NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report has been prepared in accordance with the requirements of *FRS 134 Interim Financial Reporting* and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The same accounting policies and methods of computation have been followed in the interim financial report as compared with the Group's annual financial statements for the preceding financial year except for the adoption of the following FRSs, amendments to FRSs and IC Interpretations:-

Standard/Interpretation	Effective for financial periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards (revised in 2010)	1 July 2010
FRS 3 Business Combinations (revised in 2010)	1 July 2010
FRS 127 Consolidated and Separate Financial Statements (revised in 2010)	1 July 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132 Financial Instruments: Presentation	1 March 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011

The above FRSs and IC Interpretations will not have any significant impacts on the financial statements except as follows:-

(a) FRS 3 Business Combinations (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 Business Combinations (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be recognised in profit or loss as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group will apply the standard prospectively to business combinations for which the acquisition date is on or after the effective date.

1. Basis of Preparation (cont'd)

(b) FRS 127 Consolidated and Separate Financial Statements (revised in 2010)

FRS 127 (revised in 2010), which supersedes FRS 127 Consolidated and Separate Financial Statements (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

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 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

Analysis by activity	Manufacture of plastic components RM'000	Property development RM'000	Information technology RM'000	Group RM'000
Revenue				
Total revenue	25,646	20,312	0	45,958
Intersegment revenue	0	0	0	0
External revenue	25,646	20,312	0	45,958
Results				
Segment results	355	(6,706)	(121)	(6,472)
Interest income	71	18	0	89
Finance costs	(869)	(359)	0	(1,228)
Loss before tax	(443)	(7,047)	(121)	(7,611)
Tax (expense)/icome	(394)	1,733	0	1,339
Net loss for the period	(837)	(5,314)	(121)	(6,272)
Assets				
Segment assets	34,642	45,449	410	80,501
Income tax assets	0	0	0	0
Total assets	34,642	45,449	410	80,501

8. 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.

9. Changes in Composition

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

10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 1 February 2011.

11. Review of Performance

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 31 Jan 2012 RM'000	Corresponding Preceding Quarter Ended 31 Jan 2011 RM'000	Cumulative Period ended 31 Jan 2012 RM'000	Corresponding Preceding Period Ended 31 Jan 2011 RM'000
Revenue				
Manufacture of plastic components	5,226	6,338	25,646	39,577
Property development	801	5,887	20,312	15,501
Information technology	0	0	0	0
	6,027	12,225	45,958	55,078
(Loss)/Profit before tax				
Manufacture of plastic components	(848)	(2,348)	(443)	(968)
Property development	(5,627)	(13)	(7,047)	1,636
Information technology	(121)	0	(121)	0
	(6,596)	(2,361)	(7,611)	668

(a) Cumulative Period Vs Corresponding Preceding Period

The Group recorded a loss before tax of RM7.6 million for the year ended 31 January 2012 as compared to a profit before tax of RM0.7 million for the previous corresponding year ended 31 January 2011. This is mainly attributable to the Property Division. The loss recorded for Property Division is mainly due to additional infrastructure costs charged out during completion of Phase I of Aman Bayu project, unexpected rise in construction costs, additional liquidated ascertain damages compensated to some of the house buyers.

As for the Plastic Components Division, the reduction in loss before tax of RM525,000 (current year ended 31 January 2012 vs previous year ended 31 January 2011) was mainly due to reduction in finance cost as a results of positive cash flows generated during the year (The bank borrowings of this division reduced by RM14.26 million, from RM14.41 million to RM154,000).

(b) Current Quarter Vs Corresponding Preceding Quarter

The Property Division completed its development project in the current quarter (Phase I - 120 units of 3-Storey Terrace House, of which 118 units sold as at 31 January 2012). As explained above, the loss for the Property Division is mainly due to unexpected rise in construction cost cause by additional infrastructure costs charged out during the quarter, unexpected rise in construction costs, additional liquidated ascertain damages compensated to some of the house buyers.

As for the Plastic Components Division, the reduction in loss before tax of RM1.5 million (current quarter ended 31 January 2012 vs previous quarter ended 31 January 2011) was mainly due to reduction in finance cost, coupled with decrease in revenue and a one-off expense of share issue expense amounting RM517,000 (for the year ended 31 January 2011) in relation to the Proposed Private Placement of New Ordinary Shares of RM1.00 each in the Company of up to Twenty Percent (20%) of the Issued and Paid-Up Share Capital of the Company which had lapsed on 12 January 2011.

