

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report has been prepared in accordance with requirements of FRS 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 period ended 31 March 2014.

The same accounting policies and methods of computation are followed in the interim financial report as compared with the annual financial statements for the period ended 31 March 2014 except for the adoption of the following Financial Reporting Standards ("FRSs"):

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127 <i>Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

The adoption of the above FRSs did not have any significant impacts on the financial statements of the Group.

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework is a fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investors and venturers ("Transitioning Entities"). Transitioning Entities are allowed to continue applying the FRS Framework for annual periods beginning on or after 1 January 2014.

On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

Being a Transitioning Entity as defined above, the Group has elected to continue preparing its financial statements in accordance with the FRS Framework for the financial years ending 31 March 2015 to 2017 and will present its first MFRS financial statements for the financial year ending 31 March 2018.

2. Seasonal or Cyclical Factors

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

3. Unusual Items

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

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4. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial period/years 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	Group RM'000
<u>Revenue</u>			
Total revenue	2,152	29,654	31,806
Intersegment revenue	0	0	0
External revenue	<u>2,152</u>	<u>29,654</u>	<u>31,806</u>
<u>Results</u>			
Segment results	(2,301)	7,034	4,733
Interest income	96	37	133
Finance costs	(6)	(255)	(261)
(Loss)/Profit before tax	<u>(2,211)</u>	<u>6,816</u>	<u>4,605</u>
Tax expense	0	(1,781)	(1,781)
Net (loss)/profit for the financial period	<u>(2,211)</u>	<u>5,035</u>	<u>2,824</u>
<u>Assets</u>			
Segment assets	25,315	69,876	95,191
Income tax assets	95	0	95
Total assets	<u>25,410</u>	<u>69,876</u>	<u>95,286</u>

8. Material Events After The Reporting Period

Save for the disclosure in Note 17, there were no material events after the reporting period that have not been reflected in the interim financial report.

9. Changes in Composition

There were no changes in the Group's composition during the interim period.

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10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 1 April 2014.

11. Review of Performance

	Current Quarter Ended 31 December 2014 RM'000	Corresponding Preceding Quarter Ended 31 December 2013 RM'000	Cumulative Period ended 31 December 2014 RM'000	Corresponding Preceding Period Ended 31 December 2013 RM'000
<u>Revenue</u>				
Manufacturing	796	N/A	2,152	N/A
Property development	10,423	N/A	29,654	N/A
	11,219	N/A	31,806	N/A
<u>(Loss)/Profit before tax</u>				
Manufacturing	(660)	N/A	(2,211)	N/A
Property development	2,505	N/A	6,816	N/A
	1,845	N/A	4,605	N/A

(a) Cumulative Period Vs Corresponding Preceding Period

The Group recorded profit before tax of RM4,605,000 for current period ended 31 December 2014. This is attributable to Property Development Division from continuing construction of 19 units shop offices and 97 units 3-storey terrace houses.

Following the change of financial year end from 31 January 2014 to 31 March 2014 in the current year, no comparative figures for preceding period corresponding quarter are presented.

(b) Current Quarter Vs Immediate Preceding Quarter

The Group recorded slightly lower profit before tax of RM1,845,000 in the current quarter as compared to profit before tax of RM1,888,000 in the immediate preceding quarter. The profit recorded is mainly due to the revenue from the Property Development Division.

12. Future Prospects

The rising of major material prices, pricing pressures from customers and global economic uncertainties will continue to weigh heavily on the performance of the Manufacturing Division. As for the Property Division, with the continuing development of 19 units Shop offices project and 97 units 3-Storey Terrace House, it is expected that it will have a positive impact to the Group's results.

