



ACME HOLDINGS BERHAD

Company No.: 198901012432 (189740-X)

(Incorporated in Malaysia)

Interim Financial Report
For The Third Quarter Ended 31 December 2021 (Unaudited)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>CURRENT QUARTER ENDED 31 DECEMBER 2021 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING QUARTER ENDED 31 DECEMBER 2020 (Unaudited) RM'000</u>	<u>CUMULATIVE PERIOD ENDED 31 DECEMBER 2021 (Unaudited) RM'000</u>	<u>CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2020 (Unaudited) RM'000</u>
Revenue		4,191	6,736	9,159	18,287
Cost of sales		(3,366)	(5,508)	(8,413)	(14,967)
Gross profit		<u>825</u>	<u>1,228</u>	<u>746</u>	<u>3,320</u>
Other income		112	304	563	905
Administrative and general expenses		(1,774)	(934)	(3,564)	(2,824)
Selling and distribution expenses		39	(190)	29	(604)
Finance costs		(7)	(15)	(30)	(26)
Share of result of joint venture		(6)	0	(25)	0
(Loss)/profit before tax	16	<u>(811)</u>	<u>393</u>	<u>(2,281)</u>	<u>771</u>
Taxation	18	352	(243)	355	(252)
Net (loss)/profit, representing total comprehensive (loss)/profit for the financial period		<u>(459)</u>	<u>150</u>	<u>(1,926)</u>	<u>519</u>
Total comprehensive (loss)/profit attributable to:-					
- Owners of the Company		(459)	150	(1,926)	519
- Non-controlling interests		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>(459)</u>	<u>150</u>	<u>(1,926)</u>	<u>519</u>
(Loss)/profit per share attributable to owners of the Company (sen)	23				
- Basic		<u>(0.15)</u>	<u>0.06</u>	<u>(0.61)</u>	<u>0.20</u>
- Diluted		<u>(0.14)</u>	<u>0.05</u>	<u>(0.60)</u>	<u>0.19</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 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	(Unaudited) 31 DECEMBER 2021 RM'000	(Audited) 31 MARCH 2021 RM'000
Non-current assets		
Property, plant and equipment	97	19,274
Right-of-use asset	167	208
Investment properties	6,332	8,026
Inventory properties	0	113
Investment in a joint venture	122	147
	6,718	27,768
Current assets		
Inventory properties	67,595	67,593
Inventories	0	3,621
Trade and other receivables	6,216	19,709
Prepayments	1,140	1,282
Contract assets	739	411
Current tax assets	562	126
Investment securities	166	167
Cash and cash equivalents	33,952	12,345
	110,370	105,254
Current liabilities		
Trade and other payables	9,174	30,623
Lease liability	15	53
Short-term bank borrowings	0	255
Refund liabilities	0	203
Current tax liabilities	99	163
	9,288	31,297
Net current assets	101,082	73,957
Non-current liabilities		
Lease liability	171	171
Long-term bank borrowings	1,481	1,855
Deferred tax liabilities	1,396	1,655
Net assets	104,752	98,044
Financed by:-		
Share capital	251,469	242,826
Treasury shares	(13,874)	(13,874)
Reverse acquisition reserve	0	(193,196)
Currency translation reserve	(55)	(46)
Retained (losses)/profits	(132,788)	62,334
Equity Attributable to Owners of the Company	104,752	98,044
Net Assets per Share Attributable to Owners of the Company (sen)⁽²⁾	29	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 358,758,600 and 298,965,500 shares in issue after excluding 8,784,500 treasury shares as at 31 December 2021 and 31 March 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 ENDED 31 DECEMBER 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	(9)	(1,926)	(1,935)
Disposal of a subsidiary	0	0	193,196	0	(193,196)	0
<i>Transaction with owners:</i>						
Issuance of shares pursuant to private placement	8,643	0	0	0	0	8,643
Balance as at 31 December 2021	251,469	(13,874)	0	(55)	(132,788)	104,752
CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2020						
Balance as at 1 April 2020	228,861	(13,874)	(193,196)	(35)	59,754	81,510
Total comprehensive profit for the financial period	0	0	0	(3)	519	516
<i>Transaction with owners:</i>						
Issuance of shares pursuant to private placement	13,965	0	0	0	0	13,965
Balance as at 31 December 2020	242,826	(13,874)	(193,196)	(38)	60,273	95,991