12. Future Prospects

The rising major material prices, pricing pressures from customers, global economic uncertainties and currency risks caused by the weakening USD will continue to weigh heavily on the performance of the Plastic Components Division. As for the Property Division, the Group is expected to launch its Phase II project, 47 units of 3 Storey Terrace House in the second quarter of the year ending 31 January 2013 which may improve the Group's performance.

13. Profit Forecast

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

14. Loss Before Tax

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 31 Jan 2012	Corresponding Preceding Quarter Ended 31 Jan 2011	Cumulative Period ended 31 Jan 2012	Corresponding Preceding Period Ended 31 Jan 2011
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging:-				
Allowance for slow moving inventories	115	196	115	196
Depreciation of:-				
- Property, plant and equipment	583	701	2,359	2,765
- Investment property	80	64	288	260
Interest expense	91	397	1,228	1,108
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	19	0	19	0
Property, plant and equipment written off	0	2	0	2
Loss on foreign exchange				
- Realised	221	197	0	896
- Unrealised	0	118	0	118
And crediting:-				
Gain on disposal of property, plant and equipment	0	2	15	123
Interest income	26	31	89	132
Realised gain on foreign exchange	0	0	45	0
Reversal of allowance for slow moving inventories	65	0	65	0

15. Tax (Income)/Expense

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 31 Jan 2012 RM'000	Corresponding Preceding Quarter Ended 31 Jan 2011 RM'000	Cumulative Period ended 31 Jan 2012 RM'000	Corresponding Preceding Period Ended 31 Jan 2011 RM'000
Tax based on results for the period:-				
Malaysian income tax	112	438	519	1,384
Deferred tax	(1,401)	(542)	(1,953)	(774)
	(1,289)	(104)	(1,434)	610
Tax under/(over) provided in prior year:-				
Malaysian income tax	(11)	22	(11)	23
Deferred tax	106	0	106	0
	(1,194)	(82)	(1,339)	633

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

16. Retained Profits

	As At 31 Jan 2012 RM'000	As At 31 Jan 2011 RM'000
Total retained profits of Supportive International Holdings Berhad and its subsidiaries		
- Realised	31,807	37,733
- Unrealised	73	(1,300)
	31,880	36,433
Less : consolidation adjustments	5,723	7,442
	37,603	43,875

17. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the interim period.

18. Purchase or Disposal of Quoted Securities

There is no purchase nor sale of quoted securities during this interim financial period.

19. Corporate Proposals

There was no corporate proposal announced but not completed as at 22 March 2012, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

20. Bank Borrowings

	As At 31 Jan 2012 RM'000	As At 31 Jan 2011 RM'000
Bank overdraft – Unsecured	83	13,994
Hire purchase payable – Secured	71	421
Term loan – Secured	3,494	12,890
	3,648	27,305

21. Changes in Material Litigation

Supportive Technology Sdn Bhd ("STSB"), a wholly-owned subsidiary of the Company, has appealed to the Special Commission of Income Tax 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. The appeal is pending the decision from the Special Commission of Income Tax.

STSB's solicitors acting in this case are of the view that it has a good case to contend that the DGIR should have allowed STSB's application to claim that the tax incentive granted under the Income Tax (Exemption) (No. 17) Order 2005 (PU(A) 158/2005).

Save as disclosed above, there were no changes in material litigation since 1 February 2011 up to 22 March 2012, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

22. Dividend Declared/Recommended

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

23. Earnings per Share

The basic earnings per share is calculated by dividing the profit after tax by the weighted average number of ordinary shares in issue during the interim period as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 31 Jan 2012	Corresponding Preceding Quarter Ended 31 Jan 2011	Cumulative Period ended 31 Jan 2012	Corresponding Preceding Period Ended 31 Jan 2011
(Loss)/Profit after tax (RM'000)	(5,402)	(2,279)	(6,272)	35
Weighted average number of ordinary shares ('000)	209,704	209,785	209,704	214,236
Basic (loss)/earnings per share (sen)	(2.58)	(1.09)	(2.99)	0.02

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 earning per share.

NOTES TO THE INTERIM FINANCIAL REPORT

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

DATO' SRI LEE KUANG SHING
EXECUTIVE CHAIRMAN
29 March 2012