



ACME HOLDINGS BERHAD

Company No.: 198901012432 (189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The First Quarter Ended 30 June 2021 (Unaudited)

ACME HOLDINGS BERHAD
COMPANY NO.: 198901012432 (189740-X)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>CURRENT QUARTER ENDED 30 JUNE 2021 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING QUARTER ENDED 30 JUNE 2020 (Unaudited) RM'000</u>	<u>CUMULATIVE PERIOD ENDED 30 JUNE 2021 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2020 (Unaudited) RM'000</u>
Revenue		2,886	2,431	2,886	2,431
Cost of sales		(2,798)	(2,526)	(2,798)	(2,526)
Gross profit		88	(95)	88	(95)
Other income		137	277	137	277
Administrative and general expenses		(761)	(799)	(761)	(799)
Selling and distribution expenses		(5)	(138)	(5)	(138)
Finance costs		(12)	(6)	(12)	(6)
Loss before tax	16	(553)	(761)	(553)	(761)
Taxation	18	3	0	3	0
Net loss, representing total comprehensive loss for the financial period		(550)	(761)	(550)	(761)
Total comprehensive loss attributable to:-					
- Owners of the Company		(550)	(761)	(550)	(761)
- Non-controlling interests		0	0	0	0
		(550)	(761)	(550)	(761)
Loss per share attributable to owners of the Company (sen)	23				
- Basic		(0.18)	(0.32)	(0.18)	(0.32)
- Diluted		(0.18)	(0.32)	(0.18)	(0.32)

Note:-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

ACME HOLDINGS BERHAD
COMPANY NO : 198901012432 (189740-X)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	(Unaudited) 30 JUNE 2021 RM'000	(Audited) 31 MARCH 2021 RM'000
Non-current assets		
Property, plant and equipment	18,783	19,274
Right-of-use asset	195	209
Investment properties	7,948	8,026
Inventory properties	113	113
Investment in a joint venture	147	147
	27,186	27,769
Current assets		
Inventory properties	67,419	67,593
Inventories	2,871	3,621
Trade and other receivables	11,692	19,709
Prepayments	1,134	1,282
Contract assets	437	411
Current tax assets	134	126
Investment securities	164	167
Cash and cash equivalents	11,513	12,345
	95,364	105,254
Current liabilities		
Trade and other payables	20,855	30,623
Lease liability	212	53
Short-term bank borrowings	184	255
Refund liabilities	143	203
Current tax liabilities	153	163
	21,547	31,297
Net current assets	73,817	73,957
Non-current liabilities		
Lease liability	0	171
Long-term bank borrowings	1,861	1,855
Deferred tax liabilities	1,652	1,655
Net assets	97,490	98,045
Financed by:-		
Share capital	242,826	242,826
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	(193,196)	(193,196)
Currency translation reserve	(50)	(45)
Retained profits	61,784	62,334
Equity Attributable to Owners of the Company	97,490	98,045
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	33	33

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 2021.

(2) Based on 298,965,500 shares in issue after excluding 8,784,500 treasury shares as at 30 June 2021 and 31 March 2021.

ACME HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	----- Attributable to owners of the parent -----					
	Share Capital RM'000	Treasury Shares RM'000	---- Non-Distributable ---- Reverse Acquisition Reserve RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
CUMULATIVE PERIOD 30 JUNE 2021						
Balance as at 1 April 2021	242,826	(13,874)	(193,196)	(46)	62,334	98,044
Total comprehensive loss for the financial period	0	0	0	(4)	(550)	(554)
Balance as at 30 June 2021	242,826	(13,874)	(193,196)	(50)	61,784	97,490
CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2020						
Balance as at 1 April 2020	228,861	(13,874)	(193,196)	(35)	59,754	81,510
Total comprehensive loss for the financial period	0	0	0	0	(761)	(761)
Balance as at 30 June 2020	228,861	(13,874)	(193,196)	(35)	58,993	80,749

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 2021.

ACME HOLDINGS BERHAD
COMPANY NO : 198901012432 (189740-X)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 30 JUNE 2021 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 30 JUNE 2020 RM'000
Cash flows from operating activities		
Loss before tax	(553)	(761)
Adjustments for:-		
Depreciation of investment properties	78	78
Depreciation of property, plant and equipment	508	508
Depreciation of right-of-use assets	14	14
Interest expense	12	6
Interest income	(37)	(41)
Fair value loss on investment securities	3	0
Unrealised gain on foreign exchange	(5)	0
Operating profit/(loss) before working capital changes	20	(196)
Changes in:-		
Inventory properties	180	(2,826)
Contract assets	(26)	0
Inventories	750	319
Receivables and prepayments	8,165	3,484
Payables	(9,768)	91
Refund liabilities	(60)	(111)
Cash (used in)/generated used in operations	(739)	761
Income tax paid	(28)	(167)
Income tax refund	10	51
Interest paid	(12)	(6)
Net cash (used in)/from operating activities	(769)	639
Cash flows from investing activities		
Interest received	37	41
Purchase of property, plant and equipment	(17)	(40)
Net cash from investing activities	20	1
Cash flows from financing activities		
Payment of finance lease liabilities	(71)	(97)
Payment of principal portion of lease liability	(12)	(12)
Net cash used in financing activities	(83)	(109)
Net (decrease)/increase in cash and cash equivalents	(832)	531
Cash and cash equivalents brought forward	12,345	9,680
Cash and cash equivalents carried forward	11,513	10,211

Note:-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

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 2021.

