

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30-Jun-14 RM'000	30-Jun-13 RM'000	30-Jun-14 RM'000	30-Jun-13 RM'000
Turnover	16,847	3,027	17,399	5,583
Cost of sales	(15,110)	(2,333)	(16,253)	(4,271)
Gross profit	<u>1,737</u>	<u>694</u>	<u>1,146</u>	<u>1,312</u>
Other operating income	(26)	(1)	957	16
Administrative expenses	(765)	(455)	(1,933)	(862)
Selling and marketing expenses	(61)	(117)	(86)	(228)
Profit/(Loss) from operations	<u>885</u>	<u>121</u>	<u>84</u>	<u>238</u>
Finance cost	(17)	(47)	(37)	(80)
Profit/(Loss) before taxation	<u>868</u>	<u>74</u>	<u>47</u>	<u>158</u>
Taxation	-	-	-	-
Profit/(Loss) for the financial period	<u><u>868</u></u>	<u><u>74</u></u>	<u><u>47</u></u>	<u><u>158</u></u>
Attributable to:				
Owners of the Parent	868	74	47	158
Non-Controlling Interest	-	-	-	-
Profit/(Loss) for the financial period	<u><u>868</u></u>	<u><u>74</u></u>	<u><u>47</u></u>	<u><u>158</u></u>
	Sen	Sen	Sen	Sen
Earnings per share				
Basic	0.30	0.03	0.02	0.05
Diluted	0.21	0.03	0.01	0.05

(The condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Quarter ended 30-Jun-14 (Unaudited) RM'000	Year ended 31-Dec-13 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	8,202	8,304
Investment in associated company	-	-
Deferred tax assets	21	21
	<u>8,223</u>	<u>8,325</u>
Current Assets		
Inventories	4,721	4,719
Trade receivables	11,894	798
Other receivables	5,280	1,591
Amount due from associated company	-	500
Fixed deposit with a licensed bank	-	3,550
Deposits, bank and cash equivalents	752	1,919
	<u>22,647</u>	<u>13,077</u>
TOTAL ASSETS	<u>30,870</u>	<u>21,402</u>
EQUITY		
Share capital	57,909	57,689
Reserves	(41,128)	(41,065)
Total equity attributable to the parent's equity holders	<u>16,781</u>	<u>16,624</u>
LIABILITIES		
Non-Current Liabilities		
ICULS	82	82
Deferred taxation	-	1
Bank borrowings	595	684
	<u>677</u>	<u>767</u>
Current Liabilities		
Trade Payables	10,919	1,660
Other payables	1,938	1,540
Amount due to directors	288	279
Finance lease liabilities	26	275
Term loan	241	257
	<u>13,412</u>	<u>4,011</u>
Total Liabilities	<u>14,089</u>	<u>4,778</u>
TOTAL EQUITY AND LIABILITIES	<u>30,870</u>	<u>21,402</u>
	RM	RM
NET ASSETS PER SHARE	0.0580	0.0972

(The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent						Warrant Reserve	Total equity
	Share capital	Share premium	ICULS	Capital Reserve	(Accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months ended 30 June 2014</u>								
At 1 January 2014	57,689	6,994	1,107	5,527	(59,111)	12,206	4,418	16,624
Rights Issue	-	-	-	-	-	-	-	-
Iculs Conversion	220	-	(110)	-	-	110	-	110
Warrant conversion	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	47	47	-	47
At 30 June 2014	57,909	6,994	997	5,527	(59,064)	12,363	4,418	16,781

	Attributable to Owners of the Parent						Warrant Reserve	Total equity
	Share capital	Share premium	ICULS	Capital Reserve	(Accumulated losses)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months ended 30 June 2013</u>								
At 1 January 2013	34,217	10,245	1,109	5,527	(33,524)	17,574	1,898	19,472
Rights Issue	23,468	(3,520)	-	-	-	19,948	3,520	23,468
Iculs Conversion	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-
At 31 March 2013	57,685	6,725	1,109	5,527	(33,524)	37,522	5,418	42,940

