACME ("ACME Shares") held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Warrants");
- (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) ("Proposed Private Placement");
- (iii) proposed acquisition of the entire share capital in Medan Tropika Sdn Bhd for a total cash consideration of RM20,000,000 from the shareholders of Medan Tropika Sdn Bhd ("Medan Vendors"); and
- (iv) proposed acquisition of the entire share capital in Focal Products Sdn Bhd for a total cash consideration of RM2,000,000.

(collectively referred to as the "Proposals").

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NOTES TO THE INTERIM FINANCIAL REPORT

19. Corporate Proposals (Cont'd)

Further to the above announcement, the Company had on 24 September 2019 announced that ACME had on the same date entered into a supplemental share purchase agreement ("Supplemental Medan SPA") with Medan Vendors to amend certain terms and conditions of the share purchase agreement entered between ACME and the Medan Vendors on 7 August 2019 ("Medan SPA").

The Supplemental Medan SPA arose due to 14,255,000 new shares at RM1.00 each of Medan Tropika Sdn Bhd being issued to shareholders of Medan Tropika Sdn Bhd on 19 September 2019 at the request of Medan Tropika Sdn Bhd's creditor to settle a substantial part of the amount owing to the creditor by way of capitalisation. On 24 September 2019, the Medan Vendors and ACME further agreed to enter into the Supplemental Medan SPA for the sale and purchase of all the 37,255,000 shares of Medan Tropika Sdn Bhd ("Medan Shares"), representing the entire share capital of Medan Tropika Sdn Bhd, for a total cash consideration of RM34,255,000. Part of the total cash consideration amounting to RM20,000,000 will be settled by ACME on or before the completion of the Medan SPA ("1st Tranche") and the remaining RM14,255,000 will be settled by ACME within 2 years after the completion of the Medan SPA in one or more tranches as ACME may deem fit ("2nd Tranche").

The Company had on 14 October 2019 further announced that Bursa Malaysia Securities Bhd ("Bursa Securities") had, via its letter dated 11 October 2019, approved the following:

- (a) admission to the Official List and the listing of and quotation for up to 59,689,500 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants;
- (b) listing of and quotation for up to 89,534,200 new ACME Shares to be issued pursuant to the Proposed Private Placement; and
- (c) listing of and quotation for up to 59,689,500 new ACME Shares to be issued arising from the exercise of the Warrants.

The shareholders of the Company had approved the Proposals at the Extraordinary General Meeting of the Company held on 6 November 2019.

20. Loans and Borrowings

The Group's borrowings as at 30 September 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	190

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

As at the date of this interim financial report, there is no litigation or arbitration against the Group, which has a material effect on the financial position of the Group, and the Board is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

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 September 2019	Corresponding Preceding Quarter Ended 30 September 2018	Cumulative Period Ended 30 September 2019	Corresponding Preceding Period Ended 30 September 2018
Net profit for the financial period attributable to owners of the Company (RM'000)	533	1,049	615	1,680
Weighted average number of ordinary shares ('000)	229,974	229,974	229,974	229,974
Basic earnings per share (sen)	<u>0.23</u>	<u>0.46</u>	<u>0.27</u>	<u>0.73</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.

BY THE ORDER OF THE BOARD**DATO' SRI DR LEE KUANG SHING****EXECUTIVE CHAIRMAN****14 November 2019**