

# SUPPORTIVE INTERNATIONAL HOLDINGS BERHAD

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

## NOTES TO THE INTERIM FINANCIAL REPORT

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### 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 are followed in the interim financial report as compared with the annual financial statements for the year ended 31 January 2012 except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations:

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124 Related Party Disclosures (revised in 2010)	1 January 2012
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

The above FRSs and IC Interpretations will not have any significant impacts on the financial statements of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. 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 ventures ("Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS framework to annual periods beginning on or after 1 January 2013.

Being a Transitioning Entity as defined above, the Group has elected to continue preparing its financial statements in accordance with the existing FRS framework for the financial year ending 31 January 2013 and will first adopt the MFRS framework for the financial year ending 31 January 2014.

### 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.

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**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>	Manufacture of plastic components RM'000	Property development RM'000	Provision of e-commerce services RM'000	Group RM'000
<u>Revenue</u>				
Total revenue	18,025	6,015	0	24,040
Intersegment revenue	0	0	0	0
External revenue	<u>18,025</u>	<u>6,015</u>	<u>0</u>	<u>24,040</u>
<u>Results</u>				
Segment results	975	975	(36)	1,914
Interest income	46	11	0	57
Finance costs	(17)	(101)	0	(118)
Profit/(Loss) before tax	<u>1,004</u>	<u>885</u>	<u>(36)</u>	<u>1,853</u>
Tax expense	(316)	(217)	0	(533)
Net profit/(loss) for the period	<u>688</u>	<u>668</u>	<u>(36)</u>	<u>1,320</u>
<u>Assets</u>				
Segment assets	35,087	42,869	467	78,423
Income tax assets	0	0	0	0
Total assets	<u>35,087</u>	<u>42,870</u>	<u>467</u>	<u>78,423</u>

**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.

**SUPPORTIVE INTERNATIONAL HOLDINGS BERHAD**(COMPANY NO: 189740-X)  
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There were no changes in contingent liabilities or contingent assets since 1 February 2012.

**11. Commitments**

	<b>As At 31 Oct 2012 Approved and contracted for RM'000</b>
Purchase of land for development into housing scheme	<u>7,883</u>

**12. Review of Performance**

	Current Quarter Ended 31 Oct 2012 RM'000	Corresponding Preceding Quarter Ended 31 Oct 2011 RM'000	Cumulative Period ended 31 Oct 2012 RM'000	Corresponding Preceding Period Ended 31 Oct 2011 RM'000
<u>Revenue</u>				
Manufacture of plastic components	6,265	7,704	18,025	20,420
Property development	1,981	1,069	6,015	19,511
Provision of e-commerce services	0	0	0	0
	<u>8,246</u>	<u>8,773</u>	<u>24,040</u>	<u>39,931</u>
<u>Profit/(Loss) before tax</u>				
Manufacture of plastic components	341	416	1,004	405
Property development	198	(1,708)	885	(1,420)
Information technology	(29)	0	(36)	0
	<u>510</u>	<u>(1,292)</u>	<u>1,853</u>	<u>(1,015)</u>

## (a) Cumulative Period Vs Corresponding Preceding Period

The Group recorded a profit before tax of RM1,853,000 for the current period ended 31 October 2012 as compared to a loss before tax of RM1,015,000 for the previous corresponding period ended 31 October 2011. The improved result is mainly attributable to the Plastic Components Division as a result of reduction in finance cost (from RM825,000 to RM17,000 for this period).

The Property Division launched its Phase II project, 47 units of 3 Storey Terrace House during the previous quarter, of which 41 units were sold up-to-date. The improved results is mainly due to additional infrastructure costs, unexpected rise in construction costs, additional liquidated ascertain damages compensated to some of the house buyers during the previous corresponding period.