(The condensed consolidated statement of changes of equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	6 months ended
	30-Jun-14	30-Jun-13
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from debtors	1,835	5,252
Cash payments to suppliers and employees	(6,771)	(7,065)
	<hr/>	<hr/>
Cash flow used in operations	(4,936)	(1,813)
Taxation paid	-	-
Taxation refund	-	-
	<hr/>	<hr/>
Net operating cash flow	(4,936)	(1,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property, plant and equipment	-	-
Issuance of share capital	-	23,468
Proceeds from conversion of ICULS	110	-
Proceeds from disposal of investment	-	-
	<hr/>	<hr/>
Net investing cash flow	110	23,468
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(37)	(80)
Changes in banking facilities	-	-
Amount (due to) / from associated company	500	-
Amount due to related parties	-	-
Repayment of hire purchase loan	(354)	(323)
	<hr/>	<hr/>
Net financing cash flow	109	(403)
CHANGES IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		
	(4,717)	21,252
CASH AND CASH EQUIVALENT AT BEGINNING OF THE FINANCIAL PERIOD		
	5,469	98
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL PERIOD		
	<hr/> <hr/>	<hr/> <hr/>
	752	21,350

(The condensed consolidated statement of cash flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013)

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

Annexure A

NOTES TO THE FINANCIAL INFORMATION

1) Basis of preparation

This interim report is prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2013. It contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

2) Significant Accounting Policies and Application of MFRS

The significant accounting policies and methods of computation adopted in these interim financial statement are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2013.

3) Audit Report

The Auditors' Report on the Audited Financial Statements of the Group for the FYE 31 December 2013 was subject to qualification.

4) Seasonality or cyclicity of interim operations

The Group's operations were not significantly affected by seasonal and cyclical factors.

5) Individually significant items

There were no significant items for the current financial period under review.

6) Material changes in estimates used

There were no significant changes in the nature and amount of estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have a material effect in the current interim period.

7) Debt and equity securities

There were no issuances, cancellations, repurchases, resale and other repayments of debt and equity securities during the current quarter,

8) Dividends paid

There were no dividends paid for the current quarter and last year's corresponding quarter.

9) Segmental reporting

Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company.

The Group's principal segments business are electronic and electrical consumer and industrial products, construction and investment holding.

Business segment analysis	Construction RM'000	Electronic	Investment	Consolidated RM'000
		and electrical products RM'000	holding and others RM'000	
Individual Quarter <u>3 months ended 30 June 2014</u>				
Revenue	15,350	1,497		16,847
Inter-segment revenue			(120)	
	<u>15,350</u>	<u>1,497</u>	<u>(120)</u>	<u>16,847</u>
Results from operations	1,982	(547)	(550)	885
Finance Cost		(17)		(17)
Profit/(Loss) before taxation	<u>1,982</u>	<u>(564)</u>	<u>(550)</u>	<u>868</u>
Cumulative Quarter <u>6 months ended 30 June 2014</u>				
Revenue	15,350	2,049		17,399
Inter-segment revenue		-		-
	<u>15,350</u>	<u>2,049</u>	<u>-</u>	<u>17,399</u>
Results from operations	1,982	448	(2,346)	84
Finance Cost		(37)		(37)
Profit/(Loss) before taxation	<u>1,982</u>	<u>411</u>	<u>(2,346)</u>	<u>47</u>
Individual Quarter <u>3 months ended 30 June 2013</u>				
Revenue		3,027		3,027
Inter-segment revenue			120	
		<u>3,027</u>	<u>120</u>	<u>3,027</u>
Results from operations		136	(15)	121
Finance Cost		(33)	(14)	(47)
Profit/(Loss) before taxation		<u>103</u>	<u>(29)</u>	<u>74</u>
Cumulative Quarter <u>6 months ended 30 June 2013</u>				
Revenue		5,583		5,583
Inter-segment revenue			240	-
		<u>5,583</u>	<u>240</u>	<u>5,583</u>
Results from operations		244	(6)	238
Finance Cost		(66)	(14)	(80)
Profit/(Loss) before taxation		<u>178</u>	<u>(20)</u>	<u>158</u>

10) Carrying value of revalued property, plant and equipment

The carrying value of property, plant and equipment is based on the valuation incorporation in the annual financial statements for the year ended 31 December 2013.

