



ACME HOLDINGS BERHAD

(Company No. 189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The Second Quarter Ended 30 September 2020 (Unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020
 (THE FIGURES HAVE NOT BEEN AUDITED)

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
		<u>CURRENT QUARTER ENDED 30 SEPTEMBER 2020 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING QUARTER ENDED 30 SEPTEMBER 2019 (Unaudited) RM'000</u>	<u>CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2020 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 2019 (Unaudited) RM'000</u>
Revenue		9,120	6,421	11,551	12,014
Cost of sales		(6,933)	(4,869)	(9,459)	(8,937)
Gross profit		<u>2,187</u>	<u>1,552</u>	<u>2,092</u>	<u>3,077</u>
Other income		324	287	601	339
Administrative and general expenses		(1,091)	(1,392)	(1,890)	(2,563)
Selling and distribution expenses		(276)	(226)	(414)	(436)
Finance costs		(5)	(8)	(11)	(17)
Profit before tax	16	<u>1,139</u>	<u>213</u>	<u>378</u>	<u>400</u>
Taxation	18	(9)	320	(9)	215
Net profit, representing total comprehensive income for the financial period		<u>1,130</u>	<u>533</u>	<u>369</u>	<u>615</u>
Total comprehensive income attributable to:-					
- Owners of the Company		1,130	533	369	615
- Non-controlling interests		0	0	0	0
		<u>1,130</u>	<u>533</u>	<u>369</u>	<u>615</u>
Earnings per share attributable to owners of the Company (sen)	23				
- Basic		<u>0.46</u>	<u>0.23</u>	<u>0.15</u>	<u>0.27</u>
- Diluted		<u>0.46</u>	<u>0.23</u>	<u>0.15</u>	<u>0.27</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 2020.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	(Unaudited) 30 SEPTEMBER 2020 RM'000	(Audited) 31 MARCH 2020 RM'000
Non-current assets		
Property, plant and equipment	20,147	21,030
Right-of-use asset	236	264
Investment properties	8,182	8,338
Inventory properties	113	18,350
	28,678	47,982
Current assets		
Inventory properties	34,522	16,063
Inventories	2,784	2,993
Trade and other receivables	19,585	14,232
Prepayments	3,067	3,086
Contract assets	744	232
Current tax assets	876	792
Cash and cash equivalents	20,707	9,680
	82,285	47,078
Current liabilities		
Trade and other payables	11,131	10,222
Lease liability	25	49
Short-term bank borrowings	264	446
Refund liabilities	10	227
	11,430	10,944
Net current assets	70,855	36,134
Non-current liabilities		
Lease liability	224	224
Long-term bank borrowings	1,658	555
Deferred tax liabilities	1,809	1,827
	3,691	3,606
Net assets	95,842	81,510
Financed by:-		
Share capital	242,826	228,861
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(37)	(35)
Retained profits	60,123	59,754
	95,842	81,510
Equity Attributable to Owners of the Company	95,842	81,510
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	32	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 2020.

(2) Based on 298,965,500 and 239,973,500 ordinary shares in issue after excluding 8,784,500 treasury shares as at 30 September 2020 and 31 March 2020.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020
 (THE FIGURES HAVE NOT BEEN AUDITED)

|----- Attributable to owners of the parent -----|

	Distributable	---- Non-Distributable ----		Distributable		
	Treasury	Reverse	Currency	Retained	Total	
	Shares	Acquisition	Translation	Profits	Equity	
	RM'000	Reserve	Reserve	RM'000	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	
CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2020						
Balance as at 1 April 2020	228,861	(13,874)	(193,196)	(35)	59,754	81,510
Total comprehensive income for the financial period	0	0	0	(2)	369	367
<i>Transaction with owners:</i>						
Issuance of shares						
pursuant to private placement	13,965	0	0	0	0	13,965
Balance as at 30 September 2020	<u>242,826</u>	<u>(13,874)</u>	<u>(193,196)</u>	<u>(37)</u>	<u>60,123</u>	<u>95,842</u>
CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 2019						
Balance as at 1 April 2019	226,051	(13,874)	(193,196)	(36)	60,327	79,272
Total comprehensive income for the financial period	0	0	0	9	615	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>

