



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The Fourth Quarter Ended 31 March 2020 (Unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020
 (THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		CURRENT QUARTER ENDED 31 MARCH 2020 (Unaudited) RM'000	CORRESPONDING PRECEDING QUARTER ENDED 31 MARCH 2019 (Unaudited) RM'000	CUMULATIVE PERIOD ENDED 31 MARCH 2020 (Unaudited) RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31 MARCH 2019 (Audited) RM'000
Revenue		5,837	4,678	24,914	27,261
Cost of sales		(5,870)	(4,595)	(20,610)	(20,737)
Gross profit		(33)	83	4,304	6,524
Other income		152	(6)	822	1,002
Administrative and general expenses		(1,269)	(1,877)	(5,186)	(4,958)
Selling and distribution expenses		(285)	(640)	(977)	(1,228)
Finance costs		(19)	(19)	(42)	(48)
(Loss)/Profit before tax	16	(1,454)	(2,459)	(1,079)	1,292
Tax income	18	437	9,123	506	8,323
Net (loss)/profit, representing total comprehensive income for the financial year		(1,017)	6,664	(573)	9,615
Total comprehensive (loss)/income attributable to:-					
- Owners of the Company		(1,017)	6,664	(573)	9,615
- Non-controlling interests		0	0	0	0
		(1,017)	6,664	(573)	9,615
(Loss)/Earnings per share attributable to owners of the Company (sen)	23				
- Basic		(0.44)	2.90	(0.25)	4.18
- Diluted		(0.43)	2.90	(0.24)	4.18

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 31 MARCH 2020

	(Unaudited) 31 MARCH 2020 RM'000	(Audited) 31 MARCH 2019 RM'000
Non-current assets		
Property, plant and equipment	21,030	21,435
Right-of-use assets	264	0
Investment properties	8,338	8,651
Land held for development	18,350	14,785
Deferred tax assets	31	88
	48,013	44,959
Current assets		
Inventory properties	16,064	19,747
Inventories	2,993	2,363
Contract asset	232	0
Trade and other receivables	14,362	12,145
Prepayments	2,956	755
Current tax assets	792	10,036
Cash and cash equivalents	9,679	6,769
	47,078	51,815
Current liabilities		
Trade and other payables	10,449	14,561
Lease liabilities	49	0
Short-term bank borrowings	446	376
Current tax liabilities	0	95
	10,944	15,032
Net current assets	36,134	36,783
Non-current liabilities		
Lease liabilities	225	0
Long-term bank borrowings	555	234
Deferred tax liabilities	1,858	2,236
Net assets	81,509	79,272
Financed by:-		
Share capital	228,861	226,051
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(36)	(36)
Retained profits	59,754	60,327
Equity Attributable to Owners of the Company	81,509	79,272
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	34	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 239,973,500 and 229,973,500 ordinary shares in issue after excluding 8,784,500 treasury shares as at 31 March 2020 and 31 March 2019.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020
(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 31 MARCH 2020								
Balance as at 1 April 2019	226,051	(13,874)	(193,196)	(36)	60,327	79,272	0	79,272
Total comprehensive (loss)/income for the financial year	0	0	0	0	(573)	(573)	0	(573)
<i>Transaction with owners:</i>								
Issuance of shares pursuant to private placement	2,810	0	0	0	0	2,810	0	2,810
Balance as at 31 March 2020	<u>228,861</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(36)</u>	<u>59,754</u>	<u>81,509</u>	<u>0</u>	<u>81,509</u>
CORRESPONDING PRECEDING PERIOD ENDED 31 MARCH 2019								
Balance as at 1 April 2018	226,051	(13,874)	(193,196)	(3)	50,710	69,688	(441)	69,247
Total comprehensive income for the financial year	0	0	0	(33)	9,617	9,584	(1)	9,583
Disposal of a subsidiary	0	0	0	0	0	0	442	442
Balance as at 31 March 2019	<u>226,051</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(36)</u>	<u>60,327</u>	<u>79,272</u>	<u>0</u>	<u>79,272</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
(COMPANY NO : 189740-X)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 31 MARCH 2020 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31 MARCH 2019 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,079)	1,292
Adjustments for:-		
Allowance for expected credit losses	282	375
Bad debts recovered	(45)	0
Depreciation of investment properties	312	312
Depreciation of property, plant and equipment	1,954	1,377
Depreciation for right-of-use assets	56	0
Gain on disposal of a of subsidiary	0	(663)
Interest expense	42	48
Interest income	(276)	(35)
Inventories written down	0	561
Loss on disposal of property, plant and equipment	0	7
Property, plant and equipment written off	0	38
Operating profit before working capital changes	1,246	3,312
Changes in:-		
Inventory properties	118	935
Accrued billings	(232)	0
Inventories	(630)	(780)
Receivables and prepayments	(4,655)	9,344
Payables	(3,931)	(1,082)
Refund liabilities	(180)	82
Cash (used in)/generated from operations	(8,264)	11,811
Income tax paid	(1,030)	(2,089)
Income tax refund	10,366	92
Interest paid	(42)	(48)
Net cash from operating activities	1,030	9,766
Cash flows from investing activities		
Change in bank balances held in trusts	13	153
Interest received	276	35
Placement of term deposits pledged as security	(5)	(5)
Proceeds from disposal of property, plant and equipment	0	73
Purchase of property, plant and equipment	(1,550)	(8,799)
Net cash from/(used in) investing activities	(1,266)	(8,543)
Cash flows from financing activities		
Drawdown of finance lease liabilities	818	0
Payment of finance lease liabilities	(427)	(347)
Payment of principal portion of lease liability	(47)	0
Proceeds from private placement	2,810	0
Net cash from/(used in) financing activities	3,154	(347)
Net increase in cash and cash equivalents	2,918	876
Cash and cash equivalents brought forward	6,562	5,686
Cash and cash equivalents carried forward	9,480	6,562
Cash and cash equivalents comprise the following:-		
Cash and bank balances	9,480	6,562
Term deposits with licensed banks	199	389
	9,679	6,951
Term deposits pledged as security	(199)	(389)
	9,480	6,562

