

ASTRAL SUPREME BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / FINANCIAL PERFORMANCE**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter ended 30 Sep 2014 RM'000	Preceding Year Quarter ended 30 Sep 2013 RM'000	Current Year 9 months ended 30 Sep 2014 RM'000	Preceding Year 9 months ended 30 Sep 2013 RM'000
Turnover	27,149	1,873	44,548	7,456
Cost of sales	(25,679)	(2,292)	(41,932)	(6,563)
Gross profits / (loss)	1,470	(419)	2,616	893
Other operating income	5	40	962	56
Selling and marketing expenses	(63)	(62)	(149)	(290)
Operating and administrative expenses	(977)	(1,954)	(2,910)	(2,816)
Profit / (loss) from operations	435	(2,395)	519	(2,157)
Finance costs	(135)	(31)	(172)	(111)
Profit / (loss) before taxation	300	(2,426)	347	(2,268)
Taxation	-	-	-	-
Profit/ (loss) for the financial period	300	(2,426)	347	(2,268)
Loss from discontinued operation	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	300	(2,426)	347	(2,268)
Total comprehensive income / (loss) attributable to :				
Owners of the parent	300	(2,426)	347	(2,268)
Non-controlling interest	-	-	-	-
	300	(2,426)	347	(2,268)
Earning /(loss) per-share	sen	sen	sen	sen
Basis	0.10	(0.84)	0.12	(0.79)
Diluted	0.07	(0.84)	0.09	(0.79)

The unaudited condensed consolidated statement of comprehensive income / financial performance should be read in conjunction with the audited financial statement for year ended 31 December 2013 and the accompanying explanatory notes of this interim financial report.

UNAUDITED QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Quarter ended 30 September 2014 (Unaudited) RM'000	Year ended 31 December 2013 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,905	8,304
Investment in associated company	-	-
Deferred expenses	192	-
Deferred tax assets	21	21
	8,117	8,325
CURRENT ASSETS		
Inventories	4,948	4,719
Trade receivables	35,471	797
Others receivables and deposits	4,702	1,591
Amount due from associate company	-	500
Fixed deposit with licenced bank	-	3,550
Bank and cash equivalent	285	1,919
	45,407	13,077
TOTAL ASSETS	53,524	21,402
EQUITY		
Share capital	58,116	57,689
Capital reserve	5,527	5,527
ICLUS	890	1,106
Warrant reserve	4,418	4,418
Share premium	6,994	6,994
Accumulated losses	(58,763)	(59,111)
Total attributable to the parent equity holders	17,181	16,624
LIABILITIES		
NON-CURRENT LIABILITIES		
ICULS	82	82
Deffered Taxation	-	-
Term Loan	378	684
	460	766
CURRENT LIABILITIES		
Trade payables	32,883	1,661
Others payables	2,347	1,540
Amount due to associate company	-	-
Amount due to directors	288	279
Finance lease liabilities	-	275
Term loan	364	258
	35,882	4,012
TOTAL LIABILITIES	36,343	4,778
TOTAL EQUITY AND LIABILITIES	53,524	21,402
NET ASSETS PER-SHARE	0.059	0.097

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statement for year ended 31 December 2013 and the accompanying explanatory notes of this interim financial report.