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 2020.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020
 (THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2020 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 SEPTEMBER 2019 RM'000
Cash flows from operating activities		
Profit before tax	378	400
Adjustments for:-		
Allowance for expected credit losses	32	9
Bad debts recovered	(2)	(38)
Depreciation of investment properties	156	156
Depreciation of property, plant and equipment	1,019	940
Depreciation for right-of-use assets	28	0
Gain on disposal of property, plant and equipment	(120)	0
Interest expense	11	17
Interest income	(106)	(163)
Unrealised (gain)/loss on foreign exchange	(2)	9
Operating profit before working capital changes	1,394	1,330
Changes in:-		
Inventory properties	(222)	126
Contract assets	(512)	0
Inventories	209	164
Receivables and prepayments	(5,364)	(793)
Payables	909	(3,286)
Refund liabilities	(217)	0
Cash used in operations	(3,803)	(2,459)
Income tax paid	(220)	(462)
Income tax refund	109	9,483
Interest paid	(11)	(17)
Net cash (used in)/from operating activities	(3,925)	6,545
Cash flows from investing activities		
Change in bank balances held in trusts	0	13
Interest received	106	163
Placement of term deposits pledged as security	0	(3)
Proceeds from disposal of property, plant and equipment	120	0
Purchase of property, plant and equipment	(136)	(78)
Net cash from investing activities	90	95
Cash flows from financing activities		
Drawdown of term loan	1,102	0
Payment of finance lease liabilities	(181)	(186)
Payment of principal portion of lease liability	(24)	0
Proceeds from private placement	13,965	0
Net cash from/(used in) financing activities	14,862	(186)
Net increase in cash and cash equivalents	11,027	6,454
Cash and cash equivalents brought forward	9,680	6,562
Cash and cash equivalents carried forward	20,707	13,016
Cash and cash equivalents comprise the following:-		
Cash and bank balances	20,707	13,016
Term deposits with licensed banks	0	197
	20,707	13,213
Term deposits pledged as security	0	(197)
	20,707	13,016

Note:-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020.

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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 2020.

The financial statements of the Group for the financial year ending 31 March 2021 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 significant accounting policies, methods of computation and basis of consolidation adapted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the year ended 31 March 2020.

The Group also applied the following standards, IC Interpretations and amendment to standard that have been issued by the Malaysian Accounting Standard Board ("MASB") effective from 1 January 2020:

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

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Covid-19-Related Rent Concessions

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 have not applied the following standards that have been issued by the MASB but are not yet effective for the Group:

Effective for annual periods beginning on or after 1 January 2022

Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

NOTES TO THE INTERIM FINANCIAL REPORT

2. Seasonal or Cyclical Factors

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

3. Unusual Items

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

4. Changes in Estimates

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

5. Debt and Equity Securities

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

6. Dividend Paid

There was no payment of dividend during the interim period.

7. Segment Information

<u>Analysis by activity</u>	Manufacturing RM'000	Property development RM'000	Others RM'000	Group RM'000
<u>Revenue</u>				
Total revenue	8,255	2,755	541	11,551
Intersegment revenue	0	0	0	0
External revenue	<u>8,255</u>	<u>2,755</u>	<u>541</u>	<u>11,551</u>
<u>Results</u>				
Segment results	372	(229)	140	283
Interest income	4	56	46	106
Interest expense	(5)	(6)	0	(11)
Profit/(Loss) before tax	<u>371</u>	<u>(179)</u>	<u>186</u>	<u>378</u>
Taxation	(16)	18	(11)	(9)
Net profit/(loss) for the financial period	<u>355</u>	<u>(161)</u>	<u>175</u>	<u>369</u>
<u>Assets</u>				
Segment assets	33,852	51,109	25,126	110,087
Income tax assets	82	814	(20)	876
Total assets	<u>33,934</u>	<u>51,923</u>	<u>25,106</u>	<u>110,963</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 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

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 2020.