11) Subsequent event

The management is not aware of any material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the interim period except for the following:

- (i) On 15 August 2013, Astral Construction Sdn Bhd ("ASC"), a wholly-owned subsidiary of ASB entered into joint venture agreement ("JVA") with Zenith PMC Sdn Bhd ("ZP") to jointly manage, perform and carry out the feasibility study and detailed design stage of the project known as Projek Pembinaan Jalan-jalan Utama dan Terowang di Pulau Pinang" involving the proposed construction of various roads in Penang and an undersea tunnel between Penang Island and Seberang Perai ("Project"). On 25 July 2014, the Board of ASB announced that ZP vide its letter dated 11 July 2014 had declined ASC's appeal to defer the implementation of the JVA which states the works shall be completed within thirty (30) months from the date of JVA. Further clause 12.4 of the JVA stipulates that the time wherever mentioned in the JVA shall be of the essence. ASC failed to remedy the breach within fourteen (14) days from the date of the letter. Accordingly, the JVA was terminated and rendered null and void with immediate effect. With the termination, neither the parties shall have any further claims against each other in respect of the JVA. On 14 August 2014, the Board of ASB announced that with the termination, ASC shall not be able to derive contributions from the guaranteed profit under the JVA as announced on 15 August 2013.
- (ii) On 8 August 2014, the Board announced that Messrs CH International Advisory Sdn Bhd ("CH International") has been appointed on even date to conduct an investigative review on the financial statements of the ASC Group for the financial years ended 31 December 2011, 2012 and 2013. The circumstances leading to the appointment of CH International is to carry out an investigative review on the financial statements of ASB for the past three (3) financial years other than those performed by Messrs PKF Advisory Sdn Bhd ("PKF") for the financial year ended 31 December 2013. Thereafter following the findings of CH International, the Board will deliberate and decide on the next course of action. The scope of work by CH International will include other than those highlighted by the External Auditors Messrs Morrison Anuarul Azizan Chew & Co ("MAACC") and performed by PKF for the financial year ended 31 December 2013. However, equal emphasis of work on the unusual sales transactions, outstanding trade receivables, unusual large payments, deposit without supporting documentation and contra property as partial settlement will be carried out by CH International for the financial years ended 31 December 2011 and 2012 which also form part of the further investigation mentioned in PKF's report. In addition to the above, it will also include the retroactive review of transactions, review of company records, review of management accounts, perceptive interview, review of personnel files of selected staffs and authorised manual documents and record searches if required in selected staff's offices. The investigative review will commence on 18 August 2014 and is expected to be completed within two (2) months from the date of commencement.

12) Material changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter up to the date of this report.

13) Contingent liabilities and contingent assets

There were no material contingent liabilities or assets at the period ended 30 June 2014 except as disclosed below:

- i. ASB has provided corporate guarantee in favour of RHB Bank Berhad for Hire Purchase Facilities of RM3.354 million to Singatronics (Malaysia) Sdn Bhd a subsidiary company of ASB.
- ii. ASB has provided corporate guarantee in favour of Hong Leong Bank Berhad for Hire Purchase Facilities of RM1.330 million to Singatronics (Malaysia) Sdn Bhd a subsidiary company of ASB.

ASTRAL SUPREME BERHAD
UNAUDITED QUARTERLY REPORT ON THE CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2014

NOTES ON INFORMATION REQUIRED UNDER THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

1) Review of performance

The turnover for the current quarter and year-to-date under review was RM16.847 million and RM17.399 million respectively as compared to RM3.037 million and RM5.583 million in the respective corresponding period in year 2013. The turnover for the current quarter increased by RM13.810 million or 454.72% when compared to the corresponding period in year 2013.

The Group posted a profit before taxation of RM0.868 million for the current quarter and RM0.047 million for year-to-date, as compared to profit before taxation of RM0.074 million and RM0.158 million respectively, in the corresponding period in year 2013.

2) Material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

Turnover for the current quarter was RM16.847 million, an increase by RM16.295 million as compared to immediate preceding quarter of RM0.552 million. The increase in turnover was mainly contributed by a wholly owned subsidiary company, Astral Supreme Construction Sdn Bhd. ("ASC")

The profit before taxation for the current quarter was RM0.868 million as compared to the loss before taxation of RM0.821 million suffered during the immediate preceding quarter.