ASTRAL SUPREME BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	ATTRIBUTABLE TO THE OWNER OF THE PARENT						TOTAL EQUITY RM'000
	Non-distributable				Distribu- table		
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	ICLUS RM'000	Warrant Reserve RM'000	Accumu- lated Losses RM'000	
GROUP							
As at 1 January 2014	57,689	6,994	5,527	1,106	4,418	(59,111)	16,624
Issuance of ordinary shares pursuant to conversion of ICLUS units	220	-	-	(110)	-	-	110
Profit / total comprehensive income for the period ended 30 Jun 2014	-	-	-	-	-	48	48
As at 30 June 2014	57,909	6,994	5,527	997	4,418	(59,063)	16,781
Issuance of ordinary shares pursuant to conversion of ICLUS units							
- by Cash	200	-	-	(100)	-	-	100
- Merger 2 : 1	7	-	-	(7)	-	-	-
Profit / total comprehensive income for the quarter ended 30 Sep 2014	-	-	-	-	-	300	300
As at 30 September 2014	58,116	6,994	5,527	890	4,418	(58,763)	17,181
GROUP							
As at 1 January 2013	34,217	10,245	5,527	1,108	1,898	(33,524)	19,472
Issuance of ordinary shares pursuant to							
-right issue	23,467	-	-	-	-	-	23,467
-conversion of ICLUS units	4	-	-	(2)	-	-	3
Issuance of Warrant B 13/18	-	(2,520)	-	-	2,520	-	-
Corporate exercise expenses relating to right issue	-	(731)	-	-	-	-	(731)
Profit / total comprehensive income for the financial year ended 31 Dec 2013	-	-	-	-	-	(25,587)	(25,587)
As at 31 December 2013	57,689	6,994	5,527	1,106	4,418	(59,111)	16,624

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statement for year ended 31 December 2013 and the accompanying explanatory notes of this interim financial report.

UNAUDITED QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Current Year 9 months ended 30 September 2014 (Unaudited) RM'000	Preceding Year Corresponding 9 months ended 30 September 2013 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers and others receivables	5,933	261
Cash payments to suppliers and employees	(10,997)	(10,941)
Cash flow from / (used in) operation	(5,064)	(10,680)
Tax paid	-	-
Tax refund	-	-
Net cash from / (used in) operating activities	(5,064)	(10,680)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	52
Purchase of property, plant & equipment	(48)	(1,415)
Issuance of share capital	-	23,468
Proceeds from conversion of ICLUS	210	2
Deferred expenses	(192)	-
Research & development	-	(2,200)
Net cash from / (used in) investing activities	(29)	19,907
CASH FLOW FROM FROM FINANCING ACTIVITIES		
Interest paid	(116)	(111)
Amount due from associate company	500	-
Amount due to directors	-	(173)
Changes in banking facilities	(94)	-
Repayment of hire purchase payables	(380)	(603)
Net cash from / (used in) financing activities	(90)	(887)
Net (decrease) / increase in cash and cash equivalents	(5,184)	8,340
Cash and cash equivalent at beginning of the period	5,469	98
Cash and cash equivalent at end of period	285	8,438
CASH AND CASH EQUIVALENT AT END OF PERIOD CONSISTS OF :-		
Deposits, cash and bank balances	285	8,438
	285	8,438

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statement for year ended 31 December 2013 and the accompanying explanatory notes of this interim financial report.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014**PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 : INTERIM FINANCIAL REPORTING****A1) Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirement of Malaysian Financial Reporting Standard (“MFRS”)134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report contains condensed consolidated financial statement for the reporting quarter and financial period ended 30 September 2014, and should be read in conjunction with the Group’s audited financial statements presented in the Annual Report for the year ended 31 December 2013. The notes include an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2) Significant accounting policies and application of MFRS

The significant accounting policies, method of computation and basis of consolidation adopted by the Group for the preparation of the interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2013.

For the financial year beginning on / after 1 January 2014, the following accounting standard, amendments to accounting standards and interpretations are applicable to the Group.

Effective for the financial periods beginning on or after 1 January 2014:

Amendment to MFRS 132	Offsetting Financial Assets and Liabilities
IC Interpretation 21	Recognition of a liability to pay levies

Effective for the financial periods beginning on or after 1 January 2015:

MFRS 9	Financial Instruments
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The adoption of these accounting standards, amendments to accounting standards and interpretations are not expected to have a material impact to the interim financial statements

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

of the Group

A3) Audit report

The Auditors' Report on the Audited Financial Statements of the Group for the Financial Year ended 31 December 2013 was subject to qualification. The basis of the qualified opinion was due to the auditor's uncertainty over the continued usage and unable to obtain sufficient evidence as to ascertain the recoverability of the property, plant and equipment, and the subsequent sales of the inventories of a wholly owned subsidiary with carrying amount of RM2.73 million and RM2.41 million respectively. The property, plant and equipment, and inventories were acquired pursuant to the sales contract in the previous financial year amounting to RM41.08 million and was subsequently terminated by the customer during the financial year ended 31 December 2013.

