

ASTRAL SUPREME BERHAD (442371-A)

(Incorporated in Malaysia)



UNAUDITED INTERIM FINANCIAL REPORT FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2014

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5 YEARS FINANCIAL PERFORMANCE

Financial Year/ Period End	Financial Quarter	Revenue (RM,000)	Profit/ (loss) before tax (RM,000)	Net profit/ (loss) (RM,000)	Share- holders fund (RM,000)	Share in issue (,000)	Earning/ (loss) per-share (cent)	Dividend (cent)	Net Assets per-shares (RM,000)
31/5/2015									
31/5/2015									
31/5/2015	31/12/2014	24,075	320	320	17,501	290,787	0.110	-	0.060
31/5/2015	30/9/2014	27,149	300	300	17,181	290,580	0.103	-	0.059
31/5/2015	30/6/2014	16,847	868	868	16,781	289,545	0.300	-	0.058
31/5/2015	31/3/2014	552	(821)	(821)	15,803	288,445	(0.285)	-	0.055
31/12/2013		4,171	(25,584)	(25,587)	16,624	288,445	(8.871)	-	0.058
31/12/2012		10,966	611	379	19,472	171,087	0.222	-	0.114
31/12/2011	<i>Note (*)</i>	5,399	(18,334)	(18,587)	12,705	116,607	(15.940)	-	0.109
31/12/2010		13,363	(1,937)	(1,908)	11,972	225,000	(0.008)	-	0.053

* Capital reduction from 45 million ordinary shares to 9 million ordinary shares of RM0.20 each.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL		CUMULATIVE	
	Reporting Quarter Ended 31 Dec 2014 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2013 (ADJUSTED) RM'000	Current 12 Months Period Ended 31 Dec 2014 RM'000	Preceding Year Ended 31 Dec 2013 (AUDITED) RM'000
Turnover	24,075	1,537	68,622	4,171
Cost of sales	(23,128)	(2,797)	(65,138)	(10,576)
Gross profits / (loss)	947	(1,260)	3,484	(6,405)
Other operating income	170	280	1,127	146
Selling and marketing expenses	(93)	36	(241)	(594)
Operating and administrative expenses	(662)	(6,566)	(3,495)	(18,646)
Gain on disposal of subsidiary	22	-	22	-
Profit / (loss) from operations	384	(7,510)	897	(25,499)
Finance costs	(64)	(303)	(229)	(85)
Profit / (loss) before taxation	320	(7,813)	668	(25,584)
Taxation	-	-	-	(3)
Profit/ (loss) for the financial period	320	(7,813)	668	(25,587)
Exceptional items (note)	-	(15,503)	-	-
Total comprehensive income / (loss)	320	(23,316)	668	(25,587)
Total comprehensive income / (loss) attributable to :				
Owners of the parent	320	(23,316)	668	(25,587)
Non-controlling interest	-	-	-	-
	320	(23,316)	668	(25,587)
Earning /(loss) per-share	sen	sen	sen	sen
Basis	0.11	(10.08)	0.23	(11.07)
Diluted	0.08	(6.71)	0.17	(7.36)

Note : The exceptional items is due to the adjustments made of possible irregularities as announced on 16 June 2014.

