ASTRAL SUPREME BERHAD

(442371-A)

ANNUAL REPORT 2013

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CORPORATE INFORMATION

Board of Directors

Edlin Bin Ghazaly
(Chairman, Independent Non-Executive Director)

Datuk Chai Woon Chet
(Managing Director)

Cherng Chin Guan
(Executive Director)

Wong Kwai Wah
(Executive Director)

Dato' Ir Mohamad Shokri Bin Abdullah
(Independent Non Executive Director)

Dato' Ng Aun Hooi
(Independent Non-Executive Director)

Yap Chi Keong
(Independent Non-Executive Director)

Andrew Lim Piow Tiang
(Independent Non-Executive Director)

Audit Committee
Yap Chi Keong *(Chairman)*
Edlin Bin Ghazaly *(Member)*
Andrew Lim Piow Tiang *(Member)*

Nomination Committee
Edlin Bin Ghazaly *(Chairman)*
Yap Chi Keong *(Member)*
Dato' Ir Mohamad Shokri Bin Abdullah *(Member)*

Remuneration Committee
Yap Chi Keong *(Chairman)*
Edlin Bin Ghazaly *(Member)*
Cherng Chin Guan *(Member)*

Company Secretaries
Wong Keo Rou (MAICSA 7021435)

Registered Office
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas
50480 Kuala Lumpur, Wilayah Persekutuan (KL)
Tel : (03) 6201 1120
Fax : (03) 6201 3121

Share Registrar
ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas
50480 Kuala Lumpur, Wilayah Persekutuan (KL)
Tel : (03) 6201 1120
Fax : (03) 6201 3121

Auditors
Morison Anuarul Azizan Chew & Co.

Corporate Office
No. B-02-06 Plaza Damas 3
Jalan Hartamas 1
50480 Kuala Lumpur
Tel : (03) 6206 3532
Fax : (03) 6206 3532
www.astral-supreme.com

Main Business Office
Kulim
Singatronics (Malaysia) Sdn Bhd
Lot 20, Kulim Industrial Estate
09000 Kulim, Kedah
Tel : (04) 489 2288
Fax : (04) 489 1088

Principal Bankers of the Group
AmBank (M) Berhad
Malayan Banking Berhad
CIMB Bank Berhad

Stock Exchange Listing
Main Market of the Bursa Malaysia Securities Bhd

Place of Incorporation and Domicile
Malaysia

Stock Short Name
ASUPREME

Stock Code
7070

Sector
Industrial Products

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Astral Supreme Berhad ("ASB" or "the Company") I present the Annual Report and Audited Financial Statements of Astral Supreme Berhad and its subsidiaries (the Group) for the financial year ended 31 December 2013

HIGHLIGHTS

The financial year ended 31 December 2013 was a challenging year for us since the External Auditor highlighted certain unusual sales transactions and large payments, outstanding trade receivables, deposits without sufficient supporting documentations ("Significant Audit Findings") which amongst others led to the delayed issuance of the annual audited accounts for the financial year ended 31 December 2013 which was due for release and announcement on 30 April 2014. In light of the Significant Audit Findings the Company has appointed Messrs PKF Advisory Sdn Bhd ("PKF") on 30 April 2014 to conduct an Investigative Review. Arising from the Investigative Review, the Board had taken necessary measures and will seek the advice of the Company's legal advisors on the next course of actions and in the process to reform the risk management and internal control system to enhance the risk management framework and internal control system.

FINANCIAL OVERVIEW

During the financial year under review, our Group performance was primarily due to a termination of a contract amounting to RM41 million by a major customer and this has affected our performance for the year. After taking into consideration of the proposed adjustment by PKF Advisory Sdn Bhd and consultation with the External Auditor the Group has recorded a loss before tax of RM25.584 million compared with a profit of RM0.363 million for financial year ended 31 December 2012. The increase in the loss before tax of RM15,503 million as compared with the unaudited results as announced on 28 February 2014 were mainly attributed to the proposed adjustments made on the exceptional items following the findings by PKF and adjustments and reclassification by the External Auditor.

As results of the above adjustments, the Group recorded a basic loss per share of 11.06 sen for the current financial year as compared with basic earnings of 0.25 sen per share in Year 2012. Group shareholders fund now stand at RM16.623 million.

For the financial year under review the Group recorded revenue of RM4.171 million as opposed to RM10.965 million in the year 2012.

THE GROUP OPERATIONAL REVIEW

During the year, the Group concentrates in the Electronics Contract Manufacturing Division. Revenue from the Electronics Contract Manufacturing decreased from RM10.966 million in the financial year 2012 to RM4.171 million in the current financial year.

CHAIRMAN'S STATEMENT

PROSPECT

The Board anticipates that the financial performance of the Group for the Electronics Contract Manufacturing Division remains to be challenging for the financial year ending 31 December 2014. The Group intends to diversify into construction which it will seek approval from the shareholders. The Group todate, had secured several projects for the design, build and delivery of housing projects which is expected to contribute positively to the Group's consolidated earnings in future.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I take this opportunity to welcome Datuk Chai Woon Chet, the Managing Director, Mr Wong Kwai Wah, the Executive Director and Dato' Ir Mohamad Shokri bin Abdullah, Dato' Ng Aun Hooi and Andrew Lim Piow Tiang as Independent Non-Executive Director which will strengthen the Group.

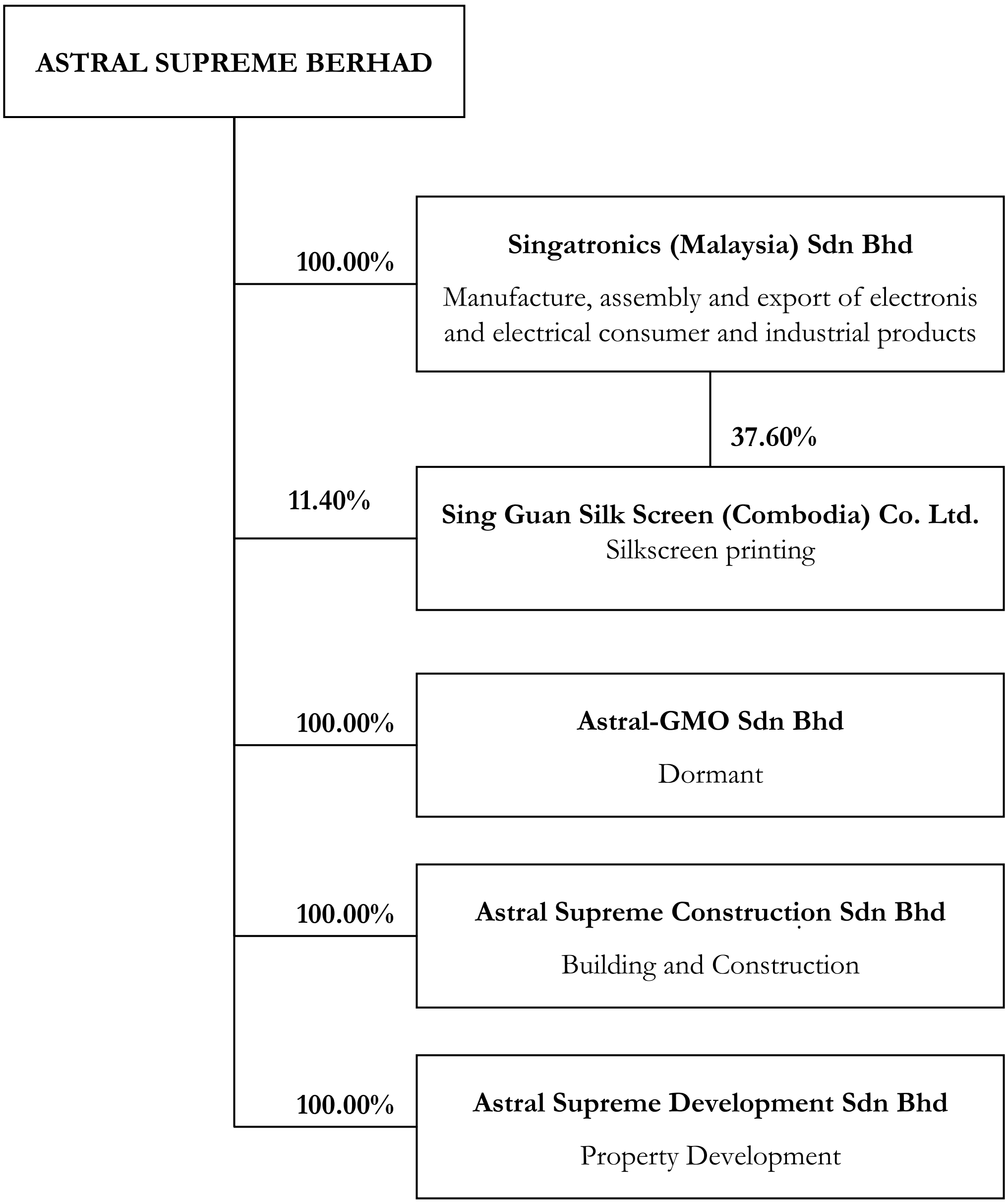
The Board extends its appreciation to Mr Chong Loong Men who has resigned due to personal commitments and time constraints arising from his attention to focus on building his own professional practice. He has made invaluable contributions to the Company throughout his tenure and I wish his success.

On behalf of the Board of Directors, I would like to express my appreciation to our Board members, employees of the Group, customers, business partners, financiers, government authorities for their continuous support to the Group.

The Board of Directors as well as officers of ASB wishes also to extend our sincere thanks to our shareholders for their support.

EDLIN BIN GHAZALY
Chairman

GROUP STRUCTURE



DIRECTORS' PROFILE

Edlin Bin Ghazaly
(Chairman, Independent Non-Executive Director)
Malaysian, aged 49

Encik Edlin was appointed on 26 June 2013. He is a Member of Audit Committee, Chairman of Nomination Committee and Member of Remuneration Committee.

He obtained his Law Degree from International Islamic University Malaysia in 1989, he chambered at Messrs Paul Chong & Kraal and was admitted to the Malaysian Bar in 1990. He continued his career in the same firm as a legal assistant and was made a partner in 1992. He remained on board until 1994 when he left to established his own practice until today. He has been in legal profession for about 24 years. His expertise lies in the law relating to Hire Purchase, Banking and Corporate, IT-related and Islamic Loan documentations and Joint Ventures. He now takes on mainly advisory function, counseling companies on their corporate maneuvers and strategic moves, locally and in cross-border negotiations. He also familiar in real estate transactions in private and commercial deals. His other directorship in public company is Scomi Engineering Berhad.

Datuk Chai Woon Chet
(Managing Director)
Malaysian, aged 36

He was appointed on 5 March 2014.

He holds Diploma in Business. Datuk Chai has had a fair share of experience in the automobile industry and Datuk Chai is currently the chairman of LCL M&E Engineering Sdn Bhd which specialized in mechanical and electrical engineering within the construction industry.

Datuk Chai is also the Group Managing Director of XOX Berhad, a mobile operator offering full fledge mobile service focusing on the niche market of the chinese community with innovative and revolutionary mobile and convergence services.

Cherng Chin Guan
(Executive Director)
Malaysian, aged 50

He was appointed on 17 April 2009. He is a Member of Remuneration Committee.

He is an Associate Member of the Chartered Institute of Management Accountants, Member of the Malaysian Institute of Accountants, Member of the Chartered Tax Institute of Malaysia. He has more than 20 years of professional experiences in provision of public practice services and management experiences in diversified industries. Other than Astral Supreme Berhad, he does not hold any other directorship in other public companies.

DIRECTORS' PROFILE

Wong Kwai Wah
(Executive Director)
Malaysian, aged 57

He was appointed on 5 March 2014.

He is a Member of New Zealand Institute of Chartered Accountants Member of Malaysian Institute of Accountants, Member of Chartered Tax Institute of Malaysia.

Mr Wong started his career in Messrs Ernst & Young and subsequently moved into the commercial world holding positions such as Finance Director in Goodman Fielder Wattie Australia, Senior GM of Larut Consolidated Bhd before being the Chief Executive Officer of Jackley Holdings Limited, a Hong Kong public Listed Company.

Mr Wong was a member of the Management Committee in the early stage of North South Highway project well as the initial member in the West Coast Expressway. He is currently an Executive Director of Consortium Zenith BUCG Sdn Bhd. Other than Astral Supreme Berhad, he does not hold any other directorship in other public companies.

Dato' Ir Mohamad Shokri Bin Abdullah
(Independent Non-Executive Director)
Malaysian, aged 61

He was appointed on 7 March 2014. He is a member of Nomination Committee.

He is a Member of Institute of Engineers Malaysia, Board of Engineers, Member of The Road Engineering Association of Malaysia, Member of Malaysian Water Association, Registered as a Professional Engineer (PE) and International Professional Engineer (Int. PE).

Dato’ Ir. Mohamad Shokri is an Executive Chairman of Jurutera Konsuit Maju Sdn Bhd and Dato’ Ir. Mohamad Shokri started his engineering career in Jabatan Kerja Raya Malaysia as a Road Engineer in Jabatan Kerja Raya Kelantan in July 1978. He then served in various positions include District Engineer Kuala Krai/Gua Musang, Timbalan Pengarah Jabatan Kerja Raya Perlis and Senior Project Engineer Johor Water Supply. Other than Astral Supreme Berhad, he does not hold any other directorship in other public companies.

Dato' Ng Aun Hooi
(Independent Non-Executive Director)
Malaysian, aged 52

Dato' Ng was appointed on 7 March 2014.

He graduated in Building Technology (Diploma) TARC and Master of Business Administration (MBA) Southern California University for Professional Studies (SCUPS). Dato’ Ng has more than 30 years of experience in Infrastructure and Building Construction and 15 years in Property Development. Other than Astral Supreme Berhad, he does not hold any other directorship in other public companies.

DIRECTORS' PROFILE

Yap Chi Keong
(Independent Non-Executive Director)
Malaysian, aged 62

Mr Yap was appointed on 24 August 2009. He is a Chairman of Audit Committee, Member of Nomination Committee and Chairman of Remuneration Committee.

He is a Chartered Accountant of Malaysian Institute of Accountants and an Associate Member of The Chartered Institute of Management Accountants, CGMA. He started his career as a management accountant with The News Group, United Kingdom. He later moved into industries where he held several senior accounting positions in public listed companies in Malaysia. He is currently in private practice as a management consultant specialising in corporate restructuring. He has several years experience in construction and property development. His other directorship in public company is Grand Hoover Berhad.

Andrew Lim Piow Tiang
(Independent Non-Executive Director)
Malaysian, aged 54

He was appointed on 7 March 2014. He is a Member of Audit Committee.

He holds Bachelor of Commerce, University of New South Wales, Australia. He is a Member of Malaysian Institute of Accountants and Member of Internal Auditors Malaysia.

Mr Andrew Lim has about 30 years of experience in financial and management accounting, budgeting, strategic planning, internal controls, risk management and general administration. His varied experience includes working in Australia and Malaysia. Other than Astral Supreme Berhad, he does not hold any other directorship in other public companies.