3) Future prospect

The Group is currently negotiating and exploring for new customers base to improve the Electronic and Electrical division. ASC, a wholly owned subsidiary was awarded construction contracts amounting RM105 million in March 2014 and it has contributed positively to the Group in the second quarter.

4) (a) Variance in profit forecast

This is not applicable in the reporting quarter.

(b) Shortfall in profit guarantee

This is not applicable in the reporting quarter.

5) Taxation

	3 months ended		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	RM'000	RM'000	RM'000	RM'000
In respect of current period/year	0	0	0	0
- income tax	0	0	0	0
- Deferred tax	0	0	0	0
- (Under)/over provision in prior years	0	0	0	0

6) Additional notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	RM'000	RM'000	RM'000	RM'000
(Loss) / profit for the period / year is arrived at after charging / (crediting) :				
Interest Income	-	-	-	-
Interest Expenses	17	47	37	80
Depreciation and amortization	258	146	515	322
Foreign exchange (gain) / loss	26	(12)	44	(17)
Write back trade receivables			(450)	
Write back other receivables			(775)	
Other operating expenses			1,758	

7) Corporate Proposals

Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the reporting date save and except for the following:-

On 30 July 2014, TA Securities Holdings Berhad ("TA Securities"), on behalf of the Board of Directors announced that the Company proposes to undertake the following:-

- (i) proposed reduction of the issued and paid-up share capital of Astral pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.10 of the par value of each existing ordinary share of RM0.20 each in ASB ("ASB Share(s)" or "Share(s)") ("Proposed Par Value Reduction")
- (ii) proposed reduction of RM5,527,459 from the capital reserve account of ASB ("Proposed Capital Reserve Reduction")
- (iii) proposed reduction up to RM11,411,553 from the share premium account of Astral pursuant to Section 60 (2) and 64 (1) of the Act ("Proposed Share Premium Reduction")

The Proposed Par Value Reduction, Proposed Capital Reserve Reduction and Proposed Share Premium Reduction are collectively referred to as Proposed Capital Reduction.

- (iv) proposed diversification of the principal activities of ASB and its subsidiaries ("ASB Group" or "Group") to include construction, property development and property investment activities ("Proposed Diversification")
- (v) proposed renounceable rights issue of up to 809,556,620 new Astral Shares ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing ASB Share held on the entitlement date to be determined later, together with up to 404,778,310 free detachable new warrants ("Warrants-C") on the basis of one (1) Warrant-C for every two (2) Rights Shares subscribed by the entitled shareholders ("Proposed Rights Issue with Warrants"); and
- (vi) proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Capital Reduction ("Proposed Amendment to the Memorandum of Association")

8) Group Borrowings

Details of the Group's bank borrowings as at 30 June 2014 are as follows:-

	Current	Non current
	RM'000	RM'000
Secured	241	595
Unsecured	26	
	<u>267</u>	<u>595</u>

9) Material litigations

As at the date of this report, the management is not aware of any pending material litigation which will have a material effect on the financial position or the business of the Group, save and except as below:

(a) Tay Chey Huat vs ASB and 2 others (Kuala Lumpur High Court Suit No: 22NCVC-482-08/2013)

The Plaintiff is claiming a sum of RM1,400,000 together with interest and cost for 2 loan agreements, a total of RM1,000,000 ("1st Loan") and RM600,000 (2nd Loan) respectively, executed between the Plaintiff and SG Silk Screen Industries Sdn Bhd ("SG Silk"), a former subsidiary of ASB. The Plaintiff is alleging that the Company and its director, Cherng Chin Guan, had misrepresented the Plaintiff that the Company will provide a corporate guarantee to the Plaintiff as a security for the loans and such representations had induce him to provide 2nd Loan to SG Silk. The matter has proceeded for full trial on 10 July 2014, 11 July 2014 and is currently fixed for continued trial on 9 September 2014 and 10 September 2014. The Company's Solicitors is of the opinion that the case is only at its early stage and it is premature for them to advise of the chances of the Company in successfully defending the case.