13. Profit Forecast

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

ACME HOLDINGS BERHAD
(formerly known as SUPPORTIVE INTERNATIONAL HOLDINGS BERHAD)
 (COMPANY NO: 189740-X)
 (INCORPORATED IN MALAYSIA)

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14. Profit Before Tax

	Current Quarter Ended 31 December 2014 RM'000	Corresponding Preceding Quarter Ended 31 December 2013 RM'000	Cumulative Period ended 31 December 2014 RM'000	Corresponding Preceding Period Ended 31 December 2013 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of:-				
- Property, plant and equipment	328	N/A	1,001	N/A
- Investment properties	78	N/A	234	N/A
Interest expense	83	N/A	261	N/A
and crediting:-				
Gain on foreign exchange	11	N/A	13	N/A
Interest income	39	N/A	133	N/A

15. Tax Expense

	Current Quarter Ended 31 December 2014 RM'000	Corresponding Preceding Quarter Ended 31 December 2013 RM'000	Cumulative Period ended 31 December 2014 RM'000	Corresponding Preceding Period Ended 31 December 2013 RM'000
Tax based on results for the financial period:-				
Malaysian income tax	627	N/A	1,891	N/A
Deferred tax	23	N/A	(110)	N/A
	650	N/A	1,781	N/A

The effective tax rate is higher than the statutory tax rate due to the existence of certain non-deductible expenses.

16. Retained Profits

	As At 31 December 2014 RM'000	As At 31 March 2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	(139,712)	(142,864)
- Unrealised	(603)	(603)
	(140,315)	(143,467)
Consolidation adjustments and eliminations	181,139	181,453
Total retained profits as per statement of financial position	40,824	37,986

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17. Corporate Proposals

Save for the following, there was no other corporate proposal announced but not completed as at 6 February 2015, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report:

On 27 June 2014, the Board of Directors announced that Ascall Sdn. Bhd. (“ASB”), a wholly owned subsidiary of the Company, has on 27 June 2014 entered into a conditional sale and purchase agreement (“SPA”) with Seal Properties Sdn Bhd (“the Purchaser”) for the disposal of a parcel of land for a total cash consideration of Ringgit Malaysia Eighteen Million Six Hundred Nineteen Thousand Four Hundred Thirty Seven and Sen Thirty (RM18,619,437.30) only (“Proposed Disposal”).

On 23 September 2014, the Company announced that as set out in the SPA, the Company shall within ninety (90) days from the date of the SPA i.e. up to 24 September 2014 obtain its shareholders’ approval in a general meeting. In the event that the shareholders’ approval cannot be obtained within the said ninety (90) days, the Purchaser shall grant the ASB another thirty (30) days for the Company to obtain its shareholders’ approval (“Extension Period”).

As at 23 September 2014, the Company is still in the process of preparing the Circular to Shareholders for the purpose of convening an extraordinary general meeting (“EGM”) in respect of the Proposed Disposal. Having considered the foregoing, the Purchaser had vide its letter dated 23 September 2014 granted ASB the said Extension Period.

A Circular to the shareholders in relation to the Proposed Disposal was issued on 9 October 2014 (“Circular”). At the EGM held on 24 October 2014, the shareholders of the Company have approved the Proposed Disposal. The Balance Disposal Price was received on 6 February 2015, marking the completion of the Proposed Disposal.

18. Loans and Borrowings

	As At 31 December 2014 RM'000	As At 31 March 2014 RM'000
Hire purchase payable - Secured	0	125
Term loan - Secured	0	6,029
	0	6,154

19. Changes in Material Litigation

Supportive Technology Sdn Bhd (“STSB”), a wholly-owned subsidiary of the Company, has appealed to the Special Commissioners of Income Tax (“SCIT”) against the decision of the Director General of Inland Revenue (“DGIR”) to reject STSB’s application for relief in respect of error or mistake made in STSB’s tax returns for the year of assessment 2003, 2004 and 2005 amounting to RM2,226,827.84, RM7,088,694.44 and RM9,627,068.88 respectively.

On 10 September 2012, STSB’s solicitors received a Deciding Order from the SCIT rejecting STSB’s appeal to claim the tax incentive available under the Income Tax (Exemption) (No. 17) Order 2005 (PU(A) 158/2005).