OTHER INFORMATION

a. Family Relationship

None of the Directors have any family relationship with any Director and/or major shareholder of the Company.

b. Conflict of Interest

None of the Directors have any conflict of interests with the Company.

c. Conviction for Offences

None of the Directors have been convicted for any offence within the past 10 years other than traffic offences.

d. Attendance for Board Meetings for the Financial Year Ended 31 December 2013

The Directors' attendance for the Board Meetings for the financial year ended 31 December 2013 is presented on Page 13 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ('the Board') acknowledges the importance of maintaining good corporate governance in the Group and is committed to ensure that the principles and best practices of corporate governance is practiced as a principle guide in discharging its duties under the principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012') and the extent of compliance with the Recommendations of the MCCG 2012 as required under MCCG 2012 during the financial year ended 31 December 2013 (FYE 2013).

The following statements set out the Group's compliance with the principles of the Code:-

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(i) The Board

The Group recognises the important role played by the Board in the stewardship of the Group's direction and operations, and ultimately, the enhancement of long-term shareholders' value. To fulfill this role, the Board is overall responsible for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues.

(ii) Board Balance

The current Board has eight (8) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors and four (4) Independent Non-Executive Directors, which is in compliance with Rule 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('MMLR').

The Board comprises a good mix of members who professionals from various backgrounds, bringing a wide range of experience and expertise in areas such as operations, strategy, finance, corporate affairs, legal and risk management to the helm of the Company. The Board is satisfied that the current Board composition facilitate effective decision making and independent judgment where no individual shall dominate the Board's decision making. The profiles of the members of the Board are set out in this Annual Report on pages 5 to 7.

(iii) Duties and Responsibilities of the Board

The responsibilities of the Board of Directors of the Company are as follows:

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business and ensure the implementation of appropriate systems to mange these risk; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

CORPORATE GOVERNANCE STATEMENT

(iv) Formalised Ethical Standards Through Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

(v) Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance.

(vi) Access to Information and Advice

The Directors whether as full Board or in their individual capacity, have full and unrestricted access to all information within the Group and direct access to the advice and services of the Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. At each meeting of the Board, the Secretary appraises the Board on the Group's compliance obligations and highlights non-compliances with legal, regulatory and statutory rules and guidelines, if any.

The notices of meetings and board papers are distributed to the Directors prior to Board meetings to provide Directors with sufficient time to deliberate on issues to be raised at the Board meetings. All proceedings and resolution pass at each meeting are properly minuted and filed by Secretary.

The Directors are also regularly updated and advised on new regulations, guidelines or directive issued by Bursa Malaysia, Securities Commission and other relevant regulatory authorities.

The Board also avails itself of independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. Additionally, the Board invites the senior management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

(vii) Qualified and Competent Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the Group Governance Model, ensuring it is effective and relevant. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions/recommendations by the Management till their closure.

CORPORATE GOVERNANCE STATEMENT

The Company Secretaries keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

(viii) Board Charter

The Company is currently in the midst of drafting the Board Charter, outlining the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors of the Company.

B. STRENGTHEN COMPOSITION

(i) Nomination Committee

The Nomination Committee consists of the following:-

Chairman:	Edlin Bin Ghazaly *(Independent Non-Executive Director)*
Members:	Yap Chi Keong *(Independent Non-Executive Director)*
	Dato' Ir. Mohamad Shokri bin Abdullah *(Independent Non-Executive Director)*

The duties and responsibilities of the Nomination Committee are as follows:-

- To recommend to the Board of Directors, candidates for directorships to be filled by the Shareholders or the Board of Directors;
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or Shareholder;
- To recommend to the Board, Directors to fill the seats on the Board Committees;
- To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;
- To assess the effectiveness of the Board of Directors as a whole and each individual Director/Committee of the Board; and
- To consider and examine such other matters as the Nomination Committee considers as appropriate.

CORPORATE GOVERNANCE STATEMENT

(ii) Appointments to the Board

The Board believes that the current composition of the Board comprises the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Board delegated to the Nomination Committee the responsibility of recommending the appointment of any new Directors. New appointees will be considered and evaluated by the Board and the Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Nomination Committee also annually reviews the effectiveness of the Board as a whole, its committees and the contribution of each individual Director, as well as the Chief Executive Officer. The Nomination Committee will ensure that all assessments and evaluations carried out are properly documented and filed.

(iii) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors, shall retire from office, at least once in three (3) years. The retiring Directors can offer themselves for re-election. The Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with section 129(6) of the Companies Act, 1965.

For the forthcoming Annual General Meeting, Mr Yap Chi Keong will retire by rotation pursuant to Article 80 and Datuk Chai Woon Chet, Mr Wong Kwai Wah, Encik Edlin Bin Ghazaly, Dato' Ng Aun Hooi, Dato' Ir. Mohamad Shokri bin Abdullah and Mr Andrew Lim Piow Tiang will retire pursuant to Article 79, being eligible, offer themselves for re-election.

(iv) Remuneration Committee

The Remuneration Committee consists of the following:-

Chairman:	Yap Chi Keong *(Independent Non-Executive Director)*
Members:	Edlin Bin Ghazaly *(Independent Non-Executive Director)*
	Cherng Chin Guan *(Executive Director)*

The duties and responsibilities of the Remuneration Committee are as follows:-

- To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advise or other outside advice;

CORPORATE GOVERNANCE STATEMENT

- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully;
- To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time; and
- To consider and examine such other matters as the Remuneration Committee considers appropriate

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

(a) Aggregate remuneration of the Directors categorised into appropriate components:

	Salaries and Fees (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	480,000	-	480,000
Non-Executive Directors	60,100	-	60,100

(b) The numbers of Directors whose total remuneration fall within the following bands:

Range	Executive	Non-Executive
Below RM50,000		4
RM50,001 – RM100,000		
RM100,001 – RM150,000	1	
RM250,001 – RM300,000	2	

The disclosure of directors' remuneration is made in accordance with Appendix 9C, item 11 of the Bursa Malaysia Securities Berhad's MMLR. This method of disclosure represents a deviation from the Best Practices set out in the MCCG 2012, which suggests separate disclosure of each director's remuneration. The Board of Directors is of the opinion that separate disclosure will impinge upon the directors' right of privacy.

CORPORATE GOVERNANCE STATEMENT

C. FOSTER COMMITMENT

(i) Meetings

The Board meets regularly on a quarterly basis and as and when required. There were seven (7) meetings held during the financial year and the attendance record is as follows:-

Name of Directors	Meetings attended
Edlin Bin Ghazaly *(Appointed on 26 June 2013)*	4/4
Datuk Chai Woon Chet *(Appointed on 5 March 2014)*	N/A
Cherng Chin Guan	7/7
Wong Kwai Wah *(Appointed on 5 March 2014)*	N/A
Yap Chi Keong	7/7
Dato' Ng Aun Hooi *(Appointed on 7 March 2014)*	N/A
Andrew Lim Piow Tiang *(Appointed on 7 March 2014)*	N/A
Dato' Ir. Mohamad Shokri bin Abdullah *(Appointed on 7 March 2014)*	N/A
Ong Tai Chin @ Wong Tai Chin *(Resigned on 5 March 2014)*	7/7
Lee Heng Khen *(Resigned on 7 March 2014)*	7/7
Siew Boon Yeong *(Resigned on 25 July 2013)*	3/3
Wee Tiew Toon *(Retired on 26 June 2013)*	3/4

To ensure that the Directors have the time to fulfil their roles and responsibility and to facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before beginning of every year. The Directors are also required to submit an update on their other directorships and shareholdings when there is a change.

(ii) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the MMLR. The Directors are also encouraged to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE STATEMENT

In addition, the following Directors have undergone the following training programmes for financial year ended 31 December 2013:-

Name of Directors	No. of days	Mode of Training	Title
Edlin Bin Ghazaly *(Appointed on 26 June 2013)*	1	Seminar	Nominating Committee Programme
Cherng Chin Guan	1	Seminar	2014 Malaysian Budget Proposals
Yap Chi Keong	1	Seminar	Board Chairman Series (Role of Chairman)
	1	Seminar	Risk Management & Internal Control

D. REINFORCE INDEPENDENCE

The Independent Non-Executive Directors provide an unbiased and independent view in ensuring that the strategies proposed by Management are fully deliberated and examined in the interest of the Company, minority shareholders, employees and the business communities in which the Company conducts its business.

(i) Annual Assessment of Independent Directors

In ensuring that independent judgements are not compromised, the Board has adopted a policy on assessment of independent on its independent directors as well as the new appointments. The Board assesses the independence of the independent directors on an annual basis taking into account the individual Director's ability to exercise independent judgment at all time and contribution to the effective functioning of the Board which bring an external perspective, challenge and help to develop proposals on strategy.

Based on the assessment conducted recently, the Board is generally satisfied with the level of independent demonstrated by the independent directors and their ability to act in the best interest of the Company.

(ii) Tenure of Independent Director

One of the recommendations under the MCCG 2012 is to limit the tenure of independent directors to not more than nine (9) years, cumulatively. The recommendation is based on the view that the independence of an independent director may be affected if his tenure exceeds a cumulative term of nine years either in a consecutive service of nine years or cumulative service of nine years interval. The Board may, upon the completion of the nine years, re-designate the independent directors to a non-independent director if it is so determined that the expertise and experience of the independent director is still relevant to the Company.

CORPORATE GOVERNANCE STATEMENT

(iii) Shareholders' approval for the retention of Independent Non-Executive Director

As at the end of the financial year, none of the independent Director has served more than a cumulative term of nine (9) years, for which the Independent Directors would be re-designated as an Non-Independent Director after the said nine (9) years of service, or to be officially re-elected by shareholders in general meetings.

(iv) Position of Chairman and Managing Director

There is a division of responsibility between the Chairman and the Managing Director to ensure a balance of power and authority. The roles of the Chairman and the Managing Director are separated and clearly defined. As part of good corporate governance, the Chairman is responsible for ensuring board effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda. In doing so, the Chairman will liaise with the Managing Director and the Company Secretary on agenda for board meeting. The Chairman encourages healthy debates on issues raised at meetings and gives opportunity to directors who wish to speak on the motions, either for or against them. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not the views of an individual or an interested group. The Chairman also chairs the meeting of shareholders of the Company. At the general meetings of the Company, the Chairman will ensure that the shareholders are given the opportunity to enquire on the company's affairs. The Managing Directors focuses on the business and the day-to-day management of the Company. He is the conduit between the Board and Management in ensuring the success of the Company's governance and management functions. The Managing Director implements the policies, strategies and decisions adopted by the Board.

The Board is chaired by a Non-Independent Non-Executive Chairman. Whilst the Company supports the recommendations made under MCCG 2012, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Executive Non-Independent Director for the time being. The Board is of the view that the Chairman will remain objective in expressing his views and will allow all Board members the opportunity to participate and express their views in deliberations and decision making in the Board without fear or favour. In addition, any decision arrived at the Board is made on consensus. The Board will endeavour that the composition of the independent directors comprise of more than one third (1/3) of the Board to ensure balance of power and authority on the Board.

E. SHAREHOLDERS

(i) Dialogue between Companies and Investors

The Group recognises the importance of keeping shareholders informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, circulars to shareholders, quarterly financial results and various announcements made from time to time. Alternatively, they may obtain the

CORPORATE GOVERNANCE STATEMENT

Company's latest announcements via Bursa Malaysia's website at www.bursamalaysia.com. The Group also maintains a website at www.astral-supreme.com to enable easy and convenient access to up-to date information relating to the Group.

(ii) Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. All shareholders are encouraged to participate in discussions with the Board on matters relating to the Group's operations and performance at the Company's AGM.

(iii) Encourage poll voting

Shareholders also have the right to demand poll vote for substantive resolutions and the detailed results showing the number of votes cast for and against each resolution will be announced through Bursa Malaysia.

At the last AGM, there were no substantive resolutions put forth for shareholders' approval as such all resolutions tabled for shareholders' approval were voted by a show of hands.

F. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act 1965 and Financial Reporting Standards so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Group and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

(a) selecting suitable accounting policies and applying them consistently;

(b) stating whether applicable accounting standards have been followed;

(c) making judgements and estimates that are reasonable and prudent; and

(d) preparing the financial statements on a going concern basis, having made reasonable enquiries and assessments on the resources of the Group on its ability to continue further business in foreseeable future.

CORPORATE GOVERNANCE STATEMENT

(ii) Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors, the composition and Term of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its Terms of Reference and necessary resources which it need to do so and full access to information. The Audit Committee also meets twice a year with the External Auditors without the presence of the Executive Board members to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee also meets with the external auditors additionally wherever it deems necessary.

(iii) Risk Management and Internal Control

The Statement of Risk Management and Internal Control furnish on this annual report provides an overview of the system of risk management and internal control within the Group.

(iv) Internal Audit Function

The Company has outsourced its internal audit division to assist the Audit Committee to discharge their responsibilities and duties. The role of internal audit is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively

The internal audits cover the review of adequacy of risk management, operational controls and compliance with established procedures, guidelines and statutory requirements.

The Board does not identified a head of internal audit who reports directly to the Audit Committee and responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company during the financial year.

(v) Ensure Timely and High Quality Disclosure

Corporate Disclosure Policy

The Company has long observed the continuing disclosure obligation imposed upon a listed issuer by Bursa Malaysia. The Company will:

- Provide shareholders, investors, analyst, media representatives and other stakeholders with comprehensive, accurate and quality information issued by the Company on a timely and even basis;
- Raise awareness and provide guidance to the Board, management, officers and employees on the Company's disclosure requirements and practices;

CORPORATE GOVERNANCE STATEMENT

- Ensure that the Company meets its disclosure obligations in accordance with the securities laws and regulations governing corporate disclosure and confidentiality in relation to securities listed on Bursa Malaysia;
- Ensure that the Company observes best practices in relation to disclosure as illustrated in the Corporate Disclosure Guide by Bursa Malaysia; and
- Promote investor confidence in the integrity of the Company.

The policy is applicable to the conduct of directors, officers, managers and employees of the Company and to all method that the Company uses to communicate with the investing public in the dissemination of material information especially price sensitive information.

Leverage on Information Technology for Effective Dissemination

The Company uses its website to disseminate information and enhance its investor relation. The Company's website, www.astral-supreme.com contains information about the Company, its products and business, announcements which have been made available to the public as well as other areas of interest to the public.

All timely disclosure and material information documents will be posted on the website as soon as possible after release by the news wire service.

(vi) Relationship with Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The external auditors in turn are able to highlight matters requiring the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

COMPLIANCE WITH THE CODE

The Board considers that the Group has substantially complied with the Best Practices as stipulated in Principles and Recommendation of the MCCG 2012 throughout the financial year ended 31 December 2013.

ADDITIONAL COMPLIANCE INFORMATION

a. Share buybacks

There was no share buybacks by the Company during the financial year.

b. Options, Warrants and Convertible Securities

There were 21,600 ordinary shares issued in relation to the conversion of 21,600 Irredeemable Convertible Unsecured Loan Stocks during the financial year ended 31 December 2013.

