
Unaudited First Quarter Financial Statements and Dividend Announcement for the period ended 30 September 2017

The Board of Directors of Astaka Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce the unaudited consolidated results of the Group for the 1st quarter ended 30 September 2017.

PART I Information Required for Quarterly (Q1, Q2 & Q3), Half- Year and Full Year Announcements

- 1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		Change %
	3 months ended		
	30/09/2017 (Unaudited) RM'000	30/09/2016 (Restated) RM'000	
Revenue	98,483	42,752	130.4
Cost of sales	(84,017)	(34,951)	140.4
Gross profit	14,466	7,801	85.4
Other income	581	226	157.1
Other (losses)/gains	(81)	775	(110.5)
Expenses:			
Selling and distribution	(686)	(1,481)	(53.7)
Administrative	(3,179)	(2,420)	31.4
Finance costs	(8)	(3)	166.7
Others	(766)	(147)	421.1
Profit before income tax	10,327	4,751	117.4
Income tax expense	(3,173)	(1,488)	113.2
Profit after tax and total comprehensive profit for the financial period	7,154	3,263	119.2
Profit and total comprehensive profit attributable to: Equity holders of the Company	7,077	3,263	116.9
Total comprehensive profit attributable to non- controlling interests	77	-(¹)	n.m.
Total comprehensive profit	7,154	3,263	119.2

n.m. – not meaningful

Notes:

⁽¹⁾ Less than RM500

- 1(a)(ii) **The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year: -**

Profit for the financial period is stated after charging/(crediting) the following:

	Group	
	3 months ended	
	30/09/2017 (Unaudited) RM'000	30/09/2016 (Restated) RM'000
Depreciation of property, plant and equipment	363	331
Interest expense	8	3
Interest income	(77)	(72)
Foreign exchange losses/(gains)	81	(775)
Reversal of over accrued RTO professional fees	-	(19)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/09/2017 (Unaudited) RM'000	30/06/2017 (Audited) RM'000	30/09/2017 (Unaudited) RM'000	30/06/2017 (Audited) RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,179	2,501	-	-
Investment in subsidiaries	-	-	1,229,000	1,229,000
Deferred tax assets	29	77	-	-
	2,208	2,578	1,229,000	1,229,000
Current assets				
Development properties	536,544	507,061	-	-
Trade and other receivables	124,478	128,515	193	200
Amount due from related parties	-	-	111,662	112,100
Cash and cash equivalents	27,148	27,152	8,544	9,685
	688,170	662,728	120,399	121,985
Total assets	690,378	665,306	1,349,399	1,350,985
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	259,384	259,384	1,455,079	1,455,079
Capital reserve	-	-	1,419	1,419
Merger reserve	(10,769)	(10,769)	-	-
Accumulated losses	(19,815)	(26,892)	(110,466)	(109,240)
	228,800	221,723	1,346,032	1,347,258
Non-controlling interest	1,160	1,083	-	-
Total equity	229,960	222,806	1,346,032	1,347,258
LIABILITIES				
Current liabilities				
Trade and other payables	350,743	336,782	263	610
Current tax liabilities	14,712	12,111	-	-
Bank overdraft	13,684	14,487	-	-
Borrowings	28,392	19,062	-	-
Finance lease liabilities	170	169	-	-
Amount due to related parties	40,965	38,765	3,104	3,117
	448,666	421,376	3,367	3,727
Non-current liabilities				
Borrowings	11,312	20,642	-	-
Finance lease liabilities	440	482	-	-
	11,752	21,124	-	-
Total liabilities	460,418	442,500	3,367	3,727
Total equity and liabilities	690,378	665,306	1,349,399	1,350,985

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year: -

(a) the amount repayable in one year or less, or on demand;

As at 30/09/2017		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
42,246	-	33,718	-

(b) the amount repayable after one year;

As at 30/09/2017		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
11,752	-	21,124	-

(c) whether the amounts are secured or unsecured; and

The Group did not have any unsecured loan as at 30 September 2017 and 30 June 2017.