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.

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(COMPANY NO: 189740-X)
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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 impacts to the financial statements of the Group upon adoption.

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

Amendments to MRFs 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

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.

NOTES TO THE INTERIM FINANCIAL REPORT

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	Property development	Others	Group
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Total revenue	27,572	5,778	1,100	34,450
Intersegment revenue	(9,536)	0	0	(9,536)
External revenue	<u>18,036</u>	<u>5,778</u>	<u>1,100</u>	<u>24,914</u>
<u>Results</u>				
Segment results	(253)	(895)	(426)	(1,574)
Interest income	93	146	297	536
Interest expense	(28)	(13)	0	(41)
(Loss)/Profit before tax	<u>(188)</u>	<u>(762)</u>	<u>(129)</u>	<u>(1,079)</u>
Tax income	269	234	3	506
Net profit/(loss) for the financial period	<u>81</u>	<u>(528)</u>	<u>(126)</u>	<u>(573)</u>
<u>Assets</u>				
Segment assets	32,845	47,428	14,026	94,299
Income tax assets	148	595	49	792
Total assets	<u>32,993</u>	<u>48,023</u>	<u>14,075</u>	<u>95,091</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.

NOTES TO 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.

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 31 March 2020 RM'000	Corresponding Preceding Quarter Ended 31 March 2019 RM'000	Changes RM'000	Cumulative Period Ended 31 March 2020 RM'000	Corresponding Preceding Period Ended 31 March 2019 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	3,578	4,399	(821)	18,036	18,832	(796)
Property	1,984	4	1,980	5,778	7,410	(1,632)
Others	275	275	-	1,100	1,019	81
	<u>5,837</u>	<u>4,678</u>	<u>1,159</u>	<u>24,914</u>	<u>27,261</u>	<u>(2,347)</u>
<u>(Loss)/Profit before tax</u>						
Manufacturing	(384)	(3,776)	3,392	(188)	(1,572)	1,384
Property	(1,269)	639	(1,908)	(762)	2,202	(2,964)
Others	199	678	(479)	(129)	662	(791)
	<u>(1,454)</u>	<u>(2,459)</u>	<u>1,005</u>	<u>(1,079)</u>	<u>1,292</u>	<u>(2,371)</u>

The Group recorded loss before tax of RM1,454,000 for current period ended 31 March 2020 as compared to loss before tax of RM2,459,000 for the previous corresponding period ended 31 March 2019.

During the quarter, the Manufacturing Division's revenue fell 18.7% affected by the COVID-19 pandemic and the subsequent implementation of the Movement Control Order ("MCO") on 18 March 2020. Nevertheless, it managed to register a lower loss before tax of RM384,000 due to lower administrative expenses and allowance for expected credit losses for trade receivables as compared to the corresponding previous quarter.

As for Property Division, it recorded a substantial 99.8% increase in revenue mainly due to sales of low cost flats during the quarter. However, the sales of low cost flats did not contribute to profit and its performance was also impacted by higher property development cost incurred during the current quarter.