There was no exercise of Warrant A and Warrant B and the Company did not issue any convertible securities during the financial year ended 31 December 2013.

c. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

d. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

e. Non-Audit Fees

There were no non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group for the financial year ended 31 December 2013.

f. Variance from Unaudited Results Previously Announced

There is a variance of 10% or more between the audited results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projections for the financial year.

g. Profit Guarantee

There was no profit guarantee subsisting during the financial year.

h. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year.

i. Contract Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of the preceding item.

ADDITIONAL COMPLIANCE INFORMATION

j. Employee Share Scheme

There were no employee share scheme implemented or in operation during the financial year.

k. Corporate Social Responsibility (CSR)

The Group through its Board will uphold its responsibilities to the community and environment by ensuring that proper waste management when conducting its business is practiced continually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("The Board") of Astral Supreme Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2013, which has been prepared in accordance with the Statement on Risk Management and Internal Control : Guidance for Directors of Public Listed Companies ("Internal Control Guidance") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

BOARD'S RESPONSIBILITY

The Board recognises its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity in order to safeguard the assets of the Group in accordance with Section 167A of the Companies Act, 1965. However, due to the limitations that are inherent in any systems of internal control, these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurances against material misstatement or loss.

RISK MANAGEMENT

The Board maintains an on-going commitment to enhance the Group's control environment and processes as risk management is regarded as an integral part of the business operations. The Board is involved in managing the risks relating to various aspects of the Group's business and ensures that a system of internal controls is established to address certain compliance, operational, and financial risks. The key risks relating to the Group's operations are to be addressed at Management's periodic meetings. Significant risks identified by the Management are to be brought to the attention of the Board at their scheduled meetings.

Given the possible irregularities which have recently come to the Board's attention, it is the Board's view that there may be a need to review and enhance the implementation of and continued adherence to the said practices/initiatives. For this reason, the Board intends to review in detail the functional capabilities and/or effectiveness of the existing risk management framework by commissioning an independent internal audit firm to carry out a detailed review of prevailing internal controls.

SYSTEM OF INTERNAL CONTROLS

The key elements of the Group's system of internal control are described below:-

* Audit Committee comprises of all non-executive directors, majority of whom are independent who hold regular meetings through the financial year. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. They have full and unimpeded access to both the internal as well as external auditors during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

* Clearly defined responsibilities and lines of authorities for committees of the Board and operating units which include amongst others approval of capital expenditure and investment programmes.

* Regular and comprehensive information provided to the Management and the Board of Directors, encompassing financial and operational performance and key business indicators, for effective monitoring and decision making.

* Operations and Financials SummarySales prepared by the Management are discussed with the Board and compared against actual performance.

* In relation to the Group's businesses of manufacturing and assembly of electrical and electronic products, control on quality of the manufacturing and assembly process is implemented in accordance with Certified Quality Systems and the MS ISO 9001:2000 Quality Management System requirements.

* Regular visits to operating units by members of the Board and senior management.

The Board remains committed towards continuous improvement and enhancement of its system of risk management and internal control and is of the view that there would be a need to review the effectiveness of the internal audit function to ensure appropriate action is taken to enhance and strengthen the system of internal controls. Due to recent developments, the Board will be commissioning an independent review of the adequacy of the Group's system of internal controls and risk management framework to safeguard shareholders' investments and the Group's assets. The Board is cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Upon completion of the independent review, the Board will put in place appropriate action plans to further enhance the system of internal controls.

AUDIT COMMITTEE REPORT

I. MEMBERSHIP

Name of Director	Designation
Yap Chi Keong	Chairman of Audit Committee *(Independent Non-Executive Director)*
Edlin Bin Ghazaly	Member of Audit Committee *(Independent Non-Executive Director)*
Andrew Lim Piow Tiang	Member of Audit Committee *(Independent Non-Executive Director)*

In line with the Corporate Governance Code, all three (3) members of the Audit Committee are Non-Executive Directors. Majority of the Audit Committee members are Independent Directors. Mr. Yap Chi Keong), a Chartered Accountant with Malaysian Institute of Accountants (MIA), an Associate member of Chartered Institute of Management Accountants, CMGA. In this respect, Astral Supreme Berhad is in compliance with Paragraph 15.09(1)(c) of the MMLR.

II. TERMS OF REFERENCE OF THE COMMITTEE

1. Constitution

The Committee was established by the Board on 2 November 1998.

2. Membership and Meetings

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members. All members of the Committee must be non-executive directors, with a majority being independent directors and at least one member of the Committee shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967. The Chairman of the Committee shall be an independent non-executive director appointed by the Board and the Secretary of the Committee shall be the Company Secretary.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be convened at any time at the discretion of the Chairman of the Committee. Other members of the Board and employees may attend the meetings upon the invitation of the Committee. At least once a year, the committee shall meet the external auditors, without the presence of any other directors and employees of the Company. The external auditors may request for a meeting if they consider that it is necessary.

AUDIT COMMITTEE REPORT

All or any members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The quorum of all meetings of the Committee shall be two (2) and the majority of members present must be independent directors. Any decision shall be by a simple majority. The Chairman of the Committee shall report on each meeting to the Board.

The Secretary of the Committee shall give notice of the meeting including the agenda together with all relevant documents to all members of the Committee prior to the meeting. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. Any persons who may be required to attend shall also be notified by the Secretary accordingly.

3. Authority

The Committee is authorised by the Board and at the cost of the Company to:-

a) investigate any matter within its terms of reference;

b) have the resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the Company and the Group;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e) obtain independent professional or other advice; and

f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of the executive members and employees of the Company, whenever deemed necessary.

Notwithstanding the above, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

4. Responsibility

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the Committee has the responsibility to promptly report such matter to Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

5. Review of the Committee

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

6. Duties

The duties of the Committee are to:-

a) consider the appointment, resignation and dismissal of the external auditors and the audit fees;

b) review the nature and scope of the audit with the internal and external auditors before the audit commences;

c) review the quarterly and annually financial statements of the Group, focusing on the matters set out below, and thereafter to submit them to the Board :-

(i) any changes in accounting policies and practices;

(ii) significant and unusual events;

(iii) significant adjustments arising from the audit;

(iv) the going concern assumption;

(v) compliance with accounting standards and other legal requirements.

d) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;

e) review with the external auditor, his valuation of the system of internal controls;

f) review the audit reports and management letters prepared by the external auditors, the major findings and management's responses thereto;

g) with regards to internal audit function :-

(i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(ii) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;

AUDIT COMMITTEE REPORT

(iii) review any appraisal or assessment of the performance of members of the internal audit function;

(iv) approve any appointment or termination of senior staff members of the internal audit function;

(v) be informed of any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(vi) consider the appointment, resignation and dismissal of the internal audit service provider (where the internal audit function is outsourced);

h) consider any related party transactions and conflict of interest situations that may arise within the Group;

i) consider the major findings of internal investigations and management's response;

j) review the assistance given by the Group's employees to the auditors; and

k) consider any other issues as may be designated by the Board from time to time.

III. SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the financial year:-

1. Reviewed the quarterly and annual financial statements of the Group prior to presentation to the Board for approval.

2. Reviewed and discussed with the external auditors on their scope of work, audit plan and procedures prior to the commencement of audit.

3. Reviewed and discussed the Group's annual financial statements with the external auditors including issues and findings noted in the course of the audit of the Group's financial statements.

4. Reviewed and discussed the major issues raised in the internal audit reports, audit recommendations, management response and actions taken to strengthen the status of internal controls of the Group.

5. Appointment of PKF Advisory Sdn Bhd to conduct an Investigative Audit and report of the necessary actions thereon.

AUDIT COMMITTEE REPORT

IV. INTERNAL AUDIT FUNCTION

The internal audit function has been outsourced to an independent professional firm which reports directly to the Audit Committee. The internal auditors are independent of the activities they audit and their terms and engagement provide for their services to be performed in accordance with the standards for the Professional Practice of Internal Auditing that are issued by The Institute of Internal Auditors.

During the financial year, the Internal Auditors reviewed which was outsourced undertake an internal control review to evaluate the adequacy of controls and processes of the subsidiary.

The scope of work covered on the following areas are as follows:-

* purchasing planning
* sourcing of supply
* managing and processing of purchases
* supplier selection and performance review
* supplier database and relation management

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2013 was approximately RM9,000.

Further information on the internal audit function is set out in the Statement on Risk Management and Internal Control.

V. DETAILS OF ATTENDANCE

The Audit Committee met five times during the financial year and details of attendance are as follows:-

Directors	Number of meetings attended
Yap Chi Keong	5/5
Edlin Bin Ghazaly *(Appointed on 26 June 2013)*	2/2
Andrew Lim Piow Tiang *(Appointed on 7 March 2014)*	N/A
Dato' Siew Boon Yeong *(Resigned on 25 July 2013)*	3/3
Wee Tiew Toon *(Retired on 26 June 2013)*	3/3

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ('the Act') to prepare the financial statements for each financial year which have been made out in accordance with applicable Financial Reporting Standards in Malaysia, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and the results and cash flow of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Act and applicable approved accounting standards in Malaysia.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2013.

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies and associated company are stated in Note 6 and 7 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Loss for the year attributable to:-		
Owners of the Company	(25,586,793)	(13,421,317)

The financial results for the year should be read in conjunction with Note 42 to the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT

Issue of Shares and Debentures

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by creation of 2,000,000,000 new ordinary share of RM0.20 each.

The issued and paid-up share capital of the Company was increased from RM34,217,370 to RM57,689,010 by:-

(a) issuance of 117,336,600 new ordinary shares of RM0.20 each ("Right Shares") together with 70,401,960 free warrants ("Warrants") at an issue price of RM0.20 per Right Share on the basis of five (5) Right Share together with three (3) Warrant for every one (1) existing ordinary share of RM0.20 each ("Right Issue Of Shares With Warrants") upon completion of Corporate Exercise; and

(b) issuance of 21,600 Irredeemable convertible unsecured loan stocks ("ICULS") were converted into 21,600 new ordinary shares of RM0.20 each of the Company by surrendering for cancellation RM0.10 nominal value of ICULS and paying RM0.10 cash for every one (1) new ordinary share of RM0.20 each in the Company.

The new ordinary shares issued from both Rights Shares and conversion of ICULS during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors who served since the date of the last report are as follows:

Cherng Chin Guan	
Yap Chi Keong	
Datuk Chai Woon Chet	(Appointed on 5.3.2014)
Wong Kwai Wah	(Appointed on 5.3.2014)
Dato' Ng Aun Hooi	(Appointed on 7.3.2014)
Andrew Lim Piow Tiang	(Appointed on 7.3.2014)
Dato' Ir. Mohamad Shokri Bin Abdullah	(Appointed on 7.3.2014)
Edlin Bin Ghazaly	(Appointed on 16.6.2013)
Chong Loong Men	(Appointed on 7.3.2014 and resigned on 26.5.2014)
Ong Tai Chin @ Wong Tai Chin	(Resigned on 5.3.2014)
Lee Heng Khen	(Resigned on 7.3.2014)
Siew Boon Yeong	(Resigned on 25.7.2013)
Wee Tiew Toon	(Retired on 26.6.2013)

DIRECTORS' REPORT

Directors' Interests

Details of holdings and deemed interests in the shares and options over shares of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	No. of ordinary shares of RM0.20 each			
	At 1.1.2013	**Acquired**	**Disposed**	**At 31.12.2013**
Direct interest:				
Ong Tai Chin @ Wong Tai Chin (Resigned on 5.3.2014)	17,715,000	19,415,000	-	37,130,000
Cherng Chin Guan	6,631,000	13,631,000	(1,250,000)	19,012,000
Yap Chi Keong	10,100	10,100	-	20,200
Lee Heng Khen (Resigned on 7.3.2014)	-	100,000	-	100,000

	No. of ICULS of RM0.10 each			
	At 1.1.2013	**Acquired**	**Disposed**	**At 31.12.2013**
Direct interest:				
Ong Tai Chin @ Wong Tai Chin (Resigned on 5.3.2014)	2,021,000	-	-	2,021,000
Yap Chi Keong	400	-	-	400

	No. of Warrant B 13/18 of RM0.10 each			
	At 1.1.2013	**Acquired**	**Disposed**	**At 31.12.2013**
Direct interest:				
Ong Tai Chin @ Wong Tai Chin (Resigned on 5.3.2014)	-	10,629,000	(6,768,000)	3,861,400
Cherng Chin Guan	-	7,578,600	(7,518,000)	60,600
Yap Chi Keong	-	6,060	(6,060)	-

None of the other Directors holding office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, no Director of the Group and of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Statutory Information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of circumstances except for the matters as explained in Note 42:-

(i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

(c) No contingent or other liabilities of the Group and of the Company that has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

(d) At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

(e) In the opinion of the Directors, except for the matters disclosed in Note 42:-

(i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2013 were not substantially affected by items, transactions or events of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, there may be items, transactions or events of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year.

Corporate Exercise

The corporate exercise completed during the financial year is disclosed in Note 40 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 41 to the financial statements.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

CHERNG CHIN GUAN

YAP CHI KEONG

KUALA LUMPUR
30 MAY 2014

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, CHERNG CHIN GUAN and YAP CHI KEONG, being two of the Directors of ASTRAL SUPREME BERHAD, do hereby state that, in the opinion of the Directors, except forthe matters highlighted in Note 42 to the financial statements, the financial statements set out on pages 39 to 95 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and the cash flows for the financial year then ended.

The information set out in Note 43 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors.

CHERNG CHIN GUAN

YAP CHI KEONG

KUALA LUMPUR
30 MAY 2014

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, CHERNG CHIN GUAN, being the Director primarily responsible for the financial management of ASTRAL SUPREME BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, except for the matters highlighted in Note 42 to the financial statements, the accompanying financial statements set out on pages 39 to 95, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed CHERNG CHIN GUANat)
KUALA LUMPUR in the Federal Territory)
this 30 May 2014.)

CHERNG CHIN GUAN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL SUPREME BERHAD

(Company No. : 442371-A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Astral Supreme Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equities and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 95.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL SUPREME BERHAD
(Company No. : 442371-A)
(Incorporated in Malaysia)

Emphasis of Matter

We draw your attention to Note 42 to the financial statements. The Group had reversed revenue amounting to approximately RM4.88 million during the current financial year due to certain unusual sales.

We also wish to highlight the unauthorised unusual large payments amounting to RM12.84 million alleged to be made by the former Managing Director during the financial year.

Basis of Qualified Opinion

As disclosed in Note 5 and 9 to the financial statements, the Group had entered into a sales contract in the previous financial year amounting to RM41.08 million. The contract was subsequently terminated by the customer during the current financial year. Pursuant to the sales contract, property, plant and equipment and inventory were acquired with carrying amount of RM2.73 million and RM2.41 million respectively as at 31 December 2013. In view of the uncertainty over the continued usage of the property, plant and equipment and the subsequent sales of the inventories, we were unable to obtain sufficient evidence to ascertain the recoverability of the property, plant and machinery and inventory as at 31 December 2013.