(d) details of any collaterals

The term loan and bank overdraft relates to AL Murabahah credit facility from Maybank Islamic Berhad of RM270,770,000 (30 June 2017: RM270,770,000) for the purpose of the construction of one of the Group's development properties. It is secured by a first party legal charge over 2.43 acres of land and building to be erected on the land in One Bukit Senyum under PTD 216346 and jointly and severally guaranteed by directors of Astaka Padu Sdn Bhd, a subsidiary of the Company, and a controlling shareholder of the Company.

Bank overdraft facility from Affin Bank Berhad of RM10,000,000 (30 June 2017: RM10,000,000) for the purpose of working capital of the Group. This is secured by a fixed deposit from a controlling shareholder of the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 months ended	
	30/09/2017	30/09/2016
	(Unaudited)	(Restated)
	RM'000	RM'000
Cash flow from operating activities		
Profit after income tax	7,154	3,263
Adjustments for:		
- Income tax expense	3,173	1,488
- Depreciation of property, plant and equipment	363	331
- Interest expense	8	3
- Interest income	(77)	(72)
- Currency translation gains	(57)	-
	<u>10,564</u>	<u>5,013</u>
Change in working capital:		
Development properties	(28,544)	(11,478)
Trade and other receivables	4,034	(6,403)
Trade and other payables	14,021	18,526
Cash generated from operations	<u>75</u>	<u>5,658</u>
Income tax paid	(525)	-
Net cash flow (used in)/generated from operating activities	(450)	5,658
Cash flow from investing activities		
Additions to property, plant and equipment	(41)	(27)
Interest received	77	72
Net cash flow generated from investing activities	36	45
Cash flows from financing activities		
Amount due to related parties	2,200	74
Proceeds from draw down of term loan	-	19,919
Repayments of term loan	-	(31,774)
Repayments of finance lease liabilities	(42)	(14)
Interest paid	(945)	(2,209)
Net cash flow generated from/(used in) financing activities	1,213	(14,004)
Net increase/(decrease) in cash and cash equivalents	799	(8,301)
Cash and cash equivalents		
Beginning of financial period	12,665	34,336
End of financial period	13,464	26,035

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30/09/2017	30/09/2016
	(Unaudited)	(Restated)
	RM'000	RM'000
Cash and bank balances	27,148	41,248
(-) Bank overdrafts	(13,684)	(15,213)
Cash and cash equivalents per consolidated statement of cash flows	13,464	26,035

- 1(d)(i) A statement (for the issuer and group) showing either (1) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Group
(Unaudited)**

	Share capital	Merger reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2017	259,384	(10,769)	(26,892)	221,723	1,083	222,806
Profit and total comprehensive income for the period	-	-	7,077	7,077	77	7,154
Balance as at 30 September 2017	259,384	(10,769)	(19,815)	228,800	1,160	229,960
Balance as at 1 July 2016	259,384	(10,769)	(55,285)	193,330	8	193,338
Profit and total comprehensive income for the period	-	-	3,263	3,263	-(¹)	3,263
Balance as at 30 September 2016, as restated	259,384	(10,769)	(52,022)	196,593	8	196,601

Notes:

(¹) Less than RM500

**Company
(Unaudited)**

	Share capital	Capital reserve	Accumulated Losses	Total equity
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2017	1,455,079	1,419	(109,240)	1,347,258
Loss and total comprehensive income	-	-	(1,226)	(1,226)
Balance as at 30 September 2017	1,455,079	1,419	(110,466)	1,346,032
Balance as at 1 July 2016	1,455,079	1,419	(105,470)	1,351,028
Loss and total comprehensive income	-	-	61	61
Balance as at 30 September 2016, as restated	1,455,079	1,419	(105,409)	1,351,089

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of issued shares	Issued and paid-up share capital (RM'000)
Balance as at 30 June 2017	1,869,434,303	1,455,079
Balance as at 30 September 2017	1,869,434,303	1,455,079

The Company did not have any outstanding options or convertibles as at 30 September 2017 and 30 September 2016. There were no treasury shares or subsidiary holdings as at 30 September 2017 and 30 September 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30/09/2017	As at 30/06/2017
Total number of issued shares	1,869,434,303	1,869,434,303