The financial statements of the Group for the financial year ending 31 March 2022 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 2021.

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 2021:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Initial application of the above amendments to MFRSs did not have any material impact to the financial statements of the Group upon adoption.

Standards Issued But Not Yet Effective

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

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116 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
Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current & Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE INTERIM FINANCIAL REPORT

Standards Issued But Not Yet Effective(Cont'd)

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - 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 current interim period under review.

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	2,455	165	266	2,886
Intersegment revenue	0	0	0	0
External revenue	<u>2,455</u>	<u>165</u>	<u>266</u>	<u>2,886</u>
<u>Results</u>				
Segment results	(262)	(334)	19	(577)
Interest income	3	11	22	36
Interest expense	(10)	(2)	0	(12)
(Loss)/Profit before tax	<u>(269)</u>	<u>(325)</u>	<u>41</u>	<u>(553)</u>
Taxation	0	3	0	3
Net (loss)/profit for the financial period	<u>(269)</u>	<u>(322)</u>	<u>41</u>	<u>(550)</u>
<u>Assets</u>				
Segment assets	30,401	79,075	12,940	122,416
Income tax assets	121	13	0	134
Total assets	<u>30,522</u>	<u>79,088</u>	<u>12,940</u>	<u>122,550</u>

NOTES TO THE INTERIM FINANCIAL REPORT

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 2021.

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 2021.

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 2021 RM'000	Corresponding Preceding Quarter Ended 30 June 2020 RM'000	Changes RM'000	Cumulative Period Ended 30 June 2021 RM'000	Corresponding Preceding Period Ended 30 June 2020 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	2,455	2,165	290	2,455	2,165	290
Property	165	0	165	165	0	165
Others	266	266	0	266	266	0
	<u>2,886</u>	<u>2,431</u>	<u>455</u>	<u>2,886</u>	<u>2,431</u>	<u>455</u>
<u>(Loss)/Profit before tax</u>						
Manufacturing	(269)	(589)	320	(269)	(589)	320
Property	(325)	(277)	(48)	(325)	(277)	(48)
Others	41	105	(64)	41	105	(64)
	<u>(553)</u>	<u>(761)</u>	<u>208</u>	<u>(553)</u>	<u>(761)</u>	<u>208</u>

The Group's sales on Manufacturing Division and Property Division had been significantly affected by the on-going Covid-19 pandemic, mandatory lockdown and movement restriction in almost all states of Malaysia.

As a result, the Group recorded a loss before tax of RM553,000 for the current quarter ended 30 June 2021 as compared to a loss before tax of RM761,000 for the previous corresponding quarter ended 30 June 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

13. Review of Performance (Cont'd)

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 30 June 2021 RM'000	Immediate Preceding Quarter Ended 31 March 2021 RM'000	Changes RM'000	%
<u>Revenue</u>				
Manufacturing	2,455	3,317	(862)	(26)
Property	165	8,439	(8,274)	(98)
Others	266	270	(4)	(1)
	<u>2,886</u>	<u>12,026</u>	<u>(9,140)</u>	<u>(76)</u>
<u>(Loss)/Profit before tax</u>				
Manufacturing	(269)	(263)	(6)	2
Property	(325)	2,938	(3,263)	(111)
Others	41	127	(86)	(68)
	<u>(553)</u>	<u>2,802</u>	<u>(3,355)</u>	<u>(120)</u>

The total turnover for the reporting quarter was RM2,886,000 as compared to RM12,026,000 of the immediately preceding quarter, a total decrease of approximately 76%. The decrease was mainly due to a significant decrease in revenue from Property Division with 98%.

Overall, the Group recorded a loss before tax of RM553,000 in the current quarter as compared to profit before tax of RM2,802,000 in the immediate preceding quarter.

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 upcoming new launches.

The Group will be embarking on the final phase of the project which involves 3 blocks of 12-storey condominiums (404 units) located in Teluk Air Tawar, Seberang Perai Utara, Penang on a piece of 11-acre land. The Group targets to launch this development project in the first quarter of year 2022 and forecasted to generate a gross development value of approximately RM198.50 million.

In addition, the Group intends to launch an affordable housing project consisting of 2 blocks of 39-storey apartments (646 units) on 2 adjoining parcels of freehold development land in Air Itam, Penang with a total land area measuring approximately 4.1 acres in the second quarter of year 2022. The gross development value is forecasted to be approximately RM194.37 million.