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 September 2020 RM'000	Corresponding Preceding Quarter Ended 30 September 2019 RM'000	Changes RM'000	Cumulative Period Ended 30 September 2020 RM'000	Corresponding Preceding Period Ended 30 September 2019 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	6,090	5,087	1,003	8,255	9,587	(1,332)
Property	2,755	1,059	1,696	2,755	1,877	878
Others	275	275	-	541	550	(9)
	<u>9,120</u>	<u>6,421</u>	<u>2,699</u>	<u>11,551</u>	<u>12,014</u>	<u>(463)</u>
<u>Profit/(Loss) before tax</u>						
Manufacturing	960	199	761	371	462	(91)
Property	99	111	(12)	(179)	226	(405)
Others	80	(97)	177	186	(288)	474
	<u>1,139</u>	<u>213</u>	<u>926</u>	<u>378</u>	<u>400</u>	<u>(22)</u>

The Group recorded a profit before tax of RM1,139,000 for the current period ended 30 September 2020 as compared to profit before tax of RM213,000 for the previous corresponding period ended 30 September 2019. This represents an improvement of 435%.

During the quarter under review, the Group turnover in Manufacturing Division and Property Division increased by 20% and 160% as compared to the previous corresponding period ended 30 September 2019. This was mainly due to better consumer spending during the Recovery Movement Control Order ("RMCO") period as well as various stimulus introduced by the Government to boost the property sector.

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NOTES TO THE INTERIM FINANCIAL REPORT**13. Review of Performance (Cont'd)**

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 30 September 2020 RM'000	Immediate Preceding Quarter Ended 30 June 2020 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	6,090	2,165	3,925
Property	2,755	-	2,755
Others	275	266	9
	<u>9,120</u>	<u>2,431</u>	<u>6,689</u>
<u>Profit/(Loss) before tax</u>			
Manufacturing	960	(589)	1,549
Property	99	(277)	376
Others	80	105	(25)
	<u>1,139</u>	<u>(761)</u>	<u>1,900</u>

The turnover for the reporting quarter was RM9,120,000 as compared to RM2,431,000 of the immediately preceding quarter, a significant increase of approximately 275%. The increased in turnover was mainly due to improvement in revenue from Manufacturing Division and Property Division.

Overall, the Group recorded a profit before tax of RM1,139,000 in the current quarter as compared to loss before tax of RM761,000 in the immediate preceding quarter or an equivalent of 250% improvement, mainly due the better contribution from Manufacturing Division.

14. Prospects

Whilst the conditional movement control order (CMCO) will be reintroduced from 9 November 2020 to 6 December 2020 in most states in Peninsular Malaysia, the Group is cautiously optimistic that the operating results of the Group will be satisfactory in the remaining quarters of the financial year ending 30 March 2021, as the CMCO still allows for many businesses to operate unlike the stricter movement control order (MCO).

Additionally, the property development division is expected to benefit from various measures introduced by the Government under the Economic Recovery Plan or Pelan Jana Semula Ekonomi Negara (Penjana) and the recent Budget 2021. One incentive is the reintroduction of Home Ownership Campaign (HOC) which will provide stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 and RM2,500,000.

As disclosed in Note 19, the Company had on 23 November 2020 ventured into manufacturing of hardware devices required for artificial intelligence solutions through a joint venture company, namely Skymind Intelligent Systems Sdn Bhd. This joint venture is expected to contribute positively to the Group's future earnings, earnings per share and enhance the consolidated net assets of the Group.