A4) Seasonality or cyclical operation

The Group's performance is not significantly affected by seasonal and cyclical factors.

A5) Individually significant items

There were no significant items effecting assets, liabilities, equity, net income or cash flows during the quarter under review.

A6) Material changes in estimates used

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

A7) Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the quarter under review and the Company had not engaged in any share buyback scheme or implemented any share cancellation, save and except for:-

- (i) The conversion of 1,000,000 ICLUS into 1,000,000 new ordinary shares of RM0.20 each of the Company by surrendering for cancellation RM0.10 nominal value of ICLUS and paying RM0.10 cash for every one new ordinary shares of RM0.20 each in the Company; and

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

- (ii) The conversion of 70,000 ICLUS into 35,000 new ordinary shares of RM0.20 each of the Company by surrendering for cancellation the ICLUS with an aggregate nominal value equivalent to the Conversion Price.

A8) Dividend paid

No dividend was declared or paid during the quarter under review.

A9) 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 property development, and investment holding.

The Group's segmental report for the quarter and financial period ended 30 September 2014 under review is as follows:-

	Construction & property development	Electronic and electrical	Investment holdings and others	Consolidated
	RM'000	RM'000	RM'000	RM'000
<u>Individual 3rd Quarter ended 30 September 2014</u>				
Revenue	25,720	1,429	-	27,149
Inter-segment revenue	-	-	-	-
	25,720	1,429	-	27,149
Result from operation	1,512	(444)	(632)	435
Finance costs	-	(117)	(18)	(135)
Profit /(loss) before taxation	1,512	(561)	(650)	300

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

Cumulative financial period ended 30 September 2014

Revenue	41,070	3,478	-	44,548
Inter-segment revenue	-	-	-	-
	41,070	3,478	-	44,548

Result from operation	3,494	4	(2,978)	519
Finance costs	-	(154)	(18)	(172)
Profit/(loss) before taxation	3,494	(150)	(2,996)	347

The Group's segmental report for the preceding year corresponding quarter and financial period ended 30 September 2013 is as follows:-

	<u>Construction & property development</u>	<u>Electronic and electrical</u>	<u>Investment holdings and others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
<u>Individual 3rd Quarter ended 30 September 2013</u>				
Revenue	-	1,873	-	1,873
Inter-segment revenue	-	-	120	-
	-	1,873	120	1,873
Result from operation	-	(2,201)	(194)	(2,395)
Finance costs	-	(31)	-	(31)
Profit / (Loss) before taxation	-	(2,232)	(194)	(2,426)
<u>Cumulative financial period ended 30 September 2013</u>				
Revenue	-	7,456	-	7,456
Inter-segment revenue	-	-	360	-
	-	7,456	360	7,456
Segment result	-	(1,957)	(200)	(2,157)
Finance costs	-	(97)	(14)	(111)
Profit / (loss) before taxation	-	(2,054)	(214)	(2,268)

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014**A10) Valuation of property, plant and equipment**

There was no valuation on any of the Group's property, plant & equipment during the quarter under review. The carrying value of property, plant and equipment is based on the amount incorporated in the annual financial statements for the year ended 31 December 2013.

A11) Significant events during the quarter

There were no other material events to be disclosed in the financial statements for the current quarter under review, save and except for :-

- a) On 30 September 2014, on behalf of the Board, TA Securities Holdings Berhad announced that the listing application in relation to the Company "multiple proposal" has been submitted to Bursa securities for their approval and comments and are now awaiting their reply. Please refer to Note B7 and the Company's announcement dated 30 September 2014 for detailed of the multiple proposals.
- b) On 15 August 2013, Astral Supreme Construction Sdn Bhd ("ASC"), a wholly subsidiary of the Company 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 Project "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 ("the Project"). On 25 July 2014, the Board of the Company 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 parties shall have any further claims against each other in respect of the JVA. On 15 August 2014, the Board of the Company 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.
- c) On 8 August 2014, the Board of the Company has announced that Messrs. CH International Advisory Sdn Bhd ("CH International") has been appointed on even date to conduct an investigative review on the financial statement of the 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

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

statements of the Group 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 of the Company 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. Morison Anuarul Azizan Chew & Co ("MAAC") 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 the contra of 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's record, review of management accounts, perceptive interview, review of personnel files of selected staffs and authorised manual documents and record searches if required. The investigative review was to commence on 18 August 2014 and is expected to be completed within two (2) months from the date of appointment.