Qualified Opinion

In our opinion, except for the effects of the matters referred to in the Basis of Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

(a) Except for the matter as described in the Basis of Qualified Opinion paragraph, the accounting and other records of the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) The registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL SUPREME BERHAD
(Company No. : 442371-A)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accorfance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

TAN POH LING
Approved Number: 2564/03/15(J)
Partner of Firm

KUALA LUMPUR
30 MAY 2014

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	5	8,304,405	7,431,780	60,899	80,256
Investment in subsidiary companies	6	-	-	1,100,004	4,094,575
Investment in associated company	7	-	-	-	-
Deferred tax assets	8	20,516	23,085	20,516	23,085
		8,324,921	7,454,865	1,181,419	4,197,916
Current Assets					
Inventories	9	4,719,062	3,210,319	-	-
Trade receivables	10	797,400	5,293,987	-	-
Other receivables	11	1,591,112	1,311,004	34,798	397,167
Amount owing by subsidiary companies	12	-	-	26,924,563	7,615,326
Amount owing by associated company	13	500,000	7,987,994	500,000	7,556,675
Fixed deposit with a licensed bank	14	3,550,000	50,000	-	-
Cash and bank balances		1,919,225	48,434	13,830	14,710
		13,076,799	17,901,738	27,473,191	15,583,878
Current Liabilities					
Trade payables	15	1,660,971	1,563,698	-	-
Other payables	16	1,540,032	1,882,609	178,742	594,149
Amount owing to subsidiary companies	12	-	-	160,906	60,340
Amount owing to Directors	17	278,817	397,921	278,817	397,921
Finance lease liabilities	18	274,527	568,016	-	-
Term loan	19	257,758	240,584	-	-
		4,012,105	4,652,828	618,465	1,052,410
Net current assets		9,064,694	13,248,910	26,854,726	14,531,468
		17,389,615	20,703,775	28,036,145	18,729,384

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 (CONT'D)

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Financed By:					
Share capital	20	57,689,010	34,217,370	57,689,010	34,217,370
Share premium	21	6,993,520	10,245,398	6,993,520	10,245,398
Capital reserve	22	5,527,459	5,527,459	5,527,459	5,527,459
Irredeemable convertible unsecured loan stocks ("ICULS")	23	1,106,482	1,108,276	1,106,482	1,108,276
Warrants reserve	24	4,418,033	1,897,643	4,418,033	1,897,643
Accumulated losses		(59,110,949)	(33,524,156)	(47,780,570)	(34,359,253)
Equity attributable to owners of the Company		16,623,555	19,471,990	27,953,934	18,636,893
Non-Current Liabilities					
Deferred tax liabilities	8	151	151	151	151
ICULS	23	82,060	92,340	82,060	92,340
Finance lease liabilities	18	-	225,253	-	-
Term loan	19	683,849	914,041	-	-
		766,060	1,231,785	82,211	92,491
		17,389,615	20,703,775	28,036,145	18,729,384

The accompanying notes from an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	25	4,170,879	10,965,794	480,000	480,000
Cost of sales		(10,575,647)	(7,584,936)	-	-
Gross (loss)/profit		(6,404,768)	3,380,858	480,000	480,000
Other operating income		146,102	16,025	43,640	-
Selling and marketing expenses		(594,439)	(523,459)	-	-
Administration expenses		(18,645,872)	(2,109,888)	(1,3979,193)	(341,404)
(Loss)/Profit from operations	26	(25,498,977)	763,536	(13,455,553)	138,596
Finance costs	27	(85,189)	(152,798)	36,805	26,574
(Loss)/Profit before taxation		(25,584,166)	610,738	(13,418,748)	165,170
Taxation	28	(2,627)	(231,551)	(2,569)	(231,551)
(Loss)/Profit/Total comprehensive (expense)/income for the financial year, net of tax		(25,586,793)	379,187	(13,421,317)	(66,381)
(Loss)/Earnings per share attributable to owners of the Company:					
Basic (sen)	29(a)	(11.06)	0.25		
Diluted (sen)	29(b)	(7.36)	Not applicable		

The accompanying notes from an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to Owners of the Company						
	Non-distributable					Distributable	
Group	**Share Capital** (Note 20)	**Share Premium** (Note 21)	**Capital Reserve** (Note 22)	**ICULS** (Note 23)	**Warrant Reserve** (Note 24)	**Accumulated Losses**	**Total Equity**
2013	RM	RM	RM	RM	RM	RM	RM
At 1 January 2013	34,217,370	10,245,398	5,527,459	1,108,276	1,897,643	(33,524,156)	19,471,990
Issuance of ordinary shares pursuant to:-							
- rights issue	23,467,320	-	-	-	-	-	23,467,320
- conversion of ICULS units	4,320	-	-	(1,794)	-	-	2,526
Issuance of Warrant B 13/18		(2,520,390)	-	-	2,520,390	-	-
Corporate exercise expenses relating to rights issue	-	(731,488)	-	-	-	-	(731,488)
(Loss)/Total comprehensive expenses for the financial year	-	-	-	-	-	(25,586,793)	(25,586,793)
At 31 December 2013	57,689,010	6,993,520	5,527,459	1,106,482	4,418,033	(59,110,949)	16,623,555
2012							
At 1 January 2012	23,321,440	10,190,038	5,527,459	5,616,490	1,953,003	(33,903,343)	12,705,087
Issuance of ordinary shares pursuant to:-							
- conversion of ICULS units	10,669,970	-	-	(4,508,214)	-	-	6,161,756
- warrants exercised	225,960	55,360	-	-	(55,360)	-	225,960
Profit/Total comprehensive income for the financial year	-	-	-	-	-	379,187	379,187
At 31 December 2012	34,217,370	10,245,398	5,527,459	1,108,276	1,897,643	(33,524,156)	19,471,990

The accompanying notes from an integral part of the financial statements.

COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Attributable to Owners of the Parent						
	Non-distributable					Distributable	
Company	**Share Capital** (Note 20)	**Share Premium** (Note 21)	**Capital Reserve** (Note 22)	**ICULS** (Note 23)	**Warrant Reserve** (Note 24)	**Accumulated Losses**	**Total Equity**
2013	RM	RM	RM	RM	RM	RM	RM
At 1 January 2013	34,217,370	10,245,398	5,527,459	1,108,276	1,897,643	(34,359,253)	18,636,893
Issuance of ordinary shares pursuant to:-							
- rights issue	23,467,320	-	-	-	-	-	23,467,320
- conversion of ICULS units	4,320	-	-	(1,794)	-	-	2,526
Issuance of Warrant B 13/18	-	(2,520,390)	-	-	2,520,390	-	-
Corporate exercise expenses relating to rights issue	-	(731,488)	-	-	-	-	(731,488)
(Loss)/Total comprehensive expenses for the financial Year	-	-	-	-	-	(13,421,317)	(13,921,317)
At 31 December 2013	57,689,010	6,993,520	5,527,459	1,106,482	4,418,033	(47,580,570)	27,453,934
2012							
At 1 January 2012	23,321,440	10,190,038	5,527,459	5,616,490	1,953,003	(34,292,872)	12,315,558
Issuance of ordinary shares pursuant to:-							
- conversion of ICULS by units	10,669,970	-	-	(4,508,214)	-	-	6,161,756
- warrants exercised	225,960	55,360	-	-	(55,360)	-	225,960
Loss)/Total comprehensive expenses for the financial Year	-	-	-	-	-	(66,381)	(66,381)
At 31 December 2012	34,217,370	10,245,398	5,527,459	1,108,276	1,897,643	(34,359,253)	18,636,893

The accompanying notes from an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Cash Flows From Operating Activities					
Cash receipts from customers and other receivables		4,964,283	8,304,502	150,369	579,831
Cash payments to suppliers and employees		(16,141,688)	(11,142,151)	(2,369,980)	(500,395)
Cash (used in)/generated from operations		(11,177,405)	(2,837,649)	(2,219,611)	79,436
Taxation paid		(58)	-	-	-
Net cash (used in)/generated from operating activities		(11,177,463)	(2,837,649)	(2,219,611)	79,436
Cash Flows From Investing Activities					
Interest received		73,845	246	43,640	-
Research expenditure paid		(2,361,270)	-	-	-
Proceeds from disposal of property, plant and equipment		65,000	-	-	-
Purchase of property, plant and equipment	30	(1,710,646)	(2,503,084)	-	(77,435)
Acquisition of subsidiaries	6(c)	-	-	-	(4)
Net cash (used in)/generated from investing activities		(3,933,071)	(2,502,838)	43,640	(77,439)
Cash Flows From Financing Activities					
Interest paid		(139,451)	(196,887)	(17,457)	(17,515)
Advances (to)/from Directors		(119,104)	207,962	(119,104)	207,962
Advances to associated company		(2,000,000)	580,720	(2,000,000)	430,720
Advances to subsidiaries		-	-	(19,159,988)	(6,091,697)
Repayment of term loan		(213,018)	(175,375)	-	-
Placement of fixed deposit with a licensed bank		-	(50,000)	-	-
Repayment of finance lease liabilities		(518,742)	(476,972)	-	-
Net proceeds from rights issue exercise		23,467,320	-	23,467,320	-
Proceeds from conversion of ICULS and warrants into share capital		4,320	5,468,480	4,320	5,468,480
Net cash generated from/(used in) financing activities		20,481,325	5,357,928	2,175,091	(2,050)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Net increase/(decrease) in cash and cash equivalents	5,370,791	17,441	(880)	(53)
Cash and cash equivalents at beginning of the financial year	58,434	40,993	14,710	14,763
Cash and cash equivalents at end of the financial year	5,429,225	58,434	13,830	14,710
Cash and cash equivalents at end of the financial year comprises:				
Cash and bank balances	1,919,225	48,434	13,830	14,710
Fixed deposit with a licensed bank	3,550,000	50,000	-	-
	5,469,225	98,434	13,830	14,710
Less: Deposit pledged with a licensed bank	(40,000)	(40,000)	-	-
	5,429,225	58,434	13,830	14,710

The accompanying notes from an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies and associated company are stated in Note 6 and 7 to the financial statements respectively.

The Company is a public company limited by shares incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business of the Company is located at Lot 20, Kulim Industrial Estate, 09000 Kulim, Kedah Darul Aman.

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors dated 30 May 2014.

2. Basis of Preparation

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the significant accounting policies below and in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation (Cont'd)

Accounting standards, amendments to accounting standards and interpretations that are effective for the Group and the Company's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, "Consolidated Financial Statements"
- MFRS 11, "Joint arrangements"
- MFRS 12, "Disclosures of Interests in Other Entities"
- MFRS 13, "Fair Value Measurement"
- The revised MFRS 127, "Separate Financial Statements"
- The revised MFRS 128, "Investments in Associates and Joint Ventures"
- Amendments to MFRS 101 "Presentation of items of other comprehensive income"
- Amendment to MFRS 119, "Employee benefits"
- Amendment to MFRS 7, "Financial Instruments: Disclosures"
- Amendments to MFRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
- Annual improvements 2009 – 2011 Cycle
- IC Interpretation 20, "Stripping costs in the production phase of a surface mine"

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Group and the Company.

The Group has decided to early adopt the amendments to MFRS 136 "Impairment of assets" which removed certain disclosures relating to the recoverable amount of CGUs which had been included in MFRS 136 by the adoption of MFRS 13.

Accounting standards, amendments to accounting standards and interpretations that are applicable for the Group and the Company in the following periods but are not yet effective:

Financial year beginning on/after 1 January 2014

<u>Amendments to MFRS 132 Financial Instruments: Presentation</u>

These amendments clarifies the meaning of "currently has a legally enforceable right of set-off" that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business and is not contingent on a future event. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

<u>IC Interpretation 21 Levies</u>

This interpretation provides guidance that accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified into two measurement categories: those measured as at fair value and those measured at amortised cost at initial recognition. This classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the instrument. The Standard retains most of the MFRS 139 requirements for financial liabilities. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

The impact of MFRS 9 is still being assessed. Aside from the above mentioned, the adoption of the accounting Standards, amendments to accounting standards and interpretations are not expected to have a material impact to the financial statements of the Group and the Company.

Accounting standards, amendments to accounting standards and interpretations that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 139, "Novation of Derivatives and Continuation of Hedge Accounting"
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities"

3. **Significant Accounting Policies**

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise stated.

(a) Functional and presentation currency

Items included in the financial statements the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant Accounting Policies (Cont'd)

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment if the carrying value exceeds the recoverable amount of the associate and recognises the difference as impairment losses in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Investment in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Plant and machinery	5 - 10 years
Furniture, fittings and equipment	5 - 10 years
Tools and equipment	5 - 10 years
Electrical fittings	5 - 10 years
Motor vehicles	5 - 10 years
Renovation	2 - 3 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. (Refer to accounting policy Note 3(f) on impairment of non-financial assets).

(e) Goodwill arising on consolidation

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate impairment has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined on a first-in-first-out basis. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overhead.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(h) Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(iii) Subsequent measurement (Cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(j) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(l) Lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

(m) Borrowing costs

Borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(n) Provision for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(o) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the profit or loss upon performance of services and is measured at the fair value of the consideration receivable.

(ii) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and effective interest rate applicable.

(iii) Management fee income

Management fee income is recognised on an accrued basis.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Same as per foreign contribution plans in their respective countries. Such contributions are recognised as an expense in the profit or loss as incurred.

(r) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(t) Irredeemable convertible unsecured loan stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of ICULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position.

The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instruments.

The interests on ICULS are recognised as finance cost in the profit or loss using the effective interest rate method.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in equity.

(u) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

(v) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(w) Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

4. **Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 3(e). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Group's goodwill on consolidation has been fully impaired.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Objective evidence of impairment is determined based on the evaluation of collectability and aged analysis of accounts. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each loan and receivable. If the financial conditions of loans and receivables with which the Group deals were to deteriorate, resulting in an impairment of the ability to make payments, additional impairment may be required.

(c) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 3(d)(ii). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Significant Accounting Estimates and Judgements (Cont'd)

(d) Impairment of inventory

Impairment of inventory is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of vehicle models and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the impairment recorded.