15. Profit Forecast

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

NOTES TO THE INTERIM FINANCIAL REPORT

16. Profit Before Tax

	Current Quarter Ended 30 September 2020 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30 September 2019 (Unaudited) RM'000	Cumulative Period Ended 30 September 2020 (Unaudited) RM'000	Corresponding Preceding Period Ended 30 September 2019 (Unaudited) RM'000
Profit before tax is arrived at after charging:-				
Expected credit losses	32	9	32	9
Depreciation of:-				
- Property, plant and equipment	511	471	1,019	940
- Investment properties	78	78	156	156
- Right-of-use assets	14	0	28	0
Interest expense	5	8	11	17
(Gain)/Loss on foreign exchange	(2)	8	(2)	9
and crediting:-				
Bad debts recovered	2	38	2	38
Gain on disposal of property, plant and equipments	120	0	120	0
Interest income	65	154	106	163

17. Additional Disclosure Information

(a) Foreign Exchange Exposure / Hedging Policy

As at 30 September 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 RM1,580,000 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. Taxation

	Current Quarter Ended 30 September 2020 RM'000	Corresponding Preceding Quarter Ended 30 September 2019 RM'000	Cumulative Period ended 30 September 2020 RM'000	Corresponding Preceding Period Ended 30 September 2019 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	(27)	320	(27)	215
Deferred tax	18	0	18	0
	<u>(9)</u>	<u>320</u>	<u>(9)</u>	<u>215</u>

The tax expenses of RM 9,000 for the current period relates mainly to income tax on taxable profit of the Manufacturing Division.

NOTES TO THE INTERIM FINANCIAL REPORT

19. Corporate Proposals

Further to the status update as disclosed in the unaudited interim financial report for the first quarter ended 30 June 2020, the Company has announced on 12 October 2020 that the Medan Acquisition and Focal Acquisition have been completed on even date in accordance with the terms and conditions of the Medan SPA, Focal SPA and their respective supplemental agreements.

In addition, the Company had on 23 November 2020 entered into a Joint Venture Agreement ("JVA") with Skymind Holdings Berhad and Java Multimedia Sdn Bhd to collaborate in the manufacturing of hardware devices required for artificial intelligence solutions through a joint venture company, namely Skymind Intelligent Systems Sdn Bhd.

20. Loans and Borrowings

The Group's borrowings as at 30 September 2020 are as follows:

	<u>RM'000</u>
<u>Long term borrowings (secured)</u>	
Hire purchase creditors	555
Term Loans	1,103
<u>Short term borrowings (secured)</u>	
Hire purchase creditors	264

All borrowings are denominated in Ringgit Malaysia.

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.

NOTES TO THE INTERIM FINANCIAL REPORT

23. Earnings per Share

(a) Basic 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 issued during the interim period excluding treasury share as follows:-

	Current Quarter Ended 30 September 2020	Corresponding Preceding Quarter Ended 30 September 2019	Cumulative Period Ended 30 September 2020	Corresponding Preceding Period Ended 30 September 2019
Net profit for the financial period attributable to owners of the Company (RM'000)	1,130	533	369	615
Weighted average number of ordinary shares ('000)	246,132	229,974	246,132	229,974
Basic earnings per share (sen)	0.46	0.23	0.15	0.27

(b) Diluted earnings per share

The diluted 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 issued excluding treasury shares after adjustment for all dilutive potential ordinary share as follows:-

	Current Quarter Ended 30 September 2020	Corresponding Preceding Quarter Ended 30 September 2019	Cumulative Period Ended 30 September 2020	Corresponding Preceding Period Ended 30 September 2019
Net profit for the financial period attributable to owners of the Company (RM'000)	1,130	533	369	615
Weighted average number of ordinary shares ('000)	246,132	229,974	246,132	229,974
Effect of warrants	955	0	955	0
Basic earnings per share (sen)	0.46	0.23	0.15	0.27

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

LIM SHIOU GHAY
INDEPENDENT NON-EXECUTIVE CHAIRMAN
23 November 2020