On 24 October 2014, the board of the Company announced that CH International had requested for an additional one months to complete their report that is on or before 30 November 2014, as they have noticed that there are numbers of subsequent events which are relevant to their scope of work following their discussion with the Director of the Company and Management of Singatronics (Malaysia) Sdn Bhd, a wholly-owned subsidiary of the Company.

- d) In view of the exceptional items highlight by the external auditor's, Messrs Morrison Anuarul Azizan Chew in the annual financial report ended 31 December 2013, and the possible irregularities due to the inadequacy on the existing internal control system, the board of the Company has outsourced the services of an independent internal auditor's ("IA") to provide an evaluation on the effectiveness of the existing internal control system. In the evaluation process, the IA shall seek to provide management assurance that adequate controls are in place to preclude the possibilities of fraud and misappropriation of the Company assets.

Based on the review and evaluation in their report on August 2014, the IA concluded that the overall internal controls for Singatronics (M) Sdn Bhd, a wholly subsidiary of the Company were not satisfactory and failed to comply with some of the operating procedures and/or the applicable regulatory requirements. The findings are classified into three broad categories "inadequacy of system design", "the process for improvements in the effectiveness or efficiency of business process" and "implementation lapses in the functioning or implementation of internal controls". At the

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

date of this report the relevant internal controls activities have been implemented accordingly and the proposed action plan to address the findings by instituting new controls procedures and/or modifying existing procedures has been tabled and follow up action taken accordingly to further reduce the residual risk of the processes.

A12) Material changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review and up to the date of this report save and except as disclosed in Note A14(i) below.

A13) Contingent liabilities and contingent assets

There were no material contingent liabilities or assets at the financial period ended 30 September 2014 except that, the Company has provided corporate guarantee in favour of Hong Leong Bank Berhad for Hire Purchase Facilites amount to RM1.330 million granted to Singatronics (Malaysia) Sdn Bhd, a wholly owned subsidiary of the Company.

A14) Material events subsequent to the end of the interim reporting period

The management is not aware of any material events subsequent to the end of the interim reporting period that have not been reflected in the financial statements for the current quarter under review, save and except for:-

- i) The Board of the Company has announced that on 2 October 2014 the Company has entered into a Sale and Purchase of Shares Agreement ("SPSA") to dispose off its 100% equity interest in wholly owned subsidiary, Astral-GMO Sdn Bhd comprising 100,000 ordinary shares for a total consideration of RM500,000 to be satisfied in cash. The disposal was completed on 31 October 2014 in accordance with the terms of the SPSA. The proceeds from the disposal will be utilized as additional working capital for the Company and its group of subsidiaries;
- ii) On 29 October 2014, the Board of the Company announced that as Ong Tai Chin @ Wong Tai Chin failed to enter appearance, the Company has on 28 October 2014 obtained the judgement against him from the Kuala Lumpur High Court. Please refer to Notes B9(c) of **Material Litigation** for details of the judgement obtained; and
- iii) On 13 November 2014, the Board of the Company has announced that the change of financial year end from 31 December to 31 May for the Company and its group subsidiaries. The first set of financial statement reflecting the change will be made up from 1 January 2014 to 31 May 2015, covering a period of 17 months.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014
PART B : ADDITIONAL EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF THE BURSA MALAYSIA SECURITIES BERHAD
B1) Review of performance

The turnover for the reporting quarter and cumulative financial period ended 30 September 2014, were RM27.15 million and RM44.55 million respectively, as compared to RM1.87 million and RM7.46 million respectively, in the corresponding quarter and period for year 2013. The turnover for the quarter has increased by RM25.28 million or 1,351.87% when compared to the corresponding quarter for year 2013. The significant increase in revenue was mainly contributed by the construction division based on the contracts secured earlier and performing on schedule.