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 INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Current 12 Months Period Ended 31 Dec 2014 (UNAUDITED) RM'000	Preceding Year ended 31 December 2013 (AUDITED) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,586	8,304
Office renovation in progress	155	-
Investment in associated company	-	-
Deferred expenses	485	-
Deferred tax assets	21	21
	8,247	8,325
CURRENT ASSETS		
Inventories	4,732	4,719
Trade receivables	48,615	797
Others receivables and deposits	4,438	1,591
Amount due from associate company	-	500
Fixed deposit with licenced bank	52	3,550
Bank and cash equivalent	5,128	1,919
	62,964	13,077
TOTAL ASSETS	71,211	21,402
EQUITY		
Share capital	58,157	57,689
Capital reserve	5,527	5,527
ICLUS	848	1,106
Warrant reserve	4,418	4,418
Share premium	6,994	6,994
Accumulated losses	(58,443)	(59,111)
Total attributable to the parent equity holders	17,501	16,624
LIABILITIES		
NON-CURRENT LIABILITIES		
ICULS	82	82
Deffered Taxation	-	-
Term Loan	496	684
	578	766
CURRENT LIABILITIES		
Trade payables	50,120	1,661
Others payables	2,344	1,540
Amount due to associate company	-	-
Amount due to directors	410	279
Finance lease liabilities	-	275
Term loan	258	258
	53,131	4,012
TOTAL LIABILITIES	53,710	4,778
TOTAL EQUITY AND LIABILITIES	71,211	21,402
NET ASSETS PER-SHARE	0.060	0.058

ASTRAL SUPREME BERHAD (442371-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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							
- by Cash	420	-	-	(210)	-	-	210
- Merger 2 : 1	7	-	-	(7)	-	-	-
Profit / total comprehensive income for the period ended 30 Jun 2014	-	-	-	-	-	348	348
As at 30 September 2014	58,116	6,994	5,527	889	4,418	(58,763)	17,181
Issuance of ordinary shares pursuant to conversion of ICLUS units							
- Merger 2 : 1	41	-	-	(41)	-	-	-
Profit / total comprehensive income for the quarter ended 31 December 2014	-	-	-	-	-	320	320
As at 31 December 2014	58,157	6,994	5,527	848	4,418	(58,443)	17,501
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 December 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 INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Reporting Quarter Ended 31 Dec 2014 (UNAUDITED) RM'000	Preceding Year Ended 31 December 2013 (AUDITED) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers and others receivables	16,457	4,964
Cash payments to suppliers and employees	(16,826)	(16,142)
Cash flow from / (used in) operation	(369)	(11,178)
Tax paid	-	-
Tax refund / repayment	6	-
Net cash from / (used in) operating activities	(363)	(11,178)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1	74
Proceed from sale of a subsidiary / fixed assets	500	65
Purchase of property, plant & equipment	(48)	(1,711)
Office renovation in progress	(155)	-
Research expenditure paid	-	(2,361)
Deferred expenses	(486)	-
Net cash from / (used in) investing activities	(188)	(3,933)
CASH FLOW FROM FROM FINANCING ACTIVITIES		
Interest paid	(164)	(139)
Amount due from associate company	500	(2,000)
Amount due to / (from) directors	122	(119)
Repayment of finance lease creditor / term loan	(406)	(732)
Net proceeds from right issue	-	23,467
Proceeds from conversion of ICLUS	210	4
Net cash from / (used in) financing activities	262	20,481
Net (decrease) / increase in cash and cash equivalents	(289)	5,370
Cash and cash equivalent at beginning of the period	5,469	59
Cash and cash equivalent at end of period	5,180	5,429
CASH AND CASH EQUIVALENT AT END OF PERIOD CONSISTS OF :-		
Cash and bank balances	5,128	1,919
Fixed deposit with licensed bank	52	3,550
	5,180	5,469
Less: Deposit pledged with a licensed bank	-	(40)
	5,180	5,429

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 INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014**PART A : EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 : INTERIM FINANCIAL REPORTING****A1) Basis of preparation**

The condensed financial statement are unaudited and have 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 31 December 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 INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

of the Group

A3) Audit report

The Auditors' Report for the Annual Financial Statement ("AFS") of the Group for the Financial Year ended 31 December 2013 was subject to qualify opinion by the auditor's with an emphasis of matter on the reversal of revenue of RM4.88 million due to unusual sales and unusual large payments alleged to be made by the former Managing Director of the Group. The basis of qualification is due to the termination of a sales contract amounting to RM41.08 million, which caused uncertainty over the continued usage of Property, Plant and Equipment ("PPE") and inventory acquired for the contract purpose with carrying amount of RM2.73 million and RM2.41 million respectively. The auditor's was unable to obtain sufficient evidence to ascertain the recoverability of the PPE and the subsequent sales of the inventory as at 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 the conversion of 415,000 ICLUS into 207,500 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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

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 investment holding.