As further disclosed in Note 19 Corporate Proposals, the Company has announced on 10 September 2021 the disposal of its entire equity stake in one of its wholly owned subsidiaries, Supportive Technology Sdn Bhd. Going forward, the Group intends to focus its resources on property development segment which is expected to contribute positively to the Group's future earnings and improve the Group's financial performance and prospect.

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 Before Tax

	Current Quarter Ended 30 June 2021 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30 June 2020 (Unaudited) RM'000	Cumulative Period Ended 30 June 2021 (Unaudited) RM'000	Corresponding Preceding Period Ended 30 June 2020 (Unaudited) RM'000
Loss before tax is arrived at after charging:-				
Depreciation of:-				
- Property, plant and equipment	508	508	508	508
- Investment properties	78	78	78	78
- Right-of-use assets	14	14	14	14
Interest expense	12	6	12	6
and crediting:-				
Interest income	37	41	37	41

17. Additional Disclosure Information

(a) Foreign Exchange Exposure / Hedging Policy

As at 30 June 2021, 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

(i) Included in the other receivables is an amount of RM2,003,239 due from Skymind Intelligent Systems Sdn. Bhd., a joint venture of the Company. It is unsecured and non-interest bearing.

(ii) Included in other payables is an amount of RM275,000 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.

(c) Trade and Other Payables

Included in other payables is a significant amount of RM6,066,542 being the balance purchase consideration due to Medan Vendors for acquisition of Medan Tropika Sdn. Bhd.

18. Taxation

	Current Quarter Ended 30 June 2021 RM'000	Corresponding Preceding Quarter Ended 30 June 2020 RM'000	Cumulative Period ended 30 June 2021 RM'000	Corresponding Preceding Period Ended 30 June 2020 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	0	0	0	0
Deferred tax	3	0	3	0
	<u>3</u>	<u>0</u>	<u>3</u>	<u>0</u>

The positive income tax position of RM3,000 for the current quarter relates mainly on reversal of deferred tax of the Property Development Division.

NOTES TO THE INTERIM FINANCIAL REPORT

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 10 September 2021, the Company has proposed to undertake the following:

- (i) proposed disposal of 1,666,665 ordinary shares in Supportive Technology Sdn Bhd (“STSB”) (“STSB Shares” or the “Sale Shares”), representing 100% of the total number of issued STSB Shares, to Asia File Corporation Bhd (“Asia File” or the “Purchaser”) for a total cash consideration of RM21,468,000 (“Sale Consideration”) (“Proposed Disposal”); and
- (ii) proposed establishment of an employees’ share option scheme of up to 15% of the total number of issued ordinary shares in ACME (“ACME Shares” or the “Shares”) (excluding any treasury shares) at any point in time during the tenure of the scheme for the eligible directors and employees of ACME and its subsidiaries (“ACME Group” or the “Group”) (excluding dormant subsidiaries, if any) (“Proposed ESOS”), (collectively referred to as the “Proposals”).

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities and shareholders being obtained and conditions met, the Board expects the Proposed Disposal to be completed in the 1st quarter of year 2022 whilst the Proposed ESOS to be implemented in the 4th quarter of year 2021.

20. Loans and Borrowings

The Group’s borrowings as at 30 June 2021 are as follows:

	<u>RM’000</u>
<u>Long term borrowings (secured)</u>	
Hire purchase creditors	393
Term Loans	1,468
<u>Short term borrowings (secured)</u>	
Hire purchase creditors	184

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 under review.

NOTES TO THE INTERIM FINANCIAL REPORT

23. Loss per Share

(a) Basic loss per share

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

	Current Quarter Ended 30 June 2021	Corresponding Preceding Quarter Ended 30 June 2020	Cumulative Period Ended 30 June 2021	Corresponding Preceding Period Ended 30 June 2020
Net loss for the financial period attributable to owners of the Company (RM'000)	(550)	(761)	(550)	(761)
Weighted average number of ordinary shares ('000)	298,955	239,974	298,955	239,974
Basic loss per share (sen)	<u>(0.18)</u>	<u>(0.32)</u>	<u>(0.18)</u>	<u>(0.32)</u>

(b) Diluted loss per share

The diluted loss per share is calculated by dividing the net loss 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 shares as follows:-

	Current Quarter Ended 30 June 2021	Corresponding Preceding Quarter Ended 30 June 2020	Cumulative Period Ended 30 June 2021	Corresponding Preceding Period Ended 30 June 2020
Net loss for the financial period attributable to owners of the Company (RM'000)	(550)	(761)	(550)	(761)
Weighted average number of ordinary shares ('000)	298,955	239,974	298,955	239,974
Effect of warrants	11,657	343	11,657	343
Basic loss per share (sen)	<u>(0.18)</u>	<u>(0.32)</u>	<u>(0.18)</u>	<u>(0.32)</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.

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COMPANY NO.: 198901012432 (189740-X)
(INCORPORATED IN MALAYSIA)

NOTES TO THE INTERIM FINANCIAL REPORT

BY THE ORDER OF THE BOARD

LIM SHIOU GHAY
INDEPENDENT NON-EXECUTIVE CHAIRMAN
30 September 2021