NOTES TO THE FINANCIAL STATEMENTS

5. Property, Plant and Equipment

Group 2013	**Plant and machinery** RM	**Furniture, fittings and equipment** RM	**Tools and equipment** RM	**Electrical fittings** RM	**Motor vehicles** RM	**Renovation** RM	**Total** RM
Cost							
At 1.1.2013	12,346,551	1,789,737	2,299,879	368,920	92,000	162,477	17,059,564
Additions	486,795	109,478	20,598	-	-	1,093,775	1,710,646
Disposal	(659,047)	-	-	-	-	-	(659,047)
At 31.12.2013	12,174,299	1,899,215	2,320,477	368,920	92,000	1,256,252	18,111,163
Accumulated depreciation							
At 1.1.2013	5,441,471	1,601,074	2,061,023	368,920	91,999	63,297	9,627,784
Charge for the financial year	659,570	49,677	66,902	-	-	61,870	838,019
Disposal	(659,045)	-	-	-	-	-	(659,045)
At 31.12.2013	5,441,996	1,650,751	2,127,925	368,920	91,999	125,167	9,806,758
Carrying amount							
At 31.12.2013	6,732,303	248,464	192,552	-	1	1,131,085	8,304,405

NOTES TO THE FINANCIAL STATEMENTS

5. **Property, Plant and Equipment (Cont'd)**

Group 2012	Plant and machinery RM	Furniture, fittings and equipment RM	Tools and equipment RM	Electrical fittings RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost								
At 1.1.2012	6,929,270	1,651,180	2,043,643	368,920	519,597	59,512	2,081,955	13,654,077
Additions	3,335,326	138,557	256,236	-	-	102,965	-	3,833,084
Reclassification	2,081,955	-	-	-	-	-	(2,081,955)	-
Disposal	-	-	-	-	(427,597)	-	-	(427,597)
At 31.12.2012	12,346,551	1,789,737	2,299,879	368,920	92,000	162,477	-	17,059,564
Accumulated depreciation								
At 1.1.2012	4,917,411	1,568,227	2,006,035	368,920	519,595	59,512	-	9,439,700
Charge for the financial year	524,060	32,847	54,988	-	-	3,785	-	615,680
Disposal	-	-	-	-	(427,596)	-	-	(427,596)
At 31.12.2012	5,441,471	1,601,074	2,061,023	368,920	91,999	63,297	-	9,627,784
Carrying amount								
At 31.12.2012	6,905,080	188,663	238,856	-	1	99,180	-	7,431,780

NOTES TO THE FINANCIAL STATEMENTS

5. **Property, Plant and Equipment (Cont'd)**

Company	**Furniture, fittings and equipment**	**Renovation**	**Total**
2013	RM	RM	RM
Cost			
At 1.1.2013/31.12.2013	164,964	101,487	266,451
Accumulated depreciation			
At 1.1.2013	126,508	59,687	186,195
Charge for the financial year	4,666	14,691	19,357
At 31.12.2013	131,174	74,378	205,552
Carrying amount			
At 31.12.2013	33,790	27,109	60,899
2012			
Cost			
At 1.1.2012	129,504	59,512	189,016
Additions	35,460	41,975	77,435
At 31.12.2012	164,964	101,487	266,451
Accumulated depreciation			
At 1.1.2012	125,385	59,512	184,897
Charge for the financial year	1,123	175	1,298
At 31.12.2012	126,508	59,687	186,195
Carrying amount			
At 31.12.2012	38,456	41,800	80,256

Included in the property, plant and equipment of the Group are plant and machinery acquired under finance lease arrangement and term loan financing with carrying amount of RM1,142,000 and RM3,819,881 (2012: RM1,480,170 and RM3,944,567) respectively.

Also, included in the property, plant and equipment of the Group are plant and machinery pledged for bank borrowing amounting to RM3,819,881 (2012: RM3,944,567).

As at 31 December 2013, the property, plant and equipment of the Group included plant and machinery with a carrying amount of RM2.73 million acquired for a sales contract the previous financial year amounting to RM41.08 million. This sales contract was subsequently terminated by the customer during the financial year. Notwithstanding the uncertainty over the continued usage of the plant and machinery, the Directors are of the opinion that the specialised plant and machinery are recoverable through future use. At this juncture, the management make continuous efforts to secure more contracts and sales.

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2013 RM	Company 2012 RM
Unquoted shares in Malaysia, at cost		
At 1 January	42,100,004	42,100,000
Acquisition of subsidiaries	-	4
At 31 December	42,100,004	42,100,004
Less: Allowance for impairment loss	(41,000,000)	(38,005,429)
At carrying amount	1,100,004	4,094,571
<u>Allowance for impairment</u>		
At 1 January	38,005,429	38,005,429
Addition during the financial year	2,994,571	-
At 31 December	41,000,000	38,005,429

During the financial year, the Company provided further impairment loss on investment in subsidiary company amounting to RM2,994,571 relating to Singatronics (Malaysia) Sdn. Bhd. The recoverable amount was determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the Management covering a five (5) years period. The discount rate applied to the cash flow projections were 11.36% based on the weighted average cost of capital of the Company.

(b) The subsidiary companies and shareholdings therein are as follows:-

Name of company	**Country of incorporation**	**Effective interest 2013 %**	**Effective interest 2012 %**	**Principal activities**
Direct holding -				
Singatronics (Malaysia) Sdn. Bhd.	Malaysia	100	100	Manufacture, assemble and export of electronic and electrical consumer and industrial products
Astral-GMO Sdn. Bhd.	Malaysia	100	100	Dormant, previously was engaged in the business of trading of the electronic and electrical consumer and industrial products
Astral Supreme Construction Sdn. Bhd. ("ASC")	Malaysia	100	100	Dormant
Astral Supreme Development Sdn. Bhd. ("ASD")	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in Subsidiary Companies (Cont'd)

(c) In the previous financial year, the Company acquired the entire equity interest of ASC and ASD represented by 2 ordinary shares of RM1.00 each for a total consideration of RM4.

The effect of the acquisition on the financial results of the Group is as follows:-

	1.2.2012 to 31.12.2012 RM
Revenue	-
Other operating income	246
Administrative expenses	(9,968)
Loss for the financial period	(9,722)

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies is as follows:-

	2012 RM
Net assets acquired:-	
Cash and bank balances/Fair value of net assets acquired	4
Less cash and cash equivalent acquired	(4)
Net cash outflow from acquisition of a subsidiary companies	-

7. Investment in Associated Company

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unquoted shares in Malaysia, at cost	8,000,000	8,000,000	5,001,155	5,001,155
Less: Impairment loss	(8,000,000)	(8,000,000)	(5,001,155)	(5,001,155)
	-	-	-	-

In the previous financial years, the Group and the Company have recognised impairment loss on investment in associate amounting to RM8,000,000 and RM5,001,155 respectively due to cessation of business operations of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Associated Company (Cont'd)

The details of the associated company and shareholdings therein are as follows:-

Name of company	Country of incorporation	Effective ownership and voting interest 2013 %	2012 %	Principal activities
* Sing Guan Silk Screen (Cambodia) Co. Ltd.	Cambodia	37.6	37.6	Ceased operations, previously engaged in the business of silk screen printing
Held by Singatronics (Malaysia) Sdn. Bhd.				
Sing Guan Silk Screen (Cambodia) Co. Ltd.	Cambodia	11.4	11.4	Ceased operations, previously engaged in the business of silk screen printing

*No equity accounting was prepared on the results of the associated company. The Group has discontinued recognising the share of losses of associated company as the losses exceeded its cost of investment.

8. Deferred Tax Assets/(Liabilities)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group/Company 2013 RM	2012 RM
Deferred tax liabilities	(151)	(151)
Deferred tax assets	20,516	23,085
	20,365	22,934

The movement on the net deferred tax assets are as follows:

	Group/Company 2013 RM	2012 RM
At 1 January	22,934	254,485
Charged to profit or loss:		
- Recognised upon conversion of ICULS	(2,569)	(231,551)
At 31 December	20,365	22,934

Deferred tax liabilities of the Group/Company is derived from accelerated capital allowances.

Deferred tax assets of the Group/Company is derived from issuance of ICULS.

NOTES TO THE FINANCIAL STATEMENTS

8. **Deferred Tax Assets/(Liabilities) (Cont'd)**

Deferred tax assets and liabilities of the Group and the Company have not been recognised in respect of the following temporary differences:-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Unutilised special allowance for export	1,389,718	1,389,718	-	-
Unused tax losses	18,532,572	8,957,117	1,060,109	593,597
Unutilised capital allowances	2,421,857	1,198,905	3,048	-
Accelerated capital allowances	(3,561,765)	(3,071,454)	(3,339)	(3,939)
	18,782,382	8,474,286	1,059,818	589,658

The unused tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiary companies.

9. **Inventories**

	Group 2013 RM	Group 2012 RM
At cost:		
Raw materials	4,381,019	2,665,763
Work in progress	247,191	449,671
Finished goods	90,852	94,885
	4,719,062	3,210,319

During the financial year, the Group has impaired and written off inventories amounting to RM1,033,140 and RM30,551 (2012: RM Nil and RM6,177) respectively.

Included in raw material of the Group are inventory with a carrying amount of RM2.51 million acquired for a sales contract amounting to RM41.08 million in the previous financial year. This sales contract was subsequently terminated by the customer during the financial year. The Directors are of the opinion that the inventories recover through future use. At this juncture, the management make continuous efforts to secure more contracts and sales.

10. **Trade Receivables**

	Group 2013 RM	Group 2012 RM
Trade receivables	1,854,262	5,293,987
Less: Allowance for impairment	(1,056,862)	-
	797,400	5,293,987

NOTES TO THE FINANCIAL STATEMENTS

10. Trade Receivables (Cont'd)

The Group's normal trade credit terms range from 30 to 90 days (2012: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

Ageing analysis of trade receivables

The ageing analysis of the trade receivables are as follows:-

	Group	
	2013	2012
	RM	RM
Neither past due or impaired	797,400	4,342,090
More than 1 year past due but not impaired	-	951,897
	797,400	5,293,987
Fully impaired	1,056,862	-
	1,854,262	5,293,987
Allowance for impairment		
At 1 January	-	-
Additions	1,056,862	-
At 31 December	1,056,862	-

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM Nil (2012: RM951,897) that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored.

The currency exposure profile is as follows:

	Group	
	2013	2012
	RM	RM
US Dollar	1,056,862	1,764,509
EURO	549,013	2,059,207
Ringgit Malaysia	248,387	1,470,271
	1,854,262	5,293,987

Included in trade receivables of the Group is a sum of RM1,849,511 (2012: RM5,053,061) owing by 4 (2012: 6) major customers which accounts for 99% (2012: 95%) of the total trade receivables. The Group has no other significant concentration of credit risk other than stated above.

NOTES TO THE FINANCIAL STATEMENTS

11. Other Receivables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Other receivables	3,472,605	2,292,233	-	150,369
Deposits	1,850,705	340,625	246,798	246,798
Prepayments	34,502	565,211	-	-
	5,357,812	3,198,069	246,798	397,167
Less: Allowance for impairment	(3,766,700)	(1,887,065)	(212,000)	-
	1,591,112	1,311,004	34,798	397,167
Allowance for impairment				
At 1 January	1,887,065	-	-	-
Additions	1,879,635	1,887,065	212,000	-
At 31 December	3,766,700	1,887,065	212,000	-

12. Amount Owing By/(To) Subsidiary Companies

This represents unsecured interest free advances which are repayable on demand.

13. Amount Owing By Associated Company

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Amount owing by associated company	13,146,759	11,146,759	9,987,994	7,556,675
Less: Allowance for impairment	(12,646,759)	(3,158,765)	(9,487,994)	-
	500,000	7,987,994	500,000	7,556,675
Allowance for impairment				
At 1 January	3,158,765	3,158,765	-	-
Additions	9,487,994	-	9,487,994	-
At 31 December	12,646,759	3,158,765	9,487,994	-

The amount owing by associated company represents unsecured interest free advances which are repayable on demand and is denominated in United States Dollar.

NOTES TO THE FINANCIAL STATEMENTS

14. Fixed Deposit With Licensed Banks

	Group	
	2013	2012
	RM	RM
Deposits placed with licensed banks	3,550,000	50,000

Included in the above amount is RM40,000 (2012: RM40,000) pledged with a licensed bank for a certain credit facility.

The effective interest rate of fixed deposit at the reporting is 3.10% (2012: 3.10%) per annum.

15. Trade Payables

The normal trade credit terms granted to the Company range from 30 days to 60 days (2012: 30 days to 60 days).

The currency exposure profile is as follows:-

	Group	
	2013	2012
	RM	RM
US Dollar	301,523	231,633
EURO	209,047	396,276
HKD	200,921	-
Ringgit Malaysia	949,480	935,789
	1,660,971	1,563,698

16. Other Payables

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Other payables	290,412	1,030,472	88,637	124,800
Deposits	47,210	1,000	-	-
Accruals	1,202,410	851,137	90,105	469,349
	1,540,032	1,882,609	178,742	594,149

17. Amount Owing To Directors

This represents unsecured, interest-free advances which are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

18. Finance Lease Liabilities

		Group 2013 RM	Group 2012 RM
(a)	Future minimum payments		
	Within one year	279,037	605,193
	Between one and two years	-	228,607
		279,037	833,800
	Less: Future finance charges	(4,510)	(40,531)
		274,527	793,269
(b)	Present value representing finance lease liabilities		
	Within one year	274,527	568,016
	Between one and two years	-	225,253
		274,527	793,269
	Analysed as:		
	Repayable within twelve months	274,527	568,016
	Repayable after twelve months	-	225,253
		274,527	793,269

Interest rate on finance leases is 7.60% (2012: 7.60%) per annum.

19. Term Loan

	Group 2013 RM	Group 2012 RM
Secured:		
Analysed as follows:-		
Repayable within twelve months	257,758	240,584
Repayable after twelve months	683,849	914,041
	941,607	1,154,625
Maturity of borrowings is as follows:		
Within one year	257,758	240,584
Between one and two years	278,736	260,165
Later than two years and not later than five years	405,113	653,876
	941,607	1,154,625

The term loan is secured by way of:-

(i) Corporate guarantee by the Company for an amount up to RM1,330,000 (2012: RM1,330,000).

(ii) Specific debenture over plant and machinery of the Company as disclosed in Note 5; and

(iii) Personal guarantee by the one of the Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

19. Term Loan (Cont'd)

The interest rate is as follows:-

		2013 %	2012 %
Term loan	Floating rate	7.85	7.85

20. Share Capital

	Group/Company Number of ordinary shares of RM0.20 each 2013	2012	Amount 2013 RM	2012 RM
Authorised share capital				
At 1 January	500,000,000	500,000,000	100,000,000	100,000,000
Created during the financial year	2,000,000,000	-	400,000,000	-
At 31 December	2,500,000,000	500,000,000	500,000,000	100,000,000
Issued and fully paid				
At 1 January	171,086,850	116,607,200	34,217,370	23,321,440
Issuance of ordinary shares pursuant to rights issue	117,336,600	-	23,467,320	-
Issuance of ordinary shares pursuant to conversion of ICULS by way of:-				
- conversion of ICULS units	-	53,349,850	-	10,669,970
- cash	21,600	-	4,320	-
Issuance of ordinary shares pursuant to exercise of warrants	-	1,129,800	-	225,960
At 31 December	288,445,050	171,086,850	57,689,010	34,217,370

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by creation of 2,000,000,000 new ordinary share of RM0.20 each.

NOTES TO THE FINANCIAL STATEMENTS

20. Share Capital (Cont'd)

The issued and paid-up share capital of the Company was increased from RM34,217,370 to RM57,689,010 by:-

(a) issuance of 117,336,600 new ordinary shares of RM0.20 each ("Right Shares") together with 70,401,960 free warrants ("Warrants") at an issue price of RM0.20 per Right Share on the basis of five (5) Right Share together with three (3) Warrant for every one (1) existing ordinary share of RM0.20 each ("Right Issue Of Shares With Warrants") upon completion of Corporate Exercise; and

(b) issuance of 21,600 ICULS were converted into 21,600 new ordinary shares of RM0.20 each of the Company by surrendering for cancellation RM0.10 nominal value of ICULS and paying RM0.10 cash for every one (1) new ordinary share of RM0.20 each in the Company.

The new ordinary shares issued from both Rights Shares and conversion of ICULS during the financial year rank pair passé in all respects with the existing ordinary shares of the Company.