The Group's segmental report for the current quarter and financial period ended 31 December 2014 are as follows:-

	Individual		Cumulative	
	Reporting Quarter Ended 31 Dec 2014 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2013 (ADJUSTED) RM'000	Current 12 months Period Ended 31 Dec 2014 RM'000	Preceding Year Ended 31 Dec 2013 (AUDITED) RM'000
<u>TURNOVER</u>				
Manufacturing	1,775	1,537	5,252	4,171
Construction	22,300	-	63,370	-
Investment holdings	-	120	-	480
Less: Inter-segment revenue	-	(120)	-	(480)
Total consolidated revenue	24,075	1,537	68,622	4,171
<u>RESULTS</u>				
Manufacturing	(404)	(12,670)	(552)	(14,880)
Construction	979	-	4,471	-
Investment holdings	(253)	(10,646)	(3,245)	(13,419)
	322	(23,316)	674	(28,299)
Other non-reportable segments	(2)	-	(6)	(280)
Reversal of impairment loss on investment in subsidiary	-	-	-	2,995
Adjustment for taxation	-	-	-	(3)
Interest income	-	-	-	-
Total consolidated revenue	320	(23,316)	668	(25,587)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

	Current 12 months Period Ended 31 Dec 2014	Preceding Year Ended 31 Dec 2013 (AUDITED)
	RM'000	RM'000
<u>SEGMENT ASSETS</u>		
Manufacturing	16,371	19,473
Construction	53,982	-
Investment holdings	26,469	28,655
	96,822	48,127
Others non-reportable segments	3	1,777
Elimination of inter-company balances	(25,614)	(28,503)
Consolidated total assets	71,211	21,402
<u>SEGMENT LIABILITIES</u>		
Manufacturing	27,352	29,902
Construction	48,782	-
Investment holdings	1,170	701
	77,304	30,603
Others non-reportable segments	20	1,578
Elimination of inter-company balances	(23,614)	(27,403)
Consolidated total liabilities	53,710	4,778

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 are based on the amount incorporated in the annual financial statements for the year ended 31 December 2013.

A11) Significant events during the quarter under review

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 29 October 2014, the Board announced that as Ong Tai Chin @ Wong Tai Chin, the former managing director of the Group failed to enter appearance, the Company has on 28 October 2014 obtained the judgement against him from the Kuala Lumpur High Court. For details of the judgment, please refer to Notes B9(c) under **Material Litigation** of the Interim Financial report;
- b) On 13 November 2014, the Board has announced that the change of financial year end

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

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.

- c) On 7 November 2014 and 26 November 2014, the Board has announced that the changes in the composition of the Board of Directors and Member of Audit Committee as follows:-

No.	Name	Designation	Date of appointment	Date of resignation
(1)	Cherng Chin Guan	Executive Director		7-11-2014
(2)	Yap Chi Keong	Independent Non-Executive Director		7-11-2014
(3)	Edlin Bin Ghazaly	Chairman, Independent Non-Executive Director		7-11-2014
(4)	Dato' Ir Mohamad Shokri Bin Abdullah	Member of Audit Committee	26-11-2014	
(5)	Andrew Lim Piow Tiang	Chairman of Audit Committee	26-11-2014	
(6)	Datuk Nur Jazlan Bin Mohamed	Chairman, Independent Non-Executive Director, Member of Audit Committee	7-11-2014 26-11-2014	

- d) On 8 August 2014, the Board announced the appointment of CHI to carry out Investigative Review which emphasize on unusual sales transactions, outstanding trade receivables, unusual large payments, deposit without supporting documentation and contra of property as partial settlement sum in respect of the audit for the AFS 31 December 2011 to 2013. In addition, the scope of CHI includes retroactive review of transactions, review of company records, review of management accounts, perceptive interviews, review of personnel files of selected staffs and authorized manual documents and record searches if required in selected staff offices. The circumstances leading to the appointment of CH International is

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

to carry out an investigative review on the financial 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.