The Group posted a profit before taxation ("PBT") of RM0.300 million for the reporting quarter and RM0.347 million for cumulative financial period ended 30 September 2014, as compared to loss before taxation ("LBT") of RM2.43 million and RM2.27 million respectively, in the corresponding quarter and financial period of the preceding year.

Notwithstanding, the construction & property development segment of the Group, registering revenue of RM25.72 million with PBT of RM1.51 million, the lower PBT of the Group of RM0.300 million for the quarter was due to the performance of the electronic and electrical business and the increase of head office administrative expenses. The Group electronic and electrical business continues to operate in a challenging environment due to uncertainty in the global economy and strong competition, and the increased of raw material and production costs.

B2) Material change in the profit before taxation for the current quarter under review as compared with the immediate preceding quarter

	Current	Preceding	
	<u>Quarter</u>	<u>Quarter</u>	<u>Variance</u>
	<u>30 Sep 2014</u>	<u>30 Jun 2014</u>	
	RM'000	RM'000	RM'000
Revenue	27,149	16,847	10,302
Profit before taxation	300	868	(568)

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

The Group's revenue for the quarter was higher by RM10.30 million as compared to the preceding quarter's revenue of RM16.85 million, the increase was mainly due to additional work done on the construction projects. The Group recorded a profit before taxation ("PBT") of approximately RM 0.300 million for the quarter as compared to a PBT of RM 0.868 million for the preceding quarter. The lower PBT, despite the increased of revenue is mainly due to the increased in staff salaries and head office administrative expenses.

B3) Future prospect

The Board expects the operating environment to be challenging and is working on a restructuring plan with corporate consultants and to undertake rationalisation programs for its electronic and electrical division to strengthen the Group financial and operational position.

With the successful implementation of the restructuring plan and the rationalisation programs, the financial position of the Group is expected to significantly improve and the management will be able to fully concentrate on strengthening and growing the business.

With the diversification into the construction and property development industry and contribution from the contracts secured as per announcement made to Bursa Malaysia on 11 March 2014, barring any unforeseen circumstances, the Group is confident of achieving better performance in the next financial period.

B4) Variance on profit forecast / profit guarantee

The group is not subject to any profit forecast and/or profit guarantee.

B5) Taxation

	3 months ended		9 months ended	
	<u>30-Sep-2014</u>	<u>30-Sep-2013</u>	<u>30-Sep-2014</u>	<u>30-Sep-2013</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
-Income Tax	Nil	Nil	Nil	Nil
-Deferred Tax	Nil	Nil	Nil	Nil
(Under) / over provision in prior years	Nil	Nil	Nil	Nil

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

B6) Additional notes to the Comprehensive Income Statement

The following items have been charged and crediting in arriving at the Profit / (Loss) before taxation:-

	<u>Current</u> <u>Quarter</u> <u>30-Sep-2014</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30-Sep-2013</u> RM'000	<u>Current</u> <u>Year</u> <u>To date</u> <u>30-Sep-2014</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30-Sep-2013</u> RM'000
Interest income	-	(36)	(2)	(52)
Interest expense	79	31	115	111
Depreciation and amortization	345	190	879	442
Foreign exchange (gain)/loss	50	(4)	95	(4)
Write back of trade receivables	(25)	-	(450)	-
Allowance for doubtful debts	-	1,031	-	1,031
Write back of other receivables	-	-	(775)	-
Other operating expenses	-	-	1,758	-

B7) Corporate Proposals

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

On 30 July 2014 and 12 Sep 2014, on behalf of the Board, TA Securities Holdings Sdn Bhd ("TA Securities") announced that the Company proposes to undertake multiple proposals for corporate exercised and the establishment of a Share Issuance Scheme for the eligibility Directors and employees of the Company and its subsidiaries respectively (collectively referred to as "Multiple Proposals"). On 30 September 2014, on behalf of the Board, TA Securities Holdings Berhad announced that the listing application in relation to the Company Multiple Proposals as summary follows, has been submitted to Bursa securities for their approval and comments and are now awaiting their reply.