NOTES TO THE INTERIM FINANCIAL REPORT

13. Review of Performance (Cont'd)

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 31 March 2020 RM'000	Immediate Preceding Quarter Ended 31 December 2019 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	3,578	4,871	(1,293)
Property	1,984	1,917	67
Others	275	275	-
	<u>5,837</u>	<u>7,063</u>	<u>(1,226)</u>
<u>(Loss)/Profit before tax</u>			
Manufacturing	(384)	(266)	(118)
Property	(1,269)	281	(1,550)
Others	199	(40)	239
	<u>(1,454)</u>	<u>(25)</u>	<u>(1,429)</u>

The Group recorded loss before tax of RM1,454,000 in the current quarter as compared to loss before tax of RM25,000 in the immediate preceding quarter. The Manufacturing Division revenue fell approximately 26.5% affected by the COVID-19 pandemic and the MCO. Although Property Division registered a marginal increase in revenue of about 3.5%, it recorded a loss before tax of RM1,269,000 mainly due to sales of low cost flats which did not contribute to profit and higher property development cost.

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 third 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 RM34,225,000. 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 first quarter of 2021 and the gross development value is forecasted to be approximately RM194.37 million.

As for the Manufacturing Division, business had been disrupted due to uncertainties caused by the COVID-19 pandemic and the extension of MCO. The performance during the first quarter of financial period ended 30 June 2020 is expected to be significantly lower compared to the corresponding quarter of the previous financial year. Nevertheless, business sentiment is expected to improve gradually in the subsequent quarters.

15. Profit Forecast

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

NOTES TO THE INTERIM FINANCIAL REPORT

16. (Loss)/Profit Before Tax

	Current Quarter Ended 31 March 2020 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 31 March 2019 (Unaudited) RM'000	Cumulative Period Ended 31 March 2020 (Unaudited) RM'000	Corresponding Preceding Period Ended 31 March 2019 (Audited) RM'000
(Loss)/Profit before tax is arrived at after charging:-				
Allowance for expected credit losses	273	375	282	375
Depreciation of:-				
- Property, plant and equipment	507	442	1,954	1,377
- Investment properties	78	78	312	312
- Right-of-use assets	56	0	56	0
Inventories written-down	0	561	0	561
Interest expense	19	18	42	48
Loss on disposal of property, plant and equipment	0	7	0	7
Property, plant and equipment written off	0	38	0	38
Realised loss on foreign exchange	43	57	43	57
and crediting:-				
Bad debts recovered	2	4	45	4
Gain on disposal of a subsidiary	0	663	0	663
Interest income	47	35	276	35

17. Additional Disclosure Information

(a) Foreign Exchange Exposure / Hedging Policy

As at 31 March 2020, 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 RM1,475,000 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 Income

	Current Quarter Ended 31 March 2020 RM'000	Corresponding Preceding Quarter Ended 31 March 2019 RM'000	Cumulative Period ended 31 March 2020 RM'000	Corresponding Preceding Period Ended 31 March 2019 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	156	9,247	225	8,447
Deferred tax	281	(124)	281	(124)
	<u>437</u>	<u>9,123</u>	<u>506</u>	<u>8,323</u>

The positive income tax position of RM437,000 for the current period relates mainly on reversal of deferred tax of the Property Division.

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NOTES TO THE INTERIM FINANCIAL REPORT

19. Corporate Proposals

Save for the following, there were no other corporate proposals announced but not completed as at the date of this report:

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 (“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 (“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) (“Private Placement”);
- (iii) proposed acquisition of the entire share capital of Medan Tropika Sdn Bhd (“Medan”) for a total cash consideration of RM20,000,000 from the shareholders of Medan (“Medan Vendors”); and
- (iv) proposed acquisition of the entire share capital of Focal Products Sdn Bhd (“Focal”) for a total cash consideration of RM2,000,000 from the shareholders of Focal.

(collectively referred to as the “Proposals”).

Further to above announcement, the Company has announced on 24 September 2019 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 dated 7 August 2019 (“Medan SPA”).

The amendments made in the Supplemental Medan SPA were due to the request of a Medan’s creditor, which is a company related to the Medan Vendors, on 19 September 2019 to settle a substantial part of the amount owing by Medan to the creditor in the sum of RM14,255,000 by way of capitalisation via allotment and issuance of 14,255,000 new shares in Medan (“Medan Shares”) at RM1.00 each (“Capitalisation”) and nominated the Medan Vendors to receive the 14,255,000 new Medan Shares. Upon the completion of the Capitalisation, the issued share capital of Medan was increased to RM37,255,000 comprising 37,255,000 Medan Shares.