On 28 November 2014, the Board announced that CHI had completed the Investigative Review. Based on the CHI findings from the subsequent collection review for the nine (9) months period ended 30 September 2014, the proposed audit adjustments and/or sales reversal proposed by the auditor's for AFS 31 December 2013 were fairly provided. In addition, from the review of the financial statements for the AFS 2011 and 2012, CHI's do not identify any material findings.

In connection with the matters covered in the investigative review by CHI and PKF, the Board has filed a legal suit against the former managing director of the Company 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 to suffer losses of approximately RM15.51 million. On 28 October 2014, the Company has obtained judgment against the former managing director from the Kuala Lumpur High Court and for details please refer to Note B9(c) under Material Litigation of the Interim Financial Report.

- d) In view of the exceptional items highlight by the external auditor's, Messrs Morrison Anuaral Azizan Chew in the annual financial report ended 31 December 2013, and the possible irregularities due to the inadequacy in the existing internal control system, the board of the Company has engaged the services of an independent internal auditor's ("IA") to provide an evaluation of the effectiveness of the existing internal control system.

Based on the review and evaluation in their report dated 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.

At the date of this report the relevant internal controls have been implemented accordingly and the proposed action plan by instituting new controls procedures and/or modifying existing procedures has been tabled and follow up accordingly to further reduce the residual risk of the processes. The new control procedures introduced include but not limiting to the followings:-

- i) Incorporate customers' evaluation, background and credit checking into the new Enterprise Resources Planning ("ERP") system of Singatronics. Management's approval is now required for the setting of credit limit for each customer and orders from new customers will only be accepted after successful completion credit checking process.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

Resources planning will only be made after management's approval had been obtained.

- li) Formed new Standard Operating Procedure ("SOP") for credit control and sales & collection policies and procedures for Singatronics. The SOP will be executed and monitored by credit control committee ("CCC") which comprises director, senior general manager ("SGM") and finance manager of Singatronics. The CCC's task include formulating credit control policy ("CCP") and procedures, ensuring proper implementation of CCP to maintain the adequacy and integrity of the control system, and assessing the customers' credit worthiness. CCC will meet fortnightly to discuss issues relating to sales and collection and , to review ageing of receivables, to assess customers' credit worthiness, to disapprove further sales when customers' credit limits and credit terms are breached, and to decide appropriate actions to recover long overdue debts

A12) Material changes in the composition of the Group

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;

Other than the above transaction, there were no changes in the composition of the Group during the quarter under review and up to the date of this report.

A13) Contingent liabilities and contingent assets

There were no material contingent liabilities or assets at the financial period ended 31 December 2014 save and except that, the Company has provided corporate guarantee in favour of Hong Leong Bank Berhad for Hire Purchase / Term Loan Facilities amount to RM1.330 million granted to Singatronics (Malaysia) Sdn Bhd, a wholly owned subsidiary of the Company. The outstanding balance of the term loan as at 31 December 2014 was RM0.75 million.