i) Proposed Par Value Reduction

Proposed reduction of the issued and paid up share capital of the Company pursuant to Section 64 of The Companies ACT, 1965 ("ACT") involving the

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

cancellation of RM0.10 of the Par value of each existing ordinary share of RM0.20 each in the Company;

ii) **Proposed Capital Reserve Reduction**

Proposed reduction of RM5,527,459 from the Capital Reserve Account of the Company;

iii) **Proposed Share Premium Reduction**

Proposed reduction of up to RM11,411,553 from the Share Premium Account of the Company pursuant to Sections 60(2) and 64(1) of The ACT;

iv) **Proposed Diversification**

Proposed ratification for the diversification of the principal activities of the Company and its subsidiaries ("the Group") to include construction, property development and property investment activities;

v) **Proposed Right Issue with Warrants**

Proposed renounceable rights issue of up to 809,486,620 new shares in the Company ("Rights Shares") on the basis of two (2) rights shares for every one (1) existing shares held in the Company on an entitlement date to be determined later, together with up to 404,743,310 free detachable new Warrants ("Warrants-C") on the basis of one (1) Warrants-C for every two (2) Rights Shares subscribed by the entitled Shareholders;

vi) **Proposed Establishment of a Shares Issuance Scheme (SIS)**

Proposed establishment of a Share Issuance Scheme of up to Fifteen Percent (15%) of the issued and paid up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the Scheme for the eligibility Directors and employees of the Company and its subsidiaries; and

vii) **Proposed Amendment to the Memorandum of Association**

Proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Capital Reduction.

Please refer to the Company's announcement dated 30 September 2014 for details of the multiple proposals.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

B8) Group Borrowings

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

	<u>Current</u> RM'000	<u>Non-current</u> RM'000
Secured	364	378
Unsecured	-	
Total	364	378

B9) Material litigations

Save as disclosed below, 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 and the Board is not aware of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group as at the date of this report:

**a) Tay Chye Huat vs Astral Supreme Berhad 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 S.G. Silk Screen Industries Sdn Bhd (SG Silk), a former subsidiary of the Company. The Plaintiff is alleging that the Company and its director, Cherng Chin Guan (resigned on 7 Nov 2014), had misrepresented to the Plaintiff that the Company will provide a corporate guarantee to the Plaintiff as a security for the loans and such representations had induced him to provide the 2nd Loan to SG Silk. This matter has proceeded for full trial on 10 July 2014, 11 July 2014, 14 July 2014, 9 September 2014 and 10 September 2014 and continued trial on 9 October 2014 and 10 October 2014. The trial concluded on 9 October 2014 and the Court had directed parties therein to file their respective written submissions by 24 November 2014 and submissions in reply, if any, by 8 December 2014. Furtherance, the Court had also fixed the above matter for Decision on 7 January 2015. The Company's solicitors engaged in this matter are not in the position to provide opinion as the matter is now in the process of litigated.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014**b) Sweng Maju Sdn Bhd vs Singatronics (M) Sdn Bhd
(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 (M) Sdn Bhd, ("Singatronics") a wholly-owned subsidiary of the Company. The Plaintiff had filed an application enter a summary judgment against Singatronics under Order 14 of the Rules of Court 2012 ("Summary Judgment Application") to expedite the matter against Singatronics. The Company solicitors acting for Singatronics have in turn, filed an application for an order to amend its Defence ("Amendment Application") to include a Counterclaim against the Plaintiff. The proposed Counterclaim raises triable issues which may avert the Plaintiff from obtaining the Summary Judgment against Singatronic. The Court has fixed the matter for further case management on 1 October 2014 for the Defendant to file a further affidavit and submission in respect of the Amendment Application.