(b) Sweng Maju Sdn Bhd vs Singatronics (Malaysia) Sdn Bhd ("Singatronics") Pulau Pinang High Court Suit No: 22NCVC-60-04/2014)

The Plaintiff is claiming for the recovery of the sum of RM1,536,871.30 with interest and cost for goods purportedly sold and delivered by the Plaintiff to Singatronics, a wholly-owned subsidiary of the Company. The Plaintiff is now in the process of obtaining the Judgment under Order 14 ("Summary Judgement") to expedite the matter against Singatronics. The Solicitors acting for Singatronics is in the process to obtain order to add in counterclaim to its defence. They will raise triable issues to this case and avert the Plaintiff from obtaining the Summary Judgment. We have on 21.08.2014 filed the Application to Amend Defence and to Add in Counterclaim against Plaintiff. The Court has fixed the next case management on 8th September 2014, pending a trial or hearing date to be fixed. The Solicitors believe that Singatronics has fair chance to succeed in defending the Plaintiff's claim.

(c) Astral Supreme Berhad vs Ong Tai Chin@ Wong Tai Chin Kuala Lumpur High Court Suit No: 22NCC-293-08/2014

On 12 August 2014, the Plaintiff has filed a legal suit against Mr Ong Tai Chin@Wong Tai Chin ("OTC") in its capacity as the former Managing Director of ASB ("Defendant") for, inter-alia, breach of statutory duty under Section 132 of the Companies Act, 1965, breach of fiduciary duty and breach of duty of care that caused the ASB Group suffered losses of RM15.51 million ("Losses"). The Losses were discovered by Messrs Morisan Annual Azizan Chew, the Statutory Auditors and Messrs PKF Advisory Sdn Bhd, the Special Auditors for the Company's Annual Audited Accounts for financial year ended 31 December 2013. The Plaintiff is claiming for general damages of the Losses suffered of RM15.51 million together with the interest of 5% per annum calculated from the date of judgment sum until the date of full settlement from the Defendant. The Defendant is required within 14 days from the date of received the Writ to enter appearance, failing which, the Company will proceed to obtain judgment against him without further reference. The Company is in the process of servicing the Cause Papers on OTC through its solicitors.

10) Dividends

- (a) (i) No dividend has been declared for the current quarter
(ii) Previous corresponding period - Nil

- (b) The total dividend for the current financial period - Nil

11) Earnings per share

	3 months ended		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
(a) Basic earnings per share				
Profit/(Loss) attributable to the Owners of the parent (RM'000)	868	74	47	158
Weighted average number of ordinary shares in issues ('000)	289,545	288,423	289,545	288,423
Basic earning per share (sen)	0.30	0.03	0.02	0.05
(b) Diluted earnings per share				
Profit/(Loss) attributable to the Owners of the parent (RM'000)	868	74	47	158
Weighted average number of ordinary	289,545	288,423	289,545	288,423

shares in issues ('000)				
Adjusted for full conversion of ICULS	7,204	-	7,204	-
Adjusted for full exercise of Warrants A 11/16	38,727		38,727	
Adjusted for full exercise of Warrants B 13/16	70,402		70,402	
	<u>405,878</u>	<u>288,423</u>	<u>405,878</u>	<u>288,423</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)				
Diluted earnings per share (sen)	<u>0.21</u>	<u>0.03</u>	<u>0.01</u>	<u>0.05</u>

12 Status of Utilisation of Proceeds

The status of the utilisation of proceeds raised from the rights issue completed on 28 June 2013 amounting to RM23.47 million as at 30 June 2014 is as follows:-

Purpose	Proposed Utilisation	Actual utilisation as at 30/06/14	Balance to utilise	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	
1 Working capital	14,818	15,486	-668	within 24 months
2 Repayment of borrowing	800	2,754	-1,954	within 6 months
3 Renovation of factory & purchase of new equipment	3,150	1,415	1,735	within 12 months
4 R & D	4,000	2,361	1,639	within 24 months
5 Defray estimated expenses in relation to the Proposals	700	700	0	within 1 month
TOTAL	<u>23,468</u>	<u>22,716</u>	<u>752</u>	