As such, 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 Medan Shares, representing the entire share capital of Medan, 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 has further announced on 14 October 2019 that Bursa Malaysia Securities Berhad (“Bursa Securities”) had, via its letter dated 11 October 2019, resolved to approve 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 Bonus Issue of Warrants;
- (b) listing of and quotation for up to 89,534,200 new ACME Shares to be issued pursuant to the Private Placement; and

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NOTES TO THE INTERIM FINANCIAL REPORT

19. Corporate Proposals (Cont'd)

- (c) listing of and quotation for up to 59,689,500 new ACME Shares to be issued arising from the exercise of the Warrants.

on the Main Market of Bursa Securities, subject to the conditions set out in the Bursa Securities' letter.

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

On 29 November 2019, the Company announced that the Bonus Issue of Warrants has been completed following the listing of and quotation for the 57,493,372 Warrants on the Main Market of Bursa Securities on the same date.

On 26 December 2019, the 1st tranche of the placement of 10,000,000 new ACME Shares at RM0.29 each has been issued and listed on the Main Market of Bursa Securities pursuant to the Private Placement.

On 5 February 2020, the Company has announced that:

- (i) ACME and the Medan Vendors had on the same date mutually agreed to extend for a period of 6 months up to 6 August 2020 for the parties to fulfil the conditions precedent set out in the Medan SPA and Supplemental Medan SPA; and
- (ii) ACME and the Focal Vendors had on the same date mutually agreed to extend for a period of 6 months up to 6 August 2020 for the parties to fulfil the conditions precedent set out in the Focal SPA.

In addition, the Company had on 5 March 2020 entered into:

- (i) a further supplemental agreement with the Medan Vendors to amend and vary certain terms and conditions of the Medan SPA and the Supplemental Medan SPA including release of up to RM4.9 million to the Medan Vendors and deferment of RM5.0 million payment (being part of the balance of the 1st Tranche payment, which is originally to be paid upon the completion of the Medan SPA pursuant to the terms in the Medan SPA and the Supplemental Medan SPA) until the 2nd Tranche payment which is due to be paid by ACME within 2 years from the completion of the Medan SPA in one or more tranches as ACME may deem fit; and
- (ii) a supplemental agreement via letter with the Focal Vendors to amend and vary certain terms and conditions of the Focal SPA including the release of RM0.2 million to the Focal Vendors.

All abovesaid amounts released to the Medan Vendors and the Focal Vendors (or their respective nominees) are refundable if the Medan SPA and the Focal SPA are terminated.

The Company had made a further announcement on 26 March 2020 that Bursa Securities had vide its letter dated 25 March 2020 granted the Company an extension of time up to 10 October 2020 to complete the implementation of the Private Placement.

NOTES TO THE INTERIM FINANCIAL REPORT

20. Loans and Borrowings

The Group's borrowings as at 31 March 2020 are as follows:

	RM'000
<u>Long term borrowings (secured)</u>	
Hire purchase creditors	555
<u>Short term borrowings (secured)</u>	
Hire purchase creditors	446

All borrowings are denominated in Ringgit Malaysia.

The borrowings are secured over the leased assets.

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. (Loss)/Earnings per Share

(a) Basic (loss)/earnings per share

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

	Current Quarter Ended 31 March 2020	Corresponding Preceding Quarter Ended 31 March 2019	Cumulative Period Ended 31 March 2020	Corresponding Preceding Period Ended 31 March 2019
Net (loss)/profit for the financial period attributable to owners of the Company (RM'000)	(1,017)	6,664	(573)	9,615
Weighted average number of ordinary shares ('000)	232,604	229,974	232,604	229,974
Basic (loss)/earnings per share (sen)	<u>(0.44)</u>	<u>2.90</u>	<u>(0.25)</u>	<u>4.18</u>

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NOTES TO THE INTERIM FINANCIAL REPORT

23. (Loss)/Earnings per Share (Cont'd)

(b) Diluted (loss)/earnings per share

The diluted earnings per share is calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issued excluding treasury shares after adjustment for all dilutive potential ordinary share as follows:-

	Current Quarter Ended 31 March 2020	Corresponding Preceding Quarter Ended 31 March 2019	Cumulative Period Ended 31 March 2020	Corresponding Preceding Period Ended 31 March 2019
Net (loss)/profit for the financial period attributable to owners of the Company (RM'000)	(1,017)	6,664	(573)	9,615
Weighted average number of ordinary shares ('000)	232,604	229,974	232,604	229,974
Effect of warrants	4,118	0	4,118	0
Basic (loss)/earnings per share (sen)	<u>(0.43)</u>	<u>2.90</u>	<u>(0.24)</u>	<u>4.18</u>

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**LIM SHIOU GHAY**
INDEPENDENT NON-EXECUTIVE CHAIRMAN
25 June 2020