21. Share Premium

	Group/Company	
	2013	2012
	RM	RM
At 1 January	10,245,398	10,190,038
Share premium reduction pursuant to issuance of warrants	(2,520,390)	-
Corporate exercise expenses relating to rights issue	(731,488)	-
Warrants exercised	-	55,360
At 31 December	6,993,520	10,245,398

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act 1965.

22. Capital Reserves

A capital reserve was set up as a result of the Par Value Reduction exercised in the prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

23. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

	Group/Company	
	2013	2012
	RM	RM
Equity component		
At 1 January	1,108,276	5,616,490
Conversion during the financial year	(1,794)	(4,508,214)
At 31 December	1,106,482	1,108,276
Liability component		
At 1 January	92,340	1,018,544
Conversion during the financial year	(366)	(919,236)
Amortisation charge during the financial year	(9,914)	(6,968)
At 31 December	82,060	92,340

The ICULS represent the unconverted portion of the original RM12,000,000 nominal value of 10-year 3% ICULS issued and allotted at 100% of the nominal value at RM0.10 each, net of deferred tax.

The ICULS have tenure of ten years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price applicable on the maturity date.

The ICULS are convertible into fully paid ordinary shares of RM0.20 each at any time during the tenure of the ICULS from 11 August 2011 to the maturity date on 10 August 2021 by:

(a) surrending for cancellation the ICULS with an aggregate nominal value equivalent to the Conversion Price; or

(b) surrending for cancellation of RM0.10 nominal value of ICULS and paying the difference between the nominal value of ICULS and the Conversion Price in cash, for every one (1) new ordinary share of RM0.20 each.

Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all material respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares.

The ICULS holders are not entitled to participate in any distribution and/or offer of securities in the Company until and unless such ICULS holders convert the ICULS into new ordinary shares of the Company before the determination of the entitlement date for the distribution and/or offer of securities.

The interest on unconverted ICULS is at the rate of 3% per annum on the nominal value of the ICULS commencing August 2011 and is payable annually in arrears on August in each year.

During the financial year, 21,600 ICULS were converted into 21,600 new ordinary shares. As at the end of the financial year, 7,203,900 (2012: 7,225,000) units of ICULS remain unexercised.

NOTES TO THE FINANCIAL STATEMENTS

24. Warrants Reserve

	Group/Company	
	2013	2012
	RM	RM
Warrant A 11/16		
At 1 January	1,897,643	1,953,003
Warrants exercised	-	(55,360)
At 31 December	1,897,643	1,897,643
Warrant B 13/18		
At 1 January	-	-
Arising from the rights issue with warrants during the financial year	2,520,390	-
At 31 December	2,520,390	-
Total	4,418,033	1,897,643

Warrant A 11/16

On 11 August 2011, the Company allotted the Rights Issue of 39,857,200 new ordinary shares of RM0.20 each in the Company together with 39,857,200 free warrants at an issue price of RM0.20 per Rights Issue on the basis of one Rights Issue together with one warrant for every one (1) existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 11 August 2011 up to the date of expiry on 10 August 2016, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Main Market of Bursa Securities with effect from 11 August 2011.

As at the end of the financial year, 38,727,400 (2012: 38,727,400) units of warrants remain unexercised.

The fair value of the warrants is estimated using the Binomial option pricing model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Underlying price	RM0.19
Exercise price	RM0.20
Maturity date	10.8.2016
Tenure	5 years
Expected dividend yield	Nil
Risk free interest rate	3.2%
Volatility rate	26%
Allocated fair value of free warrant per warrant	RM0.049
Total number of warrant	39,857,200

The underlying price represents 5-day volume weighted average market price of Astral up to 11 August 2011.

NOTES TO THE FINANCIAL STATEMENTS

24. Warrants Reserve (Cont'd)

Warrant B 13/18

On 28 June 2014, the Company allotted the Rights Issue of 117,336,600 new ordinary shares of RM0.20 each in the Company together with 70,401,960 free warrants at an issue price of RM0.20 per Rights Issue on the basis of five (5) Rights Issue together with three (3) warrant for every one (1) existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 28 June 2013 up to the date of expiry on 27 June 2018, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll. The warrants were listed on the Main Market of Bursa Securities with effect from 28 August 2013.

As at the end of the financial year, 70,401,960 (2012: Nil) units of warrants remain unexercised.

The fair value of the warrants is estimated using the Binomial option pricing model, taking into account the terms and conditions upon which the warrants are acquired. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Underlying price	RM0.18
Exercise price	RM0.20
Maturity date	27.6.2018
Tenure	5 years
Expected dividend yield	Nil
Risk free interest rate	3.2%
Volatility rate	20%
Allocated fair value of free warrant per warrant	RM0.036
Total number of warrant	70,401,960

The underlying price represents 5-day volume weighted average market price of Astral up to 28 August 2013.

25. Revenue

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Sales of electronic, electrical and industrial products	4,170,879	10,965,794	-	-
Management fee received/receivable from subsidiary company	-	-	480,000	480,000
	4,170,879	10,965,794	480,000	480,000

NOTES TO THE FINANCIAL STATEMENTS

26. (Loss)/Profit From Operations

(Loss)/Profit from operations is derived after charging/(crediting):-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Auditors' remuneration	48,000	48,000	20,000	20,000
Allowance for impairment loss on:-				
- Investment in subsidiary companies	-	-	2,994,571	-
- Trade receivables	1,056,862	-	-	-
- Other receivables	1,879,635	-	212,000	-
- Amount owing by associated company	9,487,994	-	9,487,994	-
Depreciation of property, plant and equipment	838,019	615,680	19,357	1,298
Building rental	393,860	378,200	33,860	18,200
(Gain)/Loss on disposal of property, plant and equipment	(64,998)	1	-	-
Research expenditure	2,361,270	-	-	-
Realised (gain)/loss on foreign exchange	(7,258)	99,886	-	-
Unrealised loss/(gain) on foreign exchange	3,827	(3,297)	-	-
Interest income	(73,845)	(246)	-	-
Impairment of inventories	1,033,140	-	-	-
Inventories written off	30,551	6,177	-	-
Scrap written off	36,983	59,078	-	-
Preliminary expenses written off	-	4,600	-	-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest expenses on:-				
ICULS				
- current year	3,290	14,859	3,290	14,859
- over provision in prior year	(54,262)	(41,433)	(54,262)	(41,433)
	(50,972)	(26,574)	(50,972)	(26,574)
Finance leases	36,021	76,542	-	-
Term loan	100,140	102,830	14,167	-
	85,189	152,798	(36,805)	(26,574)

NOTES TO THE FINANCIAL STATEMENTS

28. Taxation

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current taxation:				
- Under provision in prior years	58	-	-	-
Deferred taxation:				
- Relating to origination and reversal of temporary differences	2,569	231,551	2,569	231,551
	2,627	231,551	2,569	231,551

Income tax is calculated at the statutory rate of 25% (2012: 25%) on chargeable income of the estimated assessable (loss)/profit for the financial year.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:-

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
(Loss)/Profit before taxation	(25,584,166)	610,738	(13,418,748)	165,170
Taxation at statutory tax rate of 25% (2012: 25%)	(6,396,042)	152,685	(3,354,687)	41,293
Expenses not deductible for tax purposes	3,821,887	307,889	3,240,016	278,741
Deferred tax assets not recognised	2,576,724	-	117,240	-
Utilisation of previous unrecognised deferred tax assets	-	(229,023)	-	(88,483)
Under provision in prior years	58	-	-	-
Tax expense for the financial year	2,627	231,551	2,569	231,551

NOTES TO THE FINANCIAL STATEMENTS

29. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share ("EPS") is calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013 RM	2012 RM
(Loss)/Profit attributable to owners of the parent	(25,586,793)	379,187
Total weighted average number of ordinary shares in issue	231,208,749	150,001,388
Basic (loss)/earnings per share (sen)	(11.06)	0.25

(b) Fully diluted (loss)/earnings per share

The fully diluted (loss)/earnings per share had been calculated based on the consolidated loss after taxation for the financial year attributable to owners of the Company for the Group and the adjusted weighted average number of ordinary share in issue during the financial year as follows:

	Group	
	2013 RM	2012 RM
(Loss)/Profit attributable to the Company	(25,586,793)	379,187
Total weighted average number of ordinary shares in issue	231,208,749	150,001,388
Adjusts for:		
Assuming full conversion of ICULS	7,203,900	-
Assuming full exercise of Warrants A 11/16	38,727,400	-
Assuming full exercise of Warrants B 13/18	70,401,960	-
	347,542,009	150,001,388
Basic (loss)/earnings per share (sen)	(7.36)	*Not applicable

*no dilutive effect on the earnings per share arising from the potential ordinary shares in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30. Purchase of Property, Plant and Equipment

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Aggregate cost	1,710,646	3,833,084	-	77,435
Term loan financing	-	(1,330,000)	-	-
Cash payments	1,710,646	2,503,084	-	77,435

31. Staff Information

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Staff costs	3,299,721	2,824,153	93,422	53,000

Included in staff costs (excluding Directors) are contribution made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM408,853 and RM6,698 (2012: RM261,289 and RM Nil) respectively.

32. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Company's Directors				
- Salaries and other emoluments	543,000	48,000	480,000	-
- EPF	7,560	5,760	-	-
- Fees	60,100	52,050	60,100	52,050
- Estimated money value of benefits-in-kind	465	103	-	-

Key management personnel comprise Directors of the Group and the Company, who have authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly.

33. Capital Commitment

	Group	
	2013	2012
	RM	RM
Property, plant and equipment:-		
Approved and not contracted for	1,415,000	-
Approved and contracted for	3,900,000	4,150,000

NOTES TO THE FINANCIAL STATEMENTS

34. Contingent Liability

	Group/Company	
	2013	2012
	RM	RM
Corporate guarantees given to an associated company	1,957,949	3,876,727

35. Material Litigation

a. The Company had on 19 August 2013 being served Writ of Summons and Statement of Claim from Messrs. Gideon Tan Razali Zaini, the solicitor acting on behalf of Tay Chye Huat ("TCH").

   TCH has commenced a legal action against the Company vide Kuala Lumpur High Court suit No. 22NCVC-482-08/2013 claiming the outstanding loan sum amounting to RM1.40 million together with interest thereon given to S.G. Silk Screen Industrial Sdn. Bhd., a former subsidiary of the Company.

   The Company has engaged solicitor, Simon Hue & Associates, to defend the matter. The High Court has fixed the hearing date on 10, 11 and 14 July 2014.

b. On 16 May 2014, the Board of Directors of the Group announced that Singatronics (Malaysia) Sdn. Bhd. ("Singatronic"), a wholly-owned subsidiary of the Company had on 7 May 2014 been served with the Writ of Summons and Statement of Claim from Messrs Khaw Seng Chuan & Jeffrey Peh, who is acting on behalf of Sweng Maju Sdn. Bhd. for RM1.54 million being the amount owing by Singatronic.

   The Board of Directors is of the opinion that there is no material impact on the financial and operation of the Group. The Company will appoint its solicitors to defend against this case. In the interim, the Company is assessing the claims in this case. The Company will announce further developments on the above matter as and when necessary.

36. Related Party Transaction

	Company	
	2013	2012
	RM	RM
Management fee received/receivable from subsidiary company:		
Singatronics (Malaysia) Sdn. Bhd.	480,000	480,000

NOTES TO THE FINANCIAL STATEMENTS

37. Segment Information - Group

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:-

Electronic and electrical	:	Electronic, electrical and industrial products
Investment holding	:	Holding company investment holding

During the financial year, other non-reportable segments comprise operations of a subsidiary company which are inactive.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS

37. Segment Information – Group (Cont'd)

2013	**Electronic and electrical** RM	**Investment holding** RM	**Total** RM
Revenue			
Total revenue	4,170,879	480,000	4,650,879
Inter-segment revenue	-	(480,000)	(480,000)
Total segment revenue	4,170,879	-	4,170,879
Results			
Segment loss	(14,880,338)	(13,518,748)	(28,299,086)
Included in the segment loss are:-			
Depreciation of property, plant and equipment	818,662	19,357	838,019
Allowance for impairment loss on:-			
- Trade receivables	1,056,862	-	1,056,862
- Other receivables	1,426,635	212,000	1,638,635
- Amount owing by associated Company	-	9,487,994	9,487,994
Finance costs	121,994	(36,805)	85,189
Interest income	(29,909)	(43,936)	(73,845)
Assets			
Segment assets	19,472,852	28,654,610	48,127,462
Included in the segment assets are:-			
Additions to non-current assets other than financial instruments and deferred tax assets	1,710,646	-	1,710,646
Liabilities			
Segment liabilities	29,902,022	700,676	30,602,698
2012			
Revenue			
Total revenue	10,965,794	480,000	11,445,794
Inter-segment revenue	-	(480,000)	(480,000)
Total segment revenue	10,965,794	-	10,965,794
Results			
Segment profit	456,597	165,170	621,767
Included in the segment profit are:-			
Depreciation of property, plant and equipment	614,382	1,298	615,680
Finance costs	179,372	(26,574)	152,798
Assets			
Segment assets	16,801,196	19,781,794	36,582,990
Included in the segment assets are:-			
Additions to non-current assets other than financial instruments and deferred tax assets	3,755,649	77,435	3,833,084
Liabilities			
Segment liabilities	12,350,028	1,144,901	13,494,929

NOTES TO THE FINANCIAL STATEMENTS

37. **Segment Information – Group (Cont'd)**

Reconciliation of reportable segment profit and loss, assets and liabilities and other material items are as follows:-

	2013 RM	2012 RM
Total (loss)/profit for reportable segments	(28,299,086)	621,767
Other non-reportable segments	(279,947)	(11,275)
Reversal of allowance for impairment loss on investment in subsidiary company	2,994,571	-
Adjustment for taxation	(2,627)	(231,551)
Interest income	296	246
Consolidated (loss)/profit after tax	(25,586,793)	379,187

2013	**Allowance for impairment on other receivables** RM	**Interest income** RM	**Segment assets** RM	**Segment liabilities** RM
Total reportable segments	1,638,635	(73,549)	48,127,462	30,602,698
Other non-reportable segment	241,000	(296)	1,777,212	1,578,416
Elimination of inter-segment transactions balances	-	-	(28,502,954)	(27,402,949)
Consolidated total	1,879,635	(73,845)	21,401,720	4,778,165
2012				
Total reportable segments		-	36,582,990	13,494,929
Other non-reportable segment		(246)	543,855	65,350
Elimination of inter-segment transactions balances		-	(11,770,242)	(7,675,666)
Consolidated total		(246)	25,356,603	5,884,613

The geographic segments of the Group comprise the following:-

	Malaysia RM	**Germany** RM	**Iraq** RM	**Others** RM	**Total** RM
2013					
External revenue	917,688	2,542,772	590,124	120,295	4,170,879
2012					
External revenue	2,200,484	7,278,367	1,474,293	12,650	10,965,794

The following are major customers with revenue equal or more than 10% of the Group revenue:-

	Revenue 2013 RM	Revenue 2012 RM	Segment
4 major customers (2012: 4)	3,570,691	10,161,660	Electronic and electrical