There were no treasury shares as at 30 September 2017 and 30 June 2017.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard and practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below the accounting policies and methods of computations adopted in the financial statements for the current financial period reported on are consistent with those disclosed in the most recently audited consolidated financial statements of the Group for the financial year ended 30 June 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretation of FRS that are relevant to its operation and effective for the accounting periods beginning on or after 1 July 2017. The adoption of these new and revised FRS did not result in any substantial change to the Group's and Company's accounting policies and has no significant impact on the financial statements for the current financial period reported on.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -

	3 months ended	
	30/09/2017 (Unaudited)	30/09/2016 (Restated)
Total comprehensive profit attributable to equity holders of the Company (RM'000)	7,077	3,263
Weighted average number of ordinary shares in issue	1,869,434,303	1,869,434,303
Basic earnings per share ("EPS") (RM'sen)	0.38	0.17
Fully diluted EPS (RM'sen)	0.38	0.17

The basic and fully diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2017 and 30 September 2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -
 (a) Current financial period reported on; and
 (b) Immediately preceding financial year

	Group		Company	
	30/09/2017 (Unaudited)	30/06/2017 (Audited)	30/09/2017 (Unaudited)	30/06/2017 (Audited)
Net Asset Value ("NAV") (RM'000)	229,960	222,806	1,346,032	1,347,258
Number of ordinary shares in issue (excluding treasury shares)	1,869,434,303	1,869,434,303	1,869,434,303	1,869,434,303
NAV per ordinary share (RM'sen)	12.30	11.92	72.00	72.07

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated statement of comprehensive income

The review for the performance of the Group for the 3 months ended 30 September 2017 ("1QFY2018") as compared to the 3 months ended 30 September 2016 ("1QFY2017").

Revenue

The increase in revenue of RM55.7m for 1QFY2018 was mainly attributable to revenue streams generated from the Group's additional projects such as Johor Bahru's City Council, Majlis Bandaraya Johor Bahru ("MBJB") and housing development in Pengerang ("Bukit Pelali @ Pengerang").

The MBJB project which commenced in May 2017 had contributed revenue amounted to RM30.5 million in 1QFY2018. This project is expected to be completed by the end of 2019. Additionally, the housing development at Bukit Pelali @ Pengerang which commenced in January 2017 had contributed revenue of RM13.4 million in 1QFY2018.

Revenue for The Astaka @ One Bukit Senyum ("Phase 1 of OBS") increased by RM11.8 million to RM54.5 million in 1QFY2018. The construction is expected to be completed in March 2018.

Gross Profit

Consequent to the additional revenue contributions from both the MBJB and Bukit Pelali @ Pengerang project, the gross profit rose by 85.4% or RM6.7 million, from RM7.8 million in 1QFY2017 to RM14.5 million in 1QFY2018. The GP margin was, however, reduced by 3.6 percentage points due to lower average margin from the said projects.

Other Income

Other operating income increased by RM355,000 to RM581,000 in 1QFY2018. The increase was mainly due to i) late payment interest on progress billing charged to buyers which amounted to RM273,000; ii) insurance compensation which amounted to RM46,000; and iii) staff overtime claim reimbursed from contractor which amounted to RM31,000.

Other (losses)/gains

The Group recorded other losses of RM81,000 in 1QFY2018 as compared to other gains of RM775,000 in 1QFY2017, mainly due to currency translation loss arising from the Singapore Dollar denominated cash and cash equivalents as a result of the weakening of the Singapore Dollar against the Malaysia Ringgit in 1QFY2018.

Expenses

Selling and distribution expenses decreased by RM795,000 to RM686,000 in 1QFY2018 from RM1.5 million in 1QFY2017. The decrease was due to a shift in the Company's marketing strategy to concentrate on personalized selling and distribution rather than mass market sales. Besides, in 1QFY2018, there was an absence of expenses incurred in 1QFY2017 such as the roadshows and events organised for sales of Phase 1 of OBS and the unveiling of the One Bukit Senyum events.

Administrative expenses increased by RM759,000 to RM3.2 million in 1QFY2018 from RM2.4 million in 1QFY2017, mainly due to increase in salaries and related expense of RM534,000 in line with the additional manpower requirement in view of the Group's continuing expansion.

Finance costs increased slightly by RM5,000 to RM8,000 in 1QFY2018 from RM3,000 in 1QFY2017.