A14) Material events subsequent to the end of the interim financial report

The management is not aware of any material events subsequent to the end of the interim financial report that have not been reflected in the financial statements for the current

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

quarter under review, save and except on 14 January 2015, the Board has announced that, the High Court of Kuala Lumpur had on 7 January 2015 dismissed the Plaintiff's claim in the "Tay Chye Huat vs Astral Supreme Berhad and 2 others" suit with costs of RM 10,000 to be paid to the defendants. For details of the Plaintiff's claim, please refer to Notes B9(a) under **Material Litigation** of the Interim Financial Report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 12 months financial period ended 31 December 2014, were RM24.08 million and RM68.62 million respectively, as compared to RM1.54 million and RM4.17 million respectively, for the corresponding quarter of the preceding year and financial year ended 31 December 2013. The turnover for the quarter has increased by RM22.54 million or 1,466.36 % as compared to the corresponding quarter of the 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 RM0.32 million for the reporting quarter and RM0.67 million for the cumulative 12 months financial period ended 31 December 2014, as compared to loss before taxation ("LBT") of RM23.32 million and RM25.58 million respectively, for the corresponding quarter of the preceding year and financial year ended 31 December 2013. The substantial LBT recorded for the corresponding quarter of the preceding and financial year ended 31 December 2013 were due to the proposed adjustment made on the exceptional items of possible irregularities, by PKFA in consultation with the Company's auditor. The adjustments included reversal of revenue of RM4.82 million on unusual sales transactions, impairment loss of RM9.49 million on amount due from SG Cambodia, an associate of the Group which had ceased business operations in 2011 as well as an impairment loss of RM1.06 million on trade receivables from one customer of Singatronics. The Group also recognized impairment loss on other receivables of RM1.88 million due to the lack of supporting documents and impairment loss of RM1.03 million on inventories relating to Singatronics. In addition to the proposed adjustments, for the financial year ended 31 December 2013 the Group had also expensed off the research expenditure of RM2.36 millions .

Notwithstanding, the construction segment of the Group, registering revenue of RM22.3 million and 63.37 million with PBT of RM 0.98 million and 4.47 million for the reporting quarter and cumulative 12 months financial period ended 31 December 2014 respectively, the relatively lower PBT of RM0.32million and RM0.67 million for the reporting quarter and cumulative 12 months financial period ended 31 December 2014 were due to higher administrative expenses incurred in respect of professional fees for special audit and investigative review, legal fees to defend on-going litigation, depreciation charge for renovation to the Group new corporate office.

During the reporting quarter and cumulative 12 months financial period ended 31 December

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

2014, the Group also recovered trade and other receivables of RM0.12 million and RM1.37 million respectively previously impaired.

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

	Reporting Quarter <u>31 December</u> <u>2014</u> RM'000	Preceding Quarter <u>30 September</u> <u>2014</u> RM'000	<u>Variance</u> RM'000
Revenue	24,075	27,149	(3,074)
Profit before taxation	320	300	20

The Group's revenue for the reporting quarter was lower by RM3.07 million as compared to the preceding quarter's revenue of RM27.15 million, the decreased was mainly due to acceleration work done in the previous quarter under the work programme for the construction projects. There is no material changes in profit before taxation ("PBT") for the reporting quarter as compared to the PBT of the preceding quarter.

B3) Future prospect

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.

The Board is working on a restructuring plan with corporate consultants and to undertake rationalisation programs for the operation of its electronic and electrical division to strengthen the Group financial and operational position, including reduction in fixed overhead.

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 positive contribution from this division for the past three quarters, the Group is confident of achieving better performance in the next financial period.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

B4) Variance on profit forecast / profit guarantee

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

B5) Taxation

	Individual		Cumulative	
	<u>Reporting Quarter 31-Dec-2014</u>	<u>Preceding Year Corresponding Quarter 31-Dec-2013</u>	<u>Current 12 months Period 31-Dec-2014</u>	<u>Preceding Year Ended 31-Dec-2013</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period				(AUDITED)
-Income Tax	Nil	Nil	Nil	2.6
-Deferred Tax	Nil	Nil	Nil	Nil
(Under) / over provision in prior years	Nil	Nil	Nil	2.6