The solicitors for Defendant have since filed and served the Defendant's further affidavit and submission in respect of the Amendment Application on the Solicitors for Plaintiff and are currently anticipating and/or awaiting the service of the Plaintiff's affidavit in reply to the aforesaid affidavit. The Court has fixed the Hearing of both Plaintiff's Application for Summary Judgment and Defendant's Amendment Application on 3 November 2014 at Pulau Pinang High Court. The Company solicitors acting for Singatronic in the matter believe that Singatronics has a fair chance of success 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 the Company ("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 Group suffered losses of RM15.51 million ("Losses"). The Losses were discovered by Messrs Morison Anuarul 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 judgement 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 judgement against him without further reference. The Company is in the process of servicing the Cause Papers on OTC through its solicitors.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

As the Defendant had failed to appear to accept service of the Cause Papers of the suit, the Plaintiff had on 18.9.2014 obtained an order from the High Court of Kuala Lumpur which allowed the Cause Papers to be served by way of advertisement. The above matter has been fixed for case management on 2 October 2014 at the High Court of Kuala Lumpur. As the Defendant's failure to enter appearance, the Company has on 28 October 2014 obtained judgement against him from the Kuala Lumpur High Court that the Defendant has to pay to the Plaintiff the followings:-

- (i) a total sum of RM15.51 million;
- (ii) damages to be assessed by His Honourable Court for breach of fiduciary duties of the Defendant;
- (iii) general damages to be assessed by His Honourable Court for negligence on Defendant's part which has caused Plaintiff to suffer the losses;
- (iv) Interest at the rate of 5% per annum on the sum of Rm15.51 million from the date of judgement sum until the date of full settlement; and
- (v) the costs of RM1,850.

B10) Dividends

No dividend has been proposed and paid for the during the reporting quarter and financial period ended 30 September 2014 and the corresponding preceding year quarter and financial period.

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

B11) Earnings per share

	3 months ended		9 months ended	
	<u>30-Sep-2014</u>	<u>30-Sep-2013</u>	<u>30-Sep-2014</u>	<u>30-Sep-2013</u>
a) Basis earning per-share				
Profit / (loss) attributable to the Owners of Parent (RM'000)	300	(2,426)	347	(2,268)
Weighted average number of ordinary shares in issues ('000)	<u>288,469</u>	<u>288,445</u>	<u>288,948</u>	<u>288,445</u>
Basis earning per-share (sen)	<u>0.10</u>	<u>(0.84)</u>	<u>0.12</u>	<u>(0.79)</u>
b) Diluted earning per-shares				
Profit / (loss) attributable to the Owners of the Parent (RM'000)	300	(2,426)	347	(2,268)
Weighted average number of ordinary shares in issue ('000)	288,465	288,445	288,948	288,445
Adjusted for full conversion of ICLUS	5,034	-	5,034	-
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	-
Weighted average number of ordinary shares for diluted earnings per-share ('000)	<u>402,632</u>	<u>288,445</u>	<u>403,112</u>	<u>288,445</u>
Diluted earning per share (sen)	<u>0.07</u>	<u>(0.84)</u>	<u>0.09</u>	<u>(0.79)</u>

NOTES TO THE QUARTERLY REPORT FOR THE PERIODS ENDED 30 SEPTEMBER 2014

B12) Status of utilisation of proceeds

The status of the utilisation of proceeds from the right issue completed on 28 June 2013 amounting RM23.47 million were utilised as follows:

	<u>Purpose</u>	<u>Proposed utilization</u> RM'000	<u>Actual Utilization</u> as at <u>30-Sep-2014</u> RM'000	<u>Balance to be utilized</u> RM'000	<u>Intended timeframe for utilization</u>
1	Working capital	14,818	16,238	(1,420)	Within 24 months
2	Repayment of borrowing	800	2,754	(1,954)	Within 6 months
3	Factory renovation and acquire of new equipment	3,150	1,415	1,735	Within 12 months
4	R & D expenditure	4,000	2,361	1,639	Within 24 months
5	Deferred expenses in relation to the proposal	700	700	-	Within 1 month
	TOTAL	23,468	23,468	-	

B13) Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on 26 November 2014.