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 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE PERIOD ENDED 31 DECEMBER 2021 RM'000	CORRESPONDING PRECEDING PERIOD ENDED 31 DECEMBER 2020 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(2,281)	771
Adjustments for:-		
Accretion of interest	7	8
Allowance for expected credit losses	0	32
Bad debts recovered	(23)	(7)
Depreciation of investment properties	233	234
Depreciation of property, plant and equipment	1,475	1,532
Depreciation of right-of-use assets	41	42
Dividend income	(6)	0
Gain on disposal of property, plant and equipment	0	(120)
Loss on deconsolidation of investment in subsidiaries	743	0
Interest expense	23	26
Interest income	(199)	(291)
Fair value loss on investment securities	1	0
Share of result of joint venture	25	0
Unrealised gain on foreign exchange	(9)	(3)
Operating profit before working capital changes	30	2,224
Changes in:-		
Inventory properties	111	2,159
Contract assets	(328)	(126)
Inventories	478	(529)
Receivables and prepayments	7,948	4,018
Payables	(14,824)	22,334
Refund liabilities	(92)	(49)
Cash generated (used in)/from used in operations	(6,677)	30,031
Income tax paid	(762)	(228)
Income tax refund	101	109
Interest paid	(23)	(26)
Net cash (used in)/from operating activities	(7,361)	29,886
Cash flows from investing activities		
Cash outflow on acquisition of subsidiaries	0	(35,766)
Proceeds from disposal of subsidiaries	20,877	0
Interest received	199	291
Dividend received	6	0
Purchase of investments in an associate	0	(150)
Proceeds from disposal of property, plant and equipment	0	120
Purchase of property, plant and equipment	(531)	(280)
Net cash from investing activities	20,551	(35,785)
Cash flows from financing activities		
Drawdown of term loan	17	1,138
Payment of finance lease liabilities	(198)	(248)
Payment of principal portion of lease liability	(45)	(45)
Proceeds from private placement	8,643	13,965
Net cash from financing activities	8,417	14,810
Net increase in cash and cash equivalents	21,607	8,911
Cash and cash equivalents brought forward	12,345	9,680
Cash and cash equivalents carried forward	33,952	18,591

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 April 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

1. Basis of Preparation (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

During the interim period, the Company issued 59,793,100 new ordinary shares through a private placement at an issued price of RM0.146 per ordinary share for cash.

The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

6. Dividend Paid

There was no payment of dividend during the interim period.

7. Segment Information

<u>Analysis by activity</u>	Property		Others RM'000	Group RM'000
	Manufacturing RM'000	development RM'000		
<u>Revenue</u>				
Total revenue	7,050	1,296	813	9,159
Intersegment revenue	0	0	0	0
External revenue	<u>7,050</u>	<u>1,296</u>	<u>813</u>	<u>9,159</u>
<u>Results</u>				
Segment results	(712)	(847)	(898)	(2,457)
Interest income	15	48	136	199
Interest expense	(23)	0	0	(23)
Loss before tax	<u>(720)</u>	<u>(799)</u>	<u>(762)</u>	<u>(2,281)</u>
Taxation	297	222	(164)	355
Net loss for the financial period	<u>(423)</u>	<u>(577)</u>	<u>(926)</u>	<u>(1,926)</u>
<u>Assets</u>				
Segment assets	0	82,611	33,915	116,526
Income tax assets	0	562	0	562
Total assets	<u>0</u>	<u>83,173</u>	<u>33,915</u>	<u>117,088</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 2021.

NOTES TO THE INTERIM FINANCIAL REPORT

9. Material Events After The Reporting Period

On 28 January 2022, the Company has entered into a Sale and Purchase Agreement (the "Agreement") with Ramsey Properties Sdn Bhd (the "Vendor") to acquire six properties for a total consideration of RM8,000,000.00 (the "Acquisition") for investment holding purposes. As at the date of this report, a deposit of RM3,240,000 had been paid to the Vendor's solicitors as stakeholder.

10. Changes in Composition

- (i) On 21 December 2021, the Company had completed the disposal of its 1,666,665 ordinary shares in Supportive Technology Sdn Bhd ("STSB"), representing 100% of the total number of issued STSB Shares, to Asia File Corporation Bhd ("Asia File") for a cash consideration of RM21,468,000 and;
- (ii) On 31 December 2021, the Company has disposed of 100,000 ordinary shares in Aracme Holdings Sdn Bhd ("AHSB"), formerly known as Supportive Marketing Sdn Bhd representing 100% of the total number of issued AHSB Shares, to a third party for a cash consideration of RM144,326.

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 31 December 2021 RM'000	Corresponding Preceding Quarter Ended 31 December 2020 RM'000	Changes RM'000	Cumulative Period Ended 31 December 2021 RM'000	Corresponding Preceding Period Ended 31 December 2020 RM'000	Changes RM'000
<u>Revenue</u>						
Manufacturing	2,785	2,936	(151)	7,050	11,191	(4,141)
Property	1,131	3,525	(2,394)	1,296	6,280	(4,984)
Others	275	275	0	813	816	(3)
	<u>4,191</u>	<u>6,736</u>	<u>(2,545)</u>	<u>9,159</u>	<u>18,287</u>	<u>(9,128)</u>
<u>(Loss)/Profit before tax</u>						
Manufacturing	12	(467)	479	(720)	(96)	(624)
Property	47	826	(779)	(799)	648	(1,447)
Others	(870)	34	(904)	(762)	219	(981)
	<u>(811)</u>	<u>393</u>	<u>(1,204)</u>	<u>(2,281)</u>	<u>771</u>	<u>(3,052)</u>

The Group's revenue from Manufacturing Division had been significantly affected by the reimplementation of the Phase 1 FMCO (Full MCO, also known as 'total lockdown') nationwide from 1 June 2021 to 11 October 2021.

