

SUPPORTIVE INTERNATIONAL HOLDINGS BERHAD

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

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 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 year ended 31 January 2013.

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 2013 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
FRS 9 <i>Financial Instruments</i>	1 January 2015
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits</i> (amended in 2011)	1 January 2013
FRS 127 <i>Separate Financial Statements</i> (amended in 2011)	1 January 2013
FRS 128 <i>Investments in Associates and Joint Ventures</i> (amended in 2011)	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to FRS 1 <i>Government Loans</i>	
Amendments to FRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to FRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2012)</i> "	1 January 2013

The above FRSs, amendment to FRSs and IC Interpretations did 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 2014.

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 2015.

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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

<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	1,679	902	0	2,581
Intersegment revenue	0	0	0	0
External revenue	<u>1,679</u>	<u>902</u>	<u>0</u>	<u>2,581</u>
<u>Results</u>				
Segment results	(253)	(39)	(46)	(338)
Interest income	2	3	0	5
Finance costs	(3)	(45)	0	(48)
Loss before tax	<u>(254)</u>	<u>(81)</u>	<u>(46)</u>	<u>(381)</u>
Tax expense	(45)	15	0	(30)
Net loss for the period	<u>(299)</u>	<u>(66)</u>	<u>(46)</u>	<u>(411)</u>
<u>Assets</u>				
Segment assets	32,137	52,630	376	85,143
Income tax assets	0	0	0	0
Total assets	<u>32,137</u>	<u>52,630</u>	<u>376</u>	<u>85,143</u>

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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

Save as that disclosed below, there were no changes in the Group's composition during the interim period other than the following:-

The Company has on 28 February 2013 acquired 60% of the issued and paid up capital of Supportive Development Sdn. Bhd. ("SDSB") of RM6.00 divided into 6 Ordinary Shares of RM1.00 each, for a cash consideration of RM6.00. Consequently, SDSB has become a subsidiary of the Company.

10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 1 February 2013.

11. Commitments

	As At 30 Apr 2013 Contracted and not provided for RM'000
Purchase of land for development into housing scheme	<u>11,010</u>

12. Review of Performance

	Current Quarter Ended 30 Apr 2013 RM'000	Corresponding Preceding Quarter Ended 30 Apr 2012 RM'000	Cumulative Period ended 30 Apr 2013 RM'000	Corresponding Preceding Period Ended 30 Apr 2012 RM'000
<u>Revenue</u>				
Manufacture of plastic components	1,679	6,594	1,679	6,594
Property development	902	483	902	483
	<u>2,581</u>	<u>7,077</u>	<u>2,581</u>	<u>7,077</u>
<u>(Loss)/Profit before tax</u>				
Manufacture of plastic components	(254)	612	(254)	612
Property development	(81)	(92)	(81)	(92)
Information technology	(46)	(7)	(46)	(7)
	<u>(381)</u>	<u>513</u>	<u>(381)</u>	<u>513</u>

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12. Review of Performance (cont'd)

(a) Cumulative Period Vs Corresponding Preceding Period

The Group recorded a loss before tax of RM381,000 for the current period ended 30 April 2013 as compared to a profit before tax of RM513,000 for the previous corresponding period ended 30 April 2012. The decrease is mainly attributable to the Plastic Components Division as a result of weak global demand for electronic products.

(b) Current Quarter Vs Immediate Preceding Quarter

The Group recorded a loss before tax of RM381,000 in the current quarter as compared to a loss before tax of RM292,000 in the immediate preceding quarter. The loss recorded in this quarter is mainly due to the drop in sales (from RM3.8 million in the immediate preceding quarter as compared to RM1.7 million in the current quarter) in the Plastic Components Division.

13. Future Prospects

The rising major material prices, 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 continuing construction of the Phase II project (of which 44 units out of 47 units of three-storey terraces have been sold as of the financial period ended) 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. (Loss)/Profit Before Tax

	Current Quarter Ended 30 Apr 2013 RM'000	Corresponding Preceding Quarter Ended 30 Apr 2012 RM'000	Cumulative Period ended 30 Apr 2013 RM'000	Corresponding Preceding Period Ended 30 Apr 2012 RM'000
(Loss)/Profit before tax is arrived at after charging:-				
Depreciation of:-				
- Property, plant and equipment	443	408	443	408
- Investment property	104	78	104	78
Interest expense	48	52	48	52
Loss on disposal of property, plant and equipment	0	137	0	137
Realised loss on foreign exchange	49	53	49	53
And crediting:-				
Interest income	5	18	5	18

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NOTES TO THE INTERIM FINANCIAL REPORT**16. Tax Expense**

	Current Quarter Ended 30 Apr 2013 RM'000	Corresponding Preceding Quarter Ended 30 Apr 2012 RM'000	Cumulative Period ended 30 Apr 2013 RM'000	Corresponding Preceding Period Ended 30 Apr 2012 RM'000
Tax based on results for the period:-				
Malaysian income tax	45	175	45	175
Deferred tax	(15)	(13)	(15)	(13)
	<u>30</u>	<u>162</u>	<u>30</u>	<u>162</u>

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

17. Retained Profits

	As At 30 Apr 2013 RM'000	As At 31 Jan 2013 RM'000
Total retained profits of Supportive International Holdings Berhad and its subsidiaries		
- Realised	(143,810)	(143,538)
- Unrealised	(372)	(278)
	<u>(144,182)</u>	<u>(143,816)</u>
Consolidation adjustments	182,275	182,320
	<u>38,093</u>	<u>38,504</u>

18. Corporate Proposals

There was no corporate proposal announced but not completed as at 19 June 2013, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

19. Bank Borrowings

	As At 30 Apr 2013 RM'000	As At 31 Jan 2013 RM'000
Hire purchase payable – Secured	308	167
Term loan – Secured	6,028	0
	<u>6,336</u>	<u>167</u>

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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.

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 25 September 2012 filed a Notice of Appeal (“Notice”) requiring the Special Commissioners of Income Tax 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 Special Commissioners of Income Tax 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.

The next case management is fixed on 1 July 2013.

21. Dividend Declared/Recommended

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

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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:-

	Current Quarter Ended 30 Apr 2013	Corresponding Preceding Quarter Ended 30 Apr 2012	Cumulative Period ended 30 Apr 2013	Corresponding Preceding Period Ended 30 Apr 2012
Net (loss)/profit for the period (RM'000)	(411)	351	(411)	351
Weighted average number of ordinary shares ('000)	209,704	209,704	209,704	209,704
Basic (loss)/earnings per share (sen)	<u>(0.20)</u>	<u>0.17</u>	<u>(0.20)</u>	<u>0.17</u>

The diluted (loss)/earnings per share equal the basic (loss)/earnings per share due to the anti-dilutive effect of the share warrants which has been ignored in calculating the diluted (loss)/earnings 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 DR LEE KUANG SHING
EXECUTIVE CHAIRMAN
26 June 2013