NOTES TO THE FINANCIAL STATEMENTS

38. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

	2013		2012	
Group	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
Financial assets				
Trade receivables	797,400	797,400	5,293,987	5,293,987
Other receivables	1,591,112	1,591,112	1,311,004	1,311,004
Amount owing by associated company	-	-	7,987,994	7,987,994
Fixed deposits with licensed banks	3,550,000	3,550,000	50,000	50,000
Cash and bank balances	1,919,225	1,919,225	48,434	48,434
	7,857,737	7,857,737	14,691,419	14,691,419
Financial liabilities				
Trade payables	1,660,971	1,660,971	1,563,698	1,563,698
Other payables	1,540,032	1,540,032	1,882,609	1,882,609
Amount owing to directors	278,817	278,817	397,921	397,921
Finance lease liabilities	274,527	274,527	793,269	793,269
Term loan	941,607	941,607	1,154,625	1,154,625
ICULS	82,060	82,060	92,340	92,340
	4,778,014	4,778,014	5,884,462	5,884,462
Company				
Financial assets				
Other receivables	34,798	34,798	397,167	397,167
Amount owing by subsidiary companies	26,924,563	26,924,563	7,615,326	7,615,326
Amount owing by associated company	500,000	500,000	7,556,675	7,556,675
Cash and bank balances	13,830	13,830	14,710	14,710
	27,473,191	27,473,191	15,583,878	15,583,878
Financial liabilities				
Other payables	178,742	178,742	594,149	594,149
Amount owing to subsidiary companies	160,906	160,906	60,340	60,340
Amount owing to directors	278,817	278,817	397,921	397,921
ICULS	82,060	82,060	92,340	92,340
	700,525	700,525	1,144,750	1,144,750

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from customers. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. Appropriate approval limits are set at different levels of credit limits and terms. In order to further minimise its exposure to credit risk, the Group, in some instances, requires letters of credits and deposits from the customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 12.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

The Group also determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis as follows:-

	2013 RM	2012 RM
By country		
Malaysia	248,387	1,707,651
Australia	-	456,724
Germany	549,013	2,059,207
Iraq	1,056,862	1,070,405
	1,854,262	5,293,987

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, finance leases and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

38. Financial Instruments (Cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	Below 1 year RM	Between 1 to 2 years RM	Between 3 to 5 years RM
2013						
Trade payables	1,660,971	-	1,660,971	-	-	-
Other payables	1,540,032	-	1,540,032	-	-	-
Amount owing to Directors	278,817	-	278,817	-	-	-
Finance lease liabilities	274,527	7.60	279,037	279,037	-	-
Term loan	941,607	7.85	1,072,866	322,476	322,476	427,914
	4,695,954		4,831,723	601,513	322,476	427,914
2012						
Trade payables	1,563,698	-	1,563,698	-	-	-
Other payables	1,882,609	-	1,882,609	-	-	-
Amount owing to Directors	397,921	-	397,921	-	-	-
Finance lease liabilities	793,269	7.60	833,800	605,193	228,607	-
Term loan	1,154,625	7.85	1,357,051	322,476	322,476	712,099
	5,792,122		6,035,079	927,669	551,083	712,099
Company						
2013						
Other payables	178,742	-	178,742	-	-	-
Amount owing to subsidiary companies	160,906	-	160,906	-	-	-
Amount owing to directors	278,817	-	278,817	-	-	-
	618,465		618,465	-	-	-
2012						
Other payables	594,149	-	594,149	-	-	-
Amount owing to subsidiary companies	60,340	-	60,340	-	-	-
Amount owing to Directors	397,921	-	397,921	-	-	-
	1,052,410		1,052,410	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective operations' functional currency. The Group maintains natural hedges to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency and whenever possible, borrow in the currency of the country in which the business is located. Exposure to foreign currency risks are monitored on an ongoing basis. The Group does not hedge their foreign currency risks but keeps this policy under review and will take necessary action to minimise the exposure.

Exposure to foreign currency risk

The Group and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

Functional Currency	**United States Dollar** ("USD")	**Euro** ("EUR")	**Total**
Group	RM	RM	RM
2013			
Trade receivables	1,056,862	549,013	1,605,875
Cash at bank	3,669	755	4,424
Amount owing by associated company	9,987,994	-	9,987,994
Trade payables	(301,523)	(209,047)	(510,570)
	10,747,002	340,721	11,087,723
2012			
Trade receivables	1,764,509	2,059,207	3,823,716
Cash at bank	3,678	-	3,678
Amount owing by associated company	7,987,994	-	7,987,994
Trade payables	(231,633)	(396,276)	(627,909)
	9,524,548	1,662,931	11,187,479
Company			
2013			
Amount owing by associated company	9,987,994	-	9,987,994
2012			
Amount owing by associated company	7,556,675	-	7,556,675

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

Currency risk sensitivity analysis

The following table shows the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the USD and Euro exchange rates against the respective functional currencies of the Group and the Company, with all other variables remain constant.

	Loss net of tax
Group	RM
USD/RM - strengthening 5%	(537,350)
Euro/RM - strengthening 5%	(17,036)
Company	
USD/RM - strengthening 5%	(499,400)

A 5% weakening of RM against the above currencies at the end of the reporting period would have had equal opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

The Group and the Company finance its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's and the Company's finance lease and bank borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instrument, based on carrying amounts as at the end of the financial year is as follows:

	Group	
	2013	2012
	RM	RM
Fixed rate instrument		
Finance lease liabilities	274,527	793,269
Floating rate instrument		
Term loan	941,607	1,154,625

38. **Financial Instruments (Cont'd)**

Interest rate risk sensitivity analysis

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increase/decrease equity and profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Loss net of tax 50bp Increase RM
Group	
Floating rate instrument:-	
Bank borrowings	4,708

Fixed rate instruments are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

(c) Fair values

	2013		2012	
Group	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Long term finance lease liabilities	-	-	225,253	209,341
ICULS	82,060	82,060	92,340	92,340

Interest rates used to determined fair value:-

	2013 % p.a.	2012 % p.a.
Finance lease liabilities	-	7.60
ICULS	11.36	12.02

(i) The carrying amounts of cash and cash equivalents, trade and other receivables, inter-company advances, trade and other payables, short term borrowings and current portion of lease payables approximate fair value due to the relatively short term nature of these financial instruments.

(ii) The carrying amount of long term bank borrowing carried on the statements of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.

(iii) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

NOTES TO THE FINANCIAL STATEMENTS

38 Financial Instruments (Cont'd)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of long term finance lease liabilities carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

39. Capital Management

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the financial year.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within reasonable level. The Group includes within net debt, trade and other payables, lease payable, less cash and bank balances. Capital includes the equity attributable to the owners of the parent.

	Group	
	2013	2012
	RM	RM
Trade and other payables	3,201,003	3,446,307
Amount owing to directors	278,817	397,921
Finance lease liabilities	274,527	793,269
Bank borrowings	941,607	1,154,625
Less: Cash and cash equivalents net of pledged	(5,429,225)	(58,434)
(Excess)/Net debt	(733,271)	5,733,688
Equity attributable to the owners of the Company	16,623,555	19,471,990
Gearing ratio	Not applicable	29.45%

There were no changes to the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

40. Corporate Exercise

On 28 June 2013, the Company completed the exercise of issuance of 117,336,600 new ordinary shares of RM0.20 each (“Right Shares”) together with 70,401,960 free warrants (“Warrants”) at an issue price of RM0.20 per Right Share on the basis of five (5) Right Share together with three (3) Warrant for every one (1) existing ordinary share of RM0.20 each (“Right Issue Of Shares With Warrants”).

41. Subsequent Events

On 11 March 2014, the Group was awarded two (2) housing development projects in Melaka:-

(a) Proposed Design, Build and Deliver 500 Units of Flats and Other Related Works for "Program Perumahan Rakyat" ('PPR') Ayer Panas, Melaka; and

(b) Proposed Design, Build and Deliver 600 Units of Flats and Other Related Works for "Program Perumahan Rakyat" ('PPR') Paya Rumput, Melaka Tengah, Melaka.

The total value of the projects is amounting to RM10,500,000. The profit margin is estimated at 8% of gross profit.

The Group is expected to have diversification in operation by virtue of Paragraph 10.13(1)(b) of the Main Market Listing Requirements considering the Group is loss making. Following this, approval will be sought from the shareholders in due course.

42. Exceptional Items

On 28 February 2014, the External Auditors, Messrs Morison Anuarul Azizan Chew, had highlighted the following exceptional items to the Audit Committee and the Board of Directors (“the Board”). Despite the External Auditors’ efforts to obtain all supporting documents on the exceptional items, as at 29 April 2014, the external auditors expressed that they have not been able to obtain sufficient appropriate audit evidence on following:-

1. the validity and existence of certain sales transactions. The details of the sales transactions are as follows:-

   (i) the External Auditors were unable to verify the validity of sales from five customer amounting to approximately RM4.88 million during the financial year; and

NOTES TO THE FINANCIAL STATEMENTS

42. **Exceptional Items (Cont'd)**

(ii) in the fourth quarter of 2013, the Group reversed on revenues of RM1.00 million and RM1.01 million which were recognised in first and second quarter results respectively. External Auditors not been able to verify the veracity of transactions and justification of the subsequent reversals.

2. External Auditors were unable to obtain all necessary evidence and satisfactory explanations to verify the veracity of payments made during the financial year:-

	RM'Million
Research and development expenditure	4.42
Purchase of component for tooling and moulding	1.20
Purchase of mobile jammer signal	1.29
Purchase of transformer, design and tooling	2.00
Office renovation expenditure	1.04
Advance to associate (Note13)	2.00
Placement of tender deposits for construction projects	0.89
	12.84

The Board had appointed PKF Advisory Sdn. Bhd. ("PKF") on 30 April 2014 to perform an investigative audit on the exceptions items highlighted by the External Auditors.

Based on the finding of PKF investigative report dated 27 May 2014, the proposed adjustments by PKF are summarised as below:

	RM'Million
Reversal of sales	4.88
Impairment on unusual large payments*	8.91
	13.79

**Except for office renovation expenditure and placement of tender deposit for construction projects, all unusual large payments were expensed off in the Profit and Loss account.*

The Board has taken management to task with regard to the exceptions noted and have reflected the adjustment into the financial statement. On 28 May 2014, the Board of Directors had made a police report against the former Managing Director based on the finding from the investigative report.

Further to the abovementioned matters and the termination of the RM41.08 million contracts mentioned in Note 5 and 9 to the financial statements, the carrying amounts of the property, plant and equipment and inventories have been assessed. At this juncture, with the continued efforts to secure more contracts and sales, the carrying amounts of these assets have not been impaired or written down.

NOTES TO THE FINANCIAL STATEMENTS

43. Realised and Unrealised Profits/Losses (Supplementary Information)

	Group	
	2013	2012
	RM	RM
Total accumulated losses:-		
Realised losses	(41,660,993)	(28,501,260)
Unrealised losses	(17,449,956)	(5,022,896)
	(59,110,949)	(33,524,156)

	Company	
	2013	2012
	RM	RM
Total accumulated losses:-		
Realised profits	2,899,059	3,623,242
Unrealised losses	(50,679,629)	(37,982,495)
	(47,780,570)	(34,359,253)

The above disclosure of realised and unrealised losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

ORDINARY SHARES

Authorised Share Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM0.20 each
Issued and Fully Paid-up Capital	:	RM57,689,010 divided into 288,445,050 ordinary shares of RM0.20 each
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS AS AT 22 MAY 2014

SHAREHOLDING DISTRIBUTION (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholding	No. of Shares Held	% of Shares
6	Less than 100	300	*
556	100 to 1,000	507,850	0.18
1,080	1,001 to 10,000	6,155,800	2.13
1,625	10,001 to 100,000	73,718,500	25.56
470	100,001 to less than 5% of issued shares	208,062,600	72.13
-	5% and above of the issued shares		0.00
3,737	**TOTAL**	**288,445,050**	**100.00**

** Less than 0.01%*

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Cartaban Nominees (Asing) Sdn Bhd *-Standard Chartered Bank Singapore for Avestra Asset Management Ltd Accelerator Fund*	6,377,300	2.21
2.	CIMSEC Nominees (Tempatan) Sdn Bhd *-CIMB Bank for Yap Yee Huat (MY1163)*	5,076,800	1.76
3.	Maybank Securities Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Fu Choong Huan @ Fu Swee Hee (R32-Margin)*	4,990,000	1.73
4.	Fu & Foo Sdn Bhd	4,360,000	1.51
5.	Tan Leng Mooi	4,248,900	1.47
6.	Fu Choong Huan @ Fu Swee Hee	3,000,000	1.04
7.	Liew Sze Fook	3,000,000	1.04
8.	Tan Teik Soon	2,800,000	0.97

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

	Name of Shareholders	No. of Shares Held	Percentage (%)
9.	SJ Sec Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Yap Yoon Sing (SMT)*	2,700,000	0.94
10.	M&A Nominee (Asing) Sdn Bhd *-Sanston Financial Group Limited for Avestra Asset Management Limited*	2,500,000	0.87
11.	Chan Mee Mee	2,200,000	0.76
12.	Nor Aini binti Mohammad	2,200,000	0.76
13.	SJ Sec Nominees (Tempatan) Sdn Bhd *-Pledged Securities A/C for Francis Ho Ik Sing (SMT)*	2,129,000	0.74
14.	Maznah binti Mahmud	2,100,000	0.73
15.	Lee Sim Nee	2,000,000	0.69
16.	Wan Lokman bin Dato' Wan Ibrahim	2,000,000	0.69
17.	Norlita binti Mohd Tahir	2,000,000	0.69
18.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Tan Chin Seoh*	1,600,000	0.55
19.	HDM Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ong Kah Huat (M03)*	1,570,000	0.54
20.	Teh Siew Lian	1,500,000	0.52
21.	Tan Boon Kuan	1,500,000	0.52
22.	Liew Kok Foo	1,400,000	0.49
23.	Yong Fook Seong	1,250,000	0.43
24.	Yong Ah Pee	1,200,000	0.42
25.	Goon Choo Hooi	1,162,000	0.40
26.	Loo Kai Nan	1,150,000	0.40
27.	Ee Chew Ling	1,130,000	0.39
28.	Chiah Siew Lean	1,100,000	0.38
29.	Askapary a/p T.Rajaratnam	1,100,000	0.38
30.	Chan Way Meng	1,100,000	0.38
	TOTAL	**70,444,000**	**24.42**

SUBSTANTIAL SHAREHOLDERS
(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SHAREHOLDERS	NO OF SHARES HELD			
	DIRECT	%	INDIRECT	%
Nil	Nil	Nil	Nil	Nil

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

DIRECTORS' SHAREHOLDINGS
(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO OF SHARES HELD			
	NAME OF DIRECTORS	**DIRECT**	**%**	**INDIRECT**	**%**
1.	Edlin bin Ghazaly	-	-	-	-
2.	Datuk Chai Woon Chet	-	-	-	-
3.	Wong Kwai Wah	-	-	-	-
4.	Yap Chi Keong	20,200	*	-	-
5.	Cherng Chin Guan	2,000	*	-	-
6.	Andrew Lim Piow Tiang	-	-	-	-
7.	Dato' Ng Aun Hooi	-	-	-	-
8.	Dato' Ir. Mohamad Shokri bin Abdullah	-	-	-	-