NOTES TO THE INTERIM FINANCIAL REPORT

19. Changes in Material Litigation (cont'd)

STSB had on 25 September 2012 filed a Notice of Appeal (“Notice”) requiring the SCIT to state a case for the opinion of the High Court, pursuant to paragraph 34 of Schedule 5 of the Income Tax Act 1967 (“ITA”).

At the case management at the High Court on 22 March 2013, the Deputy Registrar was informed that STSB will be making an application to the SCIT to amend the case stated, pursuant to paragraph 40 Schedule 5 of the ITA.

At the case management at the High Court on 18 April 2013, the Senior Assistant Registrar (“SAR”) was informed that the SCIT had replied to and denied STSB’s request to amend the case stated, on the basis that STSB’s comments to the case stated was not filed within the stipulated time frame. This position was corrected by STSB as the draft case stated was received on 16 November 2012 and STSB had then replied with its comments on 23 November 2012, which was clearly within the 14 day time frame. Similarly, the DGIR had also informed the SAR that they are facing the same problem as their comments were not included in the case stated. The SAR was further informed that the DGIR may want to make a joint application with STSB to have the case stated amended.

At the case management at the High Court on 20 May 2013, the SAR was informed that parties have yet to be able to agree and finalise the joint application to amend the case stated.

At the case management at the High Court on 1 July 2013, the DGIR informed the SAR that they needed more time to review a letter from STSB’s solicitors which states the proposed amendments to be made to the case stated.

At the case management at the High Court on 1 August 2013, the DGIR informed the SAR that they will not proceed with the filing of the joint application with STSB to amend the case stated. The SAR was further informed that STSB will file its application the following week. The SAR then directed that the DGIR is required to reply to STSB’s application within 1 month from the date of service of the sealed application and STSB is to reply to DGIR’s reply within 3 weeks from the date of service of DGIR’s reply. The SAR further fixed the next case management for 1 October 2013 and directed the parties to file the said application and the relevant replies before this date.

STSB had filed an application to amend the case stated to the High Court on 20 August 2013 and subsequently served it on the DGIR on 21 August 2013. As of 2 September 2013, STSB is still awaiting for DGIR’s reply to the said application.

On 2 September 2013, the SAR informed STSB’s solicitors that the next case management date which was initially fixed for 1 October 2013 had been vacated and it has been brought to 18 September 2013. The SAR further directed both STSB and DGIR to attend the case management on the new date.

At the case management on 18 September 2013, the SAR was informed that the DGIR had sent a letter requesting for an extension of time to file its reply vide facsimile on 11 September 2013. STSB recorded that it had no objection on the DGIR’s request for extension of time. The SAR subsequently gave directions on the filing of written submissions into court to be done by the respective parties and fixed the final case management on 9 December 2013. The hearing for this matter which was fixed on 9 January 2014 was subsequently adjourned to 26 February 2014.

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19. Changes in Material Litigation (cont'd)

After hearing the oral submission from both parties on 26 February 2014, the Judge fixed the date for decision of the above matter on 25 March 2014. Upon considering the submission of both parties, the learned Judge did not allow the remission application on the premise that the SCIT were justified to not include the additional comments made by STSB and ordered cost in the cause. Accordingly, the learned Judge fixed the above matter for case management on 27 March 2014 before the Deputy Registrar for further instructions for the filing of written submissions for the appeal proper.

At the case management on 27 March 2014, the SAR was informed that STSB will appeal against the decision of the High Court on the remission application and STSB is intending to file an application for stay of proceedings pending the appeal for the remission application. The SAR subsequently fixed 18 April 2014 for STSB to update the High Court regarding the application for stay of proceedings.

At the case management on 18 April 2014, the SAR of the High Court was informed that STSB will file the application to stay any proceedings pending its appeal of Enclosure 2 (i.e. the application to remit the Case Stated) to the Court of Appeal. Subsequently, the SAR directed as follows:

- (a) STSB to file the stay application on/before 25 April 2014 and to serve the same on the DGIR on/before 28 April 2014;
- (b) DGIR to file its reply on/before 23 May 2014;
- (c) STSB to file its reply to the DGIR's reply on/before 13 June 2014; and
- (d) Both parties to attend the case management at the High Court on 16 June 2014 to fix the hearing date.