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#### 12. Review of Performance (cont'd)

(b) Current Quarter Vs Immediate Preceding Quarter

The Group recorded a profit before tax of RM510,000 in the current quarter as compared to a profit before tax of RM830,000 in the immediate preceding quarter. The lower profit recorded in this quarter is mainly due to better performance recorded in the immediate preceding quarter from property division after the launch of its Phase II project, 47 units of 3 Storey Terrace House during that period.

#### 13. Future Prospects

The pricing pressures from customers and global economic uncertainties will continue to weigh heavily on the performance of the Plastic Components Division. As for the Property Division, the development of its Phase II project, 47 units of 3 Storey Terrace House will have a positive impact to the Group's results.

#### 14. Profit Forecast

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

#### 15. Profit Before Tax

	Current Quarter Ended 31 Oct 2012 RM'000	Corresponding Preceding Quarter Ended 31 Oct 2011 RM'000	Cumulative Period ended 31 Oct 2012 RM'000	Corresponding Preceding Period Ended 31 Oct 2011 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of:-				
- Property, plant and equipment	472	592	1,288	1,776
- Investment property	81	69	237	208
Interest expense	26	334	118	1,137
Loss on disposal of property, plant and equipment	0	0	137	0
Loss on foreign exchange				
- Realised	0	0	53	0
And crediting:-				
Interest income	24	24	57	63
Gain on disposal of property, plant and equipment	0	15	0	15
Gain on foreign exchange				
- Realised	27	0	158	119

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	<b>Current Quarter Ended 31 Oct 2012 RM'000</b>	<b>Corresponding Preceding Quarter Ended 31 Oct 2011 RM'000</b>	<b>Cumulative Period ended 31 Oct 2012 RM'000</b>	<b>Corresponding Preceding Period Ended 31 Oct 2011 RM'000</b>
Tax based on results for the period:-				
Malaysian income tax	155	(240)	644	407
Deferred tax	(34)	(31)	(111)	(552)
	<u>121</u>	<u>(271)</u>	<u>533</u>	<u>(145)</u>

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

**17. Retained Profits**

	<b>As At 31 Oct 2012 RM'000</b>	<b>As At 31 Jan 2012 RM'000</b>
Total retained profits of Supportive International Holdings Berhad and its subsidiaries		
- Realised	(139,979)	31,869
- Unrealised	92	92
	<u>(139,887)</u>	<u>31,961</u>
Consolidation adjustments	178,890	5,722
	<u>39,003</u>	<u>37,683</u>

**18. Corporate Proposals**

There was no corporate proposal announced but not completed as at 20 December 2012, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**19. Bank Borrowings**

	<b>As At 31 Oct 2012 RM'000</b>	<b>As At 31 Jan 2012 RM'000</b>
Bank overdraft – Unsecured	0	83
Hire purchase payable – Secured	192	71
Term loan – Secured	1,076	3,494
	<u>1,268</u>	<u>3,648</u>

**20. 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 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.

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**20. Changes in Material Litigation (Cont'd)**

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

STSB had on 26 September 2012 filed a Notice of Appeal ("Notice") with the Special Commissioners of Income Tax. Vide the Notice, the Special Commissioners of Income Tax were requested to state a case for the opinion of the High Court pursuant to paragraph 34 of Schedule 5 of the Income Tax Act 1967.

Save as disclosed above, there were no changes in material litigation since 1 February 2012 up to 20 December 2012, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**21. Dividend Declared/Recommended**

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

**22. 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:-

	<b>Current Quarter Ended 31 Oct 2012</b>	<b>Corresponding Preceding Quarter Ended 31 Oct 2011</b>	<b>Cumulative Period ended 31 Oct 2012</b>	<b>Corresponding Preceding Period Ended 31 Oct 2011</b>
Net profit/(loss) for the period (RM'000)	389	(1,021)	1,320	(870)
Weighted average number of ordinary shares ('000)	209,704	209,704	209,704	209,704
Basic earnings/(loss) per share (sen)	<u>0.19</u>	<u>(0.49)</u>	<u>0.63</u>	<u>(0.41)</u>

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

**23. 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**  
27 December 2012