** Less than 0.01%*

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

No. of ICULS holders	:	177
No. of ICULS issuance	:	7,203,900

ANALYSIS OF ICULS HOLDINGS AS AT 22 MAY 2014

ICULS HOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of ICULS holders	Size of ICULS holdings	No. of ICULS Held	% of ICULS
2	Less than 100	100	*
5	100 to 1,000	900	0.01
88	1,001 to 10,000	466,300	6.47
71	10,001 to 100,000	2,366,600	32.85
8	100,001 to less than 5% of issued shares	1,506,900	20.92
3	5% and above of the issued shares	2,863,100	39.74
177	**TOTAL**	**7,203,900**	**100.00**

** Less than 0.01%*

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

LIST OF 30 LARGEST ICULS ACCOUNT HOLDER (AS PER THE RECORD OF DEPOSITORS)

	Name of ICULS Holders	No. of ICULS Held	Percentage (%)
1.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ong Tai Chin @ Wong Tai Chin*	1,972,400	27.38
2.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chin Lai Theng*	523,000	7.26
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chin Lai Theng*	367,700	5.10
4.	Lim Siam Hwoi	300,000	4.16
5.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ooi Lay Hoon*	262,000	3.64
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Hau Mun Meng*	209,000	2.90
7.	Ban Hock Seng Sdn Bhd	200,000	2.78
8.	Ong Tai Chin @ Wong Tai Chin	180,900	2.51
9.	Low Yang Cheok	127,000	1.76
10.	Kong Ah Then	124,000	1.72
11.	Jimmy Lim Thaw Chay	104,000	1.44
12.	Maybank Nominees (Tempatan) Sdn Bhd *- Lai Choi Sang*	100,000	1.39
13.	Kenanga Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chiam Eng An (001)*	100,000	1.39
14.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Cherng Chin Guan*	95,000	1.32
15.	Syarikat Rimba Timur (RT) Sdn Bhd	80,000	1.11
16.	Lee Kim Siong	80,000	1.11
17.	Ching Gek Lee	80,000	1.11
18.	Kenanga Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Tay Yoo Swae*	80,000	1.11
19.	Lim Pin Hoon	60,000	0.83
20.	Kenanga Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chiam Lee Wah*	55,900	0.78
21.	Siow Kok Yong	52,000	0.72
22.	HLIB Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Lee Eng Min*	51,700	0.72
23.	Loy Sai Hwa	50,000	0.69
24.	Chiew Yung Kee	50,000	0.69
25.	Pun Kam Po	50,000	0.69
26.	Chan Hock Chye @ Chin Lean Choong	48,000	0.67

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

	Name of ICULS Holders	No. of ICULS Held	Percentage (%)
27.	Public Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Heng Sau Wah (E-KLC)*	48,000	0.67
28.	AIBB Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Yap Tek Sang*	48,000	0.67
29.	Cheow Wah Thim	46,200	0.64
30.	Ng Teck Chiew	44,000	0.61
	TOTAL	**5,588,800**	**77.58**

DIRECTORS' ICULS HOLDINGS (AS PER THE RECORD OF DEPOSITORS)

	NAME OF DIRECTORS	NO. OF ICULS HELD	
		DIRECT	%
1.	Edlin bin Ghazaly	-	-
2.	Datuk Chai Woon Chet	-	-
3.	Wong Kwai Wah	-	-
4.	Cherng Chin Guan	95,000	1.32
5.	Yap Chi Keong	400	*
6.	Andrew Lim Piow Tiang	-	-
7.	Dato' Ng Aun Hooi	-	-
8.	Dato' Ir. Mohamad Shokri bin Abdullah	-	-

** Less than 0.01%*

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

WARRANT A

No. of Warrant holders : 448

No. of Warrant in issuance : 38,727,400

ANALYSIS OF WARRANT A HOLDINGS AS AT 22 MAY 2014

WARRANT A DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Warrant A holders	Size of Warrant A holdings	No. of Warrant A Held	% of Warrant A
-	Less than 100	-	*
64	100 to 1,000	57,300	0.15
123	1,001 to 10,000	685,700	1.77
196	10,001 to 100,000	9,741,800	25.16
63	100,001 to less than 5% of issued shares	20,511,700	52.97
2	5% and above of the issued shares	7,730,200	19.96
448	**TOTAL**	**38,726,700**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST WARRANT A ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Warrant A Holders	No. of Warrant A Held	Percentage (%)
1.	Yap Yoon Sing	4,230,200	10.92
2.	Public Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ng Swee Ching (E-KLG/KAP)*	3,500,000	9.04
3.	Yong Boon Fook	1,570,000	4.05
4.	Yeo Peng Huat	1,000,000	2.58
5.	Koh Swee Kweng	1,000,000	2.58
6.	Yap Yung Ying	810,000	2.09
7.	Ong Teong Kheng	700,000	1.81
8.	Tang Hui Sia	651,100	1.68
9.	Ooi Peng Seng	600,000	1.55
10.	Ng Boon Kin	533,000	1.38
11.	Ng Chiew Peng	500,000	1.29
12.	Chai Mei Ing	500,000	1.29
13.	Aw Guah Sin	500,000	1.29
14.	Affin Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Muck Kwai Yoong*	500,000	1.29
15.	Tan Chen Hou	500,000	1.29

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

	Name of Warrant A Holders	No. of Warrant A Held	Percentage (%)
16.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Kek Lian Lye*	470,000	1.21
17.	Yusof bin Abdul Rahman	448,800	1.16
18.	Soon Lay Peng	400,000	1.03
19.	Tan Hup Teong	400,000	1.03
20.	Zulkifli bin Salleh	400,000	1.03
21.	Chan Hooi Lan	400,000	1.03
22.	Ooi Siew Chin	362,000	0.93
23.	Lee Kok Hoong	350,000	0.90
24.	Maybank Nominees (Tempatan) Sdn Bhd *-Chin Goon You*	340,000	0.88
25.	Chik Kin Yeun	310,000	0.80
26.	Khoo Ming Huey	310,000	0.80
27.	Yeo Eck Liong	300,000	0.77
28.	Amsec Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Tan Nyong Tuan*	300,000	0.77
29.	Ong Boon Lai	300,000	0.77
30.	Affin Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Lim Soon Beng*	250,000	0.65
	TOTAL	**22,435,100**	**57.93**

DIRECTORS' WARRANT A HOLDINGS (AS PER THE RECORD OF DEPOSITORS)

	NAME OF DIRECTORS	No. of Warant A Held	%
1.	Edlin bin Ghazaly	-	-
2.	Datuk Chai Woon Chet	-	-
3.	Wong Kwai Wah	-	-
4.	Cherng Chin Guan	-	-
5.	Yap Chi Keong	-	-
6.	Andrew Lim Piow Tiang	-	-
7.	Dato' Ng Aun Hooi	-	-
8.	Dato' Ir. Mohamad Shokri bin Abdullah	-	-

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

WARRANT B

No. of Warrant holders : 558

No. of Warrant in issuance : 70,401,960

ANALYSIS OF WARRANT B HOLDINGS AS AT 22 MAY 2014

WARRANT B DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Warrant B holders	Size of Warrant B holdings	No. of Warrant B Held	% of Warrant B
5	Less than 100	219	*
19	100 to 1,000	11,181	0.02
128	1,001 to 10,000	547,380	0.78
288	10,001 to 100,000	13,360,180	18.98
116	100,001 to less than 5% of issued shares	48,041,800	68.24
2	5% and above of the issued shares	8,441,200	11.99
558	**TOTAL**	**70,401,960**	**100.00**

** Less than 0.01%*

LIST OF 30 LARGEST WARRANT B ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Warrant B Holders	No. of Warrant B Held	Percentage (%)
1.	Ngee Pik Haa	4,500,000	6.39
2.	HLIB Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Wong Fai Tat*	3,941,200	5.60
3.	Yap Guat Seong	2,000,000	2.84
4.	Alvin Leong Kar Wai	2,000,000	2.84
5.	Ng Boon Kin	1,885,000	2.68
6.	Ng Mee Ling	1,700,000	2.41
7.	JF Apex Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ng Siew Kee (Sta 2)*	1,500,000	2.13
8.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Tan Chin Seoh*	1,450,000	2.06
9.	Kenanga Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Yick Kar Lock (033)*	1,355,900	1.93
10.	SJ Sec Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chan Sai Kim*	1,290,100	1.83

SHAREHOLDING STATISTICS AS AT 22 MAY 2014

	Name of Warrant B Holders	No. of Warrant B Held	Percentage (%)
11.	Cimsec Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chow Soo Lee*	1,130,000	1.61
12.	Fu Choong Huan @ Fu Swee Hee	1,100,000	1.56
13.	Tan Hui Koon	987,000	1.40
14.	Lee Soon Kia	900,000	1.28
15.	Suryani binti Abu Hasan	900,000	1.28
16.	Liew Sze Fook	900,000	1.28
17.	Seaw Keng Seng	900,000	1.28
18.	Bor Chuan Hui	875,000	1.24
19.	Tan Hoay Yam	860,000	1.22
20.	Seaw Wei Tat	830,000	1.18
21.	Tan Teik Soon	800,000	1.14
22.	JF Apex Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chng Cheng Chuan*	740,000	1.05
23.	Law Kim Chai	700,000	0.99
24.	Maybank Nominees (Tempatan) Sdn Bhd *- Too Lih Ann*	650,000	0.92
25.	Kik Ah Kheok	600,000	0.85
26.	Bee Jian Ming	580,000	0.82
27.	Beh Seng Huat	566,700	0.80
28.	Kenanga Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Liew Voon Tah (029)*	550,000	0.78
29.	Seaw Keng Seng	500,000	0.71
30.	Fu & Foo Sdn Bhd	500,000	0.71
	TOTAL	**37,190,900**	**52.83**

DIRECTORS' WARRANT B HOLDINGS (AS PER THE RECORD OF DEPOSITORS)

	NAME OF DIRECTORS	No. of Warrant B Held	Percentage (%)
1.	Edlin bin Ghazaly	-	-
2.	Datuk Chai Woon Chet	-	-
3.	Wong Kwai Wah	-	-
4.	Cherng Chin Guan	-	-
5.	Yap Chi Keong	-	-
6.	Andrew Lim Piow Tiang	-	-
7.	Dato' Ng Aun Hooi	-	-
8.	Dato' Ir. Mohamad Shokri bin Abdullah	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting ('16th AGM') of **ASTRAL SUPREME BERHAD** will be held at Tioman Room, Level 1, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on **Monday**, **30 June 2014** at **9.00 a.m**. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2013 and the Directors' and Auditors' Reports thereon. **(Please refer to the Explanatory Notes)**

2. To approve the payment of Directors' fees of RM46,500 in respect of the financial year ended 31 December 2013. **(Ordinary Resolution 1)**

3. To re-elect Mr Yap Chi Keong who retires pursuant to Article 80 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 2)**

4. To re-elect the following Directors who retire pursuant to Article 79 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (i) Datuk Chai Woon Chet **(Ordinary Resolution 3)**
   (ii) Mr Wong Kwai Wah **(Ordinary Resolution 4)**
   (iii) Encik Edlin bin Ghazaly **(Ordinary Resolution 5)**
   (iv) Dato' Ng Aun Hooi **(Ordinary Resolution 6)**
   (v) Dato' Ir. Mohamad Shokri bin Abdullah **(Ordinary Resolution 7)**
   (vi) Mr Andrew Lim Piow Tiang **(Ordinary Resolution 8)**

5. To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT, pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Amendments to the Articles of Association**

   (Special Resolution)

   "THAT the Articles of Association of the Company be and is hereby amended in the form and manner as set out below:-

   (i) By deleting the existing Article 72 (C) in its entirety and inserting the substitution thereof, the following new Article 72(C):-

   "**Article 72(C)**

   Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds."

8. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board
ASTRAL SUPREME BERHAD

WONG KEO ROU (MAICSA 7021435)
Company Secretary

Kuala Lumpur
6 June 2014

Notes:
1. A member entitled to attend and vote at the annual general meeting is entitled to appoint more than two (2) proxies who may but need not be a member/members of the Company. In the event the proxy/proxies is/are not a member/members, he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time set for holding the annual general meeting or any adjournment thereof.
6. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 24 June 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 16th AGM.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Item 1 of the Agenda
To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon

This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require shareholders' approval for the Audited Financial Statements. Henceforth, this item is not put forward for voting.

2. Authority to Issue Shares

The proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting, to issue shares (other than bonus or rights issue) of the Company up to and not exceeding in total 10% of the issued share capital of the Company at the time of issue for such purpose as they considered would be in the best interest of the Company. The renewal of authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 26 June 2013 and which will lapse at the conclusion of the Annual General Meeting.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with convening of such meeting(s). The Directors will utilise the proceeds raised from this mandate for any possible fund raising activities of the Company, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisition.

3. **Proposed Amendments to the Articles of Association**

The proposed Special Resolution, if passed, will bring the Company's Articles of Association in line with the amendments made to Bursa Malaysia Securities Berhad Main Market Listing Requirements and for administrative purposes.

ASTRAL SUPREME BERHAD (442371-A)

FORM OF PROXY

CDS ACCOUNT NO.				-				-									
No. OF SHARES HELD																	

I/We …….........………………….........…

(FULL NAME IN BLOCK LETTERS)

(NRIC No/Company Registration No.:………..…...……………………………………………………….....………………..…)

of ………………………………………………………………………………………….………………...……………………………......

(FULL ADDRESS)

being a member/members of **ASTRAL SUPREME BERHAD**, hereby appoint ………..

……………………………………………………………...……….NRIC No:………………………....………..……….

(FULL NAME IN BLOCK LETTERS)

of ………………………………………………………………………………………….……..……...……..………………....

(FULL ADDRESS)

or failing him……………………………………………….….NRIC No:……………..………………..........................

(FULL NAME IN BLOCK LETTERS)

of ………………………………………………………………………………………………………..……………………….......

(FULL ADDRESS)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Tioman Room, Level 1, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on **Monday**, **30 June 2014** at **9.00 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	Payment of Directors' Fees		
2.	Re-election of Mr Yap Chi Keong		
3.	Re-election of Datuk Chai Woon Chet		
4.	Re-election of Mr Wong Kwai Wah		
5.	Re-election of Encik Edlin bin Ghazaly		
6.	Re-election of Dato' Ng Aun Hooi		
7.	Re-election of Dato' Ir. Mohamad Shokri bin Abdullah		
8.	Re-election of Mr Andrew Lim Piow Tiang		
9.	Re-appointment of Auditors		
10.	Authority to issue shares under Section 132D of the Companies Act, 1965		
SPECIAL RESOLUTION			
Proposed Amendments to the Articles of Association			

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this ………… day of ……………………….. 2014.

…………………………………….
Signature(s) of member(s)

Notes:-

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint more than two (2) proxies who may but need not be a member/members of the Company. In the event the proxy/proxies is/are not a member/members, he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
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Then fold here

AFFIX
STAMP

The Company Secretary
Astral Supreme Berhad (442371-A)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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