B6) Additional notes to the Comprehensive Income Statement

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

	INDIVIDUAL		CUMULATIVE	
	Reporting Quarter Ended 31-Dec-2014 RM'000	Preceding Year Corresponding Quarter Ended 31-Dec-2013 (ADJUSTED) RM'000	Current 12 months Period Ended 31-Dec-2014 RM'000	Preceding Year Ended 31-Dec-2013 (AUDITED) RM'000
Allowance for impairment loss on:-				
- Trade receivables	-	1,057	-	1,057
- Other receivables	-	1,880	-	1,880
- Amount owing by associated	-	9,488	1,758	9,488
Depreciation of Property, plant and equipment (PPE)	293	190	1,187	838
Interest expenses	48	30	163	85
Building and office rental	207	98	323	394
PPE written off	34	-	34	-
Gains / (loss) on disposal of :-				
- investment in subsidiary	(22)	-	(22)	-
- PPE	-	-	-	(65)
Research expenditure	-	2,361	-	2,361
Gain / (loss) on foreign exchange	18	-	(26)	(3)
Interest income	(1)	(22)	(3)	(74)
Impairment loss on inventories	-	-	-	1,033
Write back of trade receivables	(25)	-	(725)	-
Write back of others receivables	(100)	-	(650)	-

B7) Corporate Proposals

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

- a) 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 approval.

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

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- ii) **Proposed Capital Reserve Reduction**
Proposed reduction of RM5,527,459 from the Capital Reserve Account of the Company;
- lii) **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.

- b) On 28 November 2014, Bursa Securities has commented on the draft Circular and an update Circular are in progress and shall be submitted to Bursa Securities for further comments in due course.

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B8) Group Borrowings

Details of the Group's bank borrowings as at 31 December 2014 are as follows:-

	<u>Current</u> RM'000	<u>Non-current</u> RM'000
Secured	258	496
Unsecured	-	
Total	258	496

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.

On 7 January 2015, the High Court of Kuala Lumpur had dismissed the Plaintiff's claim with costs of RM 10,000 to be paid to the defendants.

**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,

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

("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 26 February 2015 as the hearing date for enclosure 8 & 11 before Yang Arif Dato Azmi. The Company's 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 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.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

judgment 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 judgment 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 31 December 2014 and the corresponding preceding year quarter and financial period.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

B11) Earnings / (loss) per share

	Individual		Cumulative	
	Reporting Quarter Ended 31 Dec 2014	Preceding Year Corresponding Quarter Ended 31 Dec 2013 (ADJUSTED)	Current 12 months Period Ended 31 Dec 2014	Preceding Year Ended 31 Dec 2013 (AUDITED)
a) Basis earning / (loss) per-share				
Profit / (loss) attributable to the owners of parent ('000)	320	(23,316)	668	(25,587)
Total weighted average number of ordinary shares in issue ('000)	290,787	231,209	290,787	231,209
Basis earning / (loss) per share (sen)	0.11	(10.08)	0.23	(11.07)
b) Diluted earning / (loss) per-share				
Profit / (loss) attributable to the owners of parent ('000)	320	(23,316)	668	(25,587)
Total weighted average number of ordinary shares in issue ('000)	290,787	231,209	290,787	231,209
Adjusts for:				
Assuming full conversion of ICLUS	4,619	7,204	4,619	7,204
Assuming full conversion of Warrants A 11/16	38,727	38,727	38,727	38,727
Assuming full conversion of Warrants B 13/18	70,402	70,402	70,402	70,402
	404,536	347,542	404,536	347,542
Diluted earning / (loss) per-share (sen)	0.08	(6.71)	0.17	(7.36)

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:

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

<u>Purpose</u>	<u>Proposed utilisation</u>	<u>Actual Utilisation</u>		<u>Balance to be utilised</u>	<u>Intended timeframe for utilisation</u>
		<u>As At 31-Dec-2014</u>			
	RM'000	RM'000		RM'000	
1 Working capital	14,818	16,238		(1,420)	Within 24 months
2 Repayment of bank 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 report were authorised for issue by the Board of Directors in accordance with resolution of the directors on 11 February 2015.