Meanwhile, at the case management on 22 May 2014 before the Deputy Registrar ("DR") at the Court of Appeal Putrajaya ("COA"), the DR was informed that STSB had filed the record of appeal to the COA and served the same to the DGIR. STSB also informed the DR that the Appellant has yet to receive the grounds of judgment from the High Court. The DR informed both parties that as the appeal is in respect of an interlocutory application, the grounds of judgment might not be needed. The DR then informed both parties that she will fix the hearing date for the time being while waiting for the grounds of judgment from the High Court and might vacate the hearing date upon request from the parties in the event that the grounds of judgment are needed but not issued before the next case management. Subsequently, the DR directed as follows:

- (i) Both parties to attend the next case management at the COA on 1 July 2014 at 2:30pm;
- (ii) Both parties to file their respective written submission before 9 July 2014; and
- (iii) Both parties to attend the hearing at the COA on 23 July 2014.

At the case management at the High Court on 16 June 2014, the SAR was informed that STSB had filed its application to stay proceedings in the High Court. However, STSB has yet to receive any reply from the DGIR. In this regard, the SAR fixed 30 June 2014 for the DGIR to file its reply and 14 July 2014 for STSB to file its reply to the DGIR's reply. The SAR fixed 14 July 2014 as the date for the next case management.

At the case management on 1 July 2014 before the DR at the COA, the DR was informed that STSB had filed the additional record of appeal with the COA and served the same on the DGIR upon receiving the grounds of judgment and the notes of evidence from the High Court. Subsequently, the DR confirmed again that the hearing is fixed on 23 July 2014 and both parties are to file their respective written submission before 9 July 2014.

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19. Changes in Material Litigation (cont'd)

At the case management on 14 July 2014 before the DR of the High Court, the DR was informed that the hearing for STSB's appeal of its application to amend the case stated will be heard on 23 July 2014 before the COA. The DR then fixed the next case management on 6 August 2014.

During the hearing on 23 July 2014 before the COA, STSB informed the COA that the Deciding Order issued by the SCIT was not valid as 2 of the 3 SCIT who heard the case had retired at the time when the said Deciding Order was issued by the SCIT. STSB informed the COA that it will file an application in the High Court to set aside the Deciding Order and to remit the appeal to the SCIT to be heard *de novo*.

In this regard, the COA adjourned the case and instructed both parties to attend the case management in the same morning. During the case management before the DR of the COA, STSB informed that it will file its application in the High Court. The DR then fixed the next case management on 6 August 2014 at 3:30pm before the President of the Court of Appeal, Y.A.A. Tan Sri Dato' Seri Md Raus Bin Sharif.

At the case management on 6 August 2014 at 9:00am before the SAR of the High Court, STSB informed the SAR that it will file an application in the High Court to set aside the Deciding Order issued by the SCIT and to remit STSB's appeal to the SCIT to be heard *de novo* before a newly constituted panel of SCIT. The SAR then fixed the next case management on 20 August 2014 to update the High Court in respect of the said application.

At the case management on 6 August 2014 at 3:30pm before the President of the COA, STSB informed the COA that it will file an application in the High Court to set aside the Deciding Order issued by the SCIT and to remit STSB's appeal to the SCIT to be heard *de novo* before a newly constituted panel of SCIT. The COA then fixed the next case management on 14 October 2014 to update the COA on the status of the said application in the High Court.

At the case management on 20 August 2014 at 9:00am before the SAR of the High Court, STSB informed the SAR that it had received the sealed notice of application to set aside the Deciding Order issued by the SCIT on 19 August 2014 and STSB will serve the same to the DGIR on the same day. The SAR then instructed the DGIR to file its reply before or on 1 October 2014. The SAR fixed the next case management on 1 October 2014.