Other operating expenses increased by RM619,000 to RM766,000 in 1QFY2018 from RM147,000 in 1QFY2017 mainly due to penalty for late payment of quit rent and the real property gain tax charged by Malaysia Inland Revenue Board for the land disposal transactions incurred in prior year.

Income tax expense increased by RM1,685,000 to RM3.2 million in 1QFY2018 from RM1.5 million in 1QFY2017. This was in line with the increased profit earned during the quarter.

Consolidated statement of financial position

Property, plant and equipment decreased to RM2.2 million as at 30 September 2017 from RM2.5 million as at 30 June 2017, mainly due to the depreciation charges on existing and newly acquired property, plant and equipment.

Deferred tax assets which amounted to RM29,000 as at 30 September 2017 mainly arise from temporary differences for property, plant and equipment.

Trade and other receivables decreased to RM124.5 million as at 30 September 2017 from RM128.5 million as at 30 June 2017, mainly due to the collections of trade receivables for Bukit Pelali @ Pengerang.

Development properties increased by RM29.5 million to RM536.5 million as at 30 September 2017. This was due to the additional billings by sub-contractors, professionals and consultants for the development of Phase 1 of OBS, MBBJ and Bukit Pelali @ Pengerang. The increase was in line with the progress of the current on-going construction of the Group's property development projects.

Trade and other payables increased to RM350.7 million as at 30 September 2017 from RM336.8 million as at 30 June 2017, mainly pertaining to contractors and sundry accruals for Phase 1 of OBS and Bukit Pelali @ Pengerang.

Bank overdraft, current and long-term borrowing decreased by RM844,000 to RM54.0 million as at 30 September 2017 from RM54.8 million as at 30 June 2017, due to the repayment of bank borrowings and no further drawdown made in the quarter.

Share capital remains at RM259.4 million as at 30 September 2017 and 30 June 2017.

Consolidated statement of cash flow

The Group reported a net cash outflow from operating activities of RM450,000 which was primarily due to the costs progressively incurred in Phase 1 of OBS during Q1FY2018 which has yet to reach the next billing milestone.

Net cash generated from investing activities of RM36,000 in 1QFY2018 was mainly due to interest income received from financial institution after offsetting with the cash outflow used in acquiring new property, plant and equipment.

Net cash inflow from financing activities of RM1.2 million in 1QFY2018 was largely due to 12% from the cash proceeds received from purchasers, which payable to the joint venture partner for the land purchase consideration in the Bukit Pelali @ Pengerang project, in accordance with the joint development agreement.

As a result, the Group recorded an overall net increase in cash and cash equivalents of RM799,000 in 1QFY2018 as compared to net decrease of RM9.1 million in 1QFY2017. As at 30 September 2017, net cash and cash equivalents amounted to RM13.5 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is accelerating plans to market its current projects in Johor, leveraging on major infrastructure developments and the proximity to Singapore. It is confident that these factors along with the uniqueness of its projects in Johor Bahru and Pengerang, combined with the management track record, will allow the Group to achieve a healthy take-up rate despite challenges from perceived over-supply of homes and restrictions by the Malaysian government on home purchases.

11. If a decision regarding dividend has been made: -

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period reported on.

(b)

- (i) Amount per share (RM'sen)

Not applicable.

- (ii) Previous corresponding period (RM'sen)

Not applicable. No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers receive by the Company (up to 5.00p.m.) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared (recommended) for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Dato Daing A Malek Bin Daing A Rahaman ("Dato Malek") and his associates	RM517,453 ⁽¹⁾	Not applicable.

Note:

1. Comprise of (i) rental payable by the Company's 99.99% owned subsidiary, Astaka Padu Sdn Bhd ("APSB"), to an associate of Dato Malek for the rental of office premises by APSB for a period of one year from 1 September 2017 to 31 August 2018; and (ii) interest payable to Dato Malek for an extension of loan by Dato Malek to the Company.

Save for the above mentioned, there were no interested persons transactions of \$100,000 or more for entered into during the 1QFY2018.

The Group does not have a general mandate from its shareholders for recurring interested person transactions.

14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

15. **Negative confirmation pursuant to Rule 705(5).**

The Board hereby confirms that, to the best of their knowledge, nothing has come to their attention that may render the unaudited financial results for the three months period ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dato Zamani Bin Kasim
Executive Director and Chief Executive Officer
13 November 2017