As a result, the Division recorded a loss before tax of RM720,000 for the cumulative period ended 31 December 2021 as compared to a loss before tax of RM96,000 for the corresponding preceding period ended 31 December 2020.

For the Investment Holding Division, the loss before tax of RM762,000 for the cumulative period ended 31 December 2021 was mainly due to loss on disposal of subsidiary.

NOTES TO THE INTERIM FINANCIAL REPORT

13. Review of Performance (Cont'd)

(b) Current Quarter Vs Immediate Preceding Quarter

	Current Quarter Ended 31 December 2021 RM'000	Immediate Preceding Quarter Ended 30 September 2021 RM'000	Changes RM'000
<u>Revenue</u>			
Manufacturing	2,785	1,810	975
Property	1,131	0	1,131
Others	275	272	3
	4,191	2,082	2,109
<u>(Loss)/Profit before tax</u>			
Manufacturing	12	(463)	475
Property	47	(521)	568
Others	(870)	67	(937)
	(811)	(917)	106

The Group's turnover for the reporting quarter was RM4,191,000 as compared to RM2,082,000 for the immediate preceding quarter. This improvement of approximately 101% is mainly due to improved demands after the end of the Phase 1 FMCO on 11 October 2021.

Overall, the Group recorded a loss before tax of RM811,000 in the current quarter as compared to loss before tax of RM917,000 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 disclosed in Note 10 Changes in Composition, the Company had completed the disposal of its entire equity stake in one of its wholly owned subsidiaries, Supportive Technology Sdn Bhd on 21 December 2021. 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)/Profit Before Tax

	Current Quarter Ended 31 December 2021 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 31 December 2020 (Unaudited) RM'000	Cumulative Period Ended 31 December 2021 (Unaudited) RM'000	Corresponding Preceding Period Ended 31 December 2020 (Unaudited) RM'000
After charging:-				
Depreciation of				
- Property, plant and equipment	460	513	1,475	1,532
- Investment properties	77	78	233	234
- Right-of-use assets	13	14	41	42
Interest expense	7	15	30	26
And crediting:-				
Interest income	85	185	199	291

17. Additional Disclosure Information

(a) Significant Related Party Transaction

- (i) Included in the other receivables is an amount of RM2,082,326 due from Skymind Intelligent Systems Sdn. Bhd., a joint venture of the Company. It is unsecured and interest bearing at 3.44% per annum and repayable on demand.
- (ii) Included in other payables is an amount of RM290,482 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 31 December 2021 RM'000	Corresponding Preceding Quarter Ended 31 December 2020 RM'000	Cumulative Period Ended 31 December 2021 RM'000	Corresponding Preceding Period Ended 31 December 2020 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	(146)	(304)	(146)	(331)
Deferred tax	498	61	501	79
	<u>352</u>	<u>(243)</u>	<u>355</u>	<u>(252)</u>

The positive income tax position of RM355,000 for the cumulative period ended 31 December 2021 relates mainly to recognition of the deferred tax assets of the Property and Manufacturing Divisions.

NOTES TO THE INTERIM FINANCIAL REPORT

19. Corporate Proposals

There was no corporate proposal announced but not completed as at 16 February 2022, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

20. Loans and Borrowings

The Group's borrowings as at 31 December 2021 are as follows:

	<u>RM'000</u>
<u>Long term borrowings (secured)</u>	
Term Loans	1,481

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.

23. (Loss)/Profit per Share

(a) Basic (loss)/profit per share

The basic (loss)/profit 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 shares as follows:-

	Current Quarter Ended 31 December 2021	Corresponding Preceding Quarter Ended 31 December 2020	Cumulative Period Ended 31 December 2021	Corresponding Preceding Period Ended 31 December 2020
Net (loss)/profit for the financial period attributable to owners of the Company (RM'000)	(459)	150	(1,926)	519
Weighted average number of ordinary shares ('000)	314,407	263,872	314,407	263,872
Basic (loss)/profit per share (sen)	<u>(0.15)</u>	<u>0.06</u>	<u>(0.61)</u>	<u>0.20</u>

NOTES TO THE INTERIM FINANCIAL REPORT

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

(b) Diluted (loss)/profit per share

The diluted (loss)/profit 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 shares as follows:-

	Current Quarter Ended 31 December 2021	Corresponding Preceding Quarter Ended 31 December 2020	Cumulative Period Ended 31 December 2021	Corresponding Preceding Period Ended 31 December 2020
Net (loss)/profit for the financial period attributable to owners of the Company (RM'000)	(459)	150	(1,926)	519
Weighted average number of ordinary shares ('000)	314,407	263,872	314,407	263,872
Effect of warrants	7,428	16,250	7,428	16,250
Basic (loss)/profit per share (sen)	<u>(0.14)</u>	<u>0.05</u>	<u>(0.60)</u>	<u>0.19</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
 23 February 2022