At the case management on 1 October 2014 at 9:00am before the SAR of the High Court, the SAR was informed that the DGIR will file its reply on STSB's application to set aside the Deciding Order and to remit the Appellant's appeal to the SCIT to be heard *de novo* on 1 October 2014. The SAR also mentioned that the DGIR has yet to file its reply for STSB's application to stay all further proceedings in the High Court. In these circumstances, the SAR fixed the following:

- (i) The DGIR to file its reply in respect of STSB's Remission Application by 1 October 2014;
- (ii) The DGIR to file its reply in respect of STSB's Stay Application by 24 October 2014;
- (iii) STSB to file its reply within 2 weeks upon receipt of the DGIR's reply;
- (iv) Both parties to attend the case management on 24 November 2014; and
- (v) Both parties to attend the hearing for STSB's Remission Application and Stay Application on 13 January 2015.

At the case management on 24 November 2014 before the SAR of the High Court, the SAR was informed that the Appellant had received the Respondent's further reply and that the Appellant had filed its reply thereon.

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19. Changes in Material Litigation (cont'd)

In these circumstances, the SAR directed as follows:

- (i) Both parties to exchange and file their written submissions by way of e-filing into court on or before 29 December 2014;
- (ii) Both parties to file their written submissions in reply on or before 6 January 2015;
- (iii) Both parties to attend the next case management hearing on 6 January 2015;
- (iv) Both parties to attend the hearing for the Appellant's Remission Application and Stay Application on 13 January 2015.

At the case management on 9 December 2014 before the DR of the COA, the DR was informed that STSB's application to set aside the Deciding Order and to remit the Appellant's appeal to the SCIT to be heard *de novo* is fixed for hearing on 13 January 2015.

In this regard, the DR fixed the next case management on 14 January 2015 for both parties to update the court regarding the decision of STSB's application before the High Court.

At the case management on 6 January 2015 before the SAR of the High Court, the SAR was informed that STSB had issued a letter to the DGIR requesting confirmation on (i) the DGIR's agreement to STSB's application to set aside the Deciding Order and to remit the Appellant's appeal to the SCIT to be heard *de novo* and (ii) STSB's application to stay all further proceedings in the High Court. However, the DGIR had yet to revert on the same to date.

The DGIR then informed the SAR that it has no objection to STSB's application to stay all further proceedings in the High Court and the DGIR also has no objection to STSB's application to set aside the Deciding Order and to remit the Appellant's appeal to the SCIT to be heard *de novo*, subject to the finalisation of the terms proposed by STSB.

In this regard, the SAR vacated the hearing which was initially fixed on 13 January 2015 and fixed the next case management on 20 January 2015 for the DGIR to update the High Court on its confirmation on the terms.

At the case management on 9 December 2014 before the DR of the COA, the DR was informed that the DGIR has agreed to STSB's application to set aside the Deciding Order and to remit the Appellant's appeal to the SCIT to be heard *de novo*. However, the DGIR has yet to agree on the terms of the agreement to the said application.

In this regard, the DR fixed the next case management on 12 February 2015.

20. Dividend Declared/Recommended

There was no declaration/recommendation of dividend during the interim period.

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21. Earnings per Share

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

	Current Quarter Ended 31 December 2014 RM'000	Corresponding Preceding Quarter Ended 31 December 2013 RM'000	Cumulative Period Ended 31 December 2014 RM'000	Corresponding Preceding Period Ended 31 December 2013 RM'000
Net profit for the financial period attributable to owners of the Company (RM'000)	1,195	N/A	2,838	N/A
Weighted average number of ordinary shares ('000)	209,704	N/A	209,704	N/A
Basic earnings per share (sen)	0.57	N/A	1.35	N/A

The diluted earnings per share equal the basic earnings per share due to the anti-dilutive effect of the share warrants which has been ignored in calculating the diluted earnings per share.

22. Audit Qualification

The audit report on the Group's annual financial statements for the preceding financial period was not subject to any qualification.

BY THE ORDER OF THE BOARD

DATO' SRI DR LEE KUANG SHING
EXECUTIVE CHAIRMAN
 12 February 2015