ASTAKA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200814792H)

Unaudited Second Quarter Financial Statements and Dividend Announcement for the year ended 31 December 2018

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 2nd quarter ended 31 December 2018 ("2QFY2019").

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			Group		
	3 months ended		Change	6 months ended		Change
	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000	%	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000	%
Revenue	66,148	111,997	(40.9)	110,519	210,480	(47.5)
Cost of sales	(63,861)	(93,860)	(32.0)	(100,600)	(177,876)	(43.4)
Gross profit	2,287	18,137	(87.4)	9,919	32,604	(69.6)
Other income	778	301	158.5	3,848	882	336.3
Other (loss)/gains	(12)	(351)	(96.6)	78	(432)	n.m.
Expenses:						
Selling and distribution	(493)	(517)	(4.6)	(1,036)	(1,203)	(13.9)
Administrative	(3,388)	(4,046)	(16.3)	(7,361)	(7,225)	1.9
Finance costs	(7)	(7)	0.0	(12)	(15)	(20.0)
Others	(298)	(97)	207.2	(329)	(864)	(61.9)
(Loss)/Profit before tax	**(1,133)**	**13,420**	n.m.	**5,107**	**23,747**	(78.5)
Income tax expense	(654)	(3,956)	(83.5)	(3,763)	(7,129)	(47.2)
(Loss)/Profit after tax and total comprehensive income for the period	**(1,787)**	**9,464**	n.m.	**1,344**	**16,618**	(91.9)
(Loss)/Profit and total comprehensive income attributable to:						
Equity holders of the Company	**203**	**9,340**	(97.8)	**1,681**	**16,417**	(89.8)
Non-controlling interests	**(1,990)**	**124**	n.m.	**(337)**	**201**	n.m.
Total comprehensive income	**(1,787)**	**9,464**	n.m.	**1,344**	**16,618**	(91.9)

n.m. – not meaningful

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: -

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

	Group		Group	
	3 months ended		6 months ended	
	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000
Depreciation of property, plant and equipment	146	367	450	730
Interest expense	7	7	12	15
Interest income	(48)	(52)	(174)	(130)
Foreign exchange losses/(gains)	15	55	(6)	(2)
Forfeiture income	(542)	-	(3,355)	-
Allowance for foreseeable losses on development properties	1,227	-	1,227	-

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	
	31/12/2018 (Unaudited) RM'000	30/06/2018 (Audited) RM'000	31/12/2018 (Unaudited) RM'000	30/06/2018 (Audited) RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	932	1,279	-	-
Investment in subsidiaries	-	-	1,229,000	1,229,000
Deferred tax assets	1,197	2,942	-	-
	2,129	4,221	1,229,000	1,229,000
Current assets				
Development properties	589,653	543,622	-	-
Contract assets	31,420	21,581	-	-
Trade and other receivables	86,488	261,181	75	43
Amount due from related parties	-	-	109,131	111,318
Cash and cash equivalents	16,079	16,422	4,828	4,778
	723,640	842,806	114,034	116,139
Total assets	**725,769**	**847,027**	**1,343,034**	**1,345,139**
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	(14,953)	(16,634)	(116,815)	(114,865)
	233,662	231,981	1,339,683	1,341,633
Non-controlling interest	2,305	2,642	-	-
Total equity	**235,967**	**234,623**	**1,339,683**	**1,341,633**
LIABILITIES				
Current liabilities				
Trade and other payables	389,405	432,882	315	553
Contract liabilities	25,817	33,342	-	-
Current tax liabilities	8,569	12,402	-	-
Bank overdraft	9,936	12,962	-	-
Borrowings	3,973	61,908	-	-
Finance lease liabilities	127	186	-	-
Amount due to related parties	51,623	44,392	3,036	2,953
	489,450	598,074	3,351	3,506
Non-current liabilities				
Borrowings	-	13,938	-	-
Finance lease liabilities	352	392	-	-

	352	14,330	-	-
Total liabilities	**489,802**	**612,404**	**3,351**	**3,506**
Total equity and liabilities	**725,769**	**847,027**	**1,343,034**	**1,345,139**

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 31/12/2018		As at 30/06/2018	
Secured RM'000	**Unsecured RM'000**	**Secured RM'000**	**Unsecured RM'000**
14,036	-	75,056	-

(b) the amount repayable after one year;

As at 31/12/2018		As at 30/06/2018	
Secured RM'000	**Unsecured RM'000**	**Secured RM'000**	**Unsecured RM'000**
352	-	14,330	-

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

The Group did not have any unsecured loan as at 31 December 2018 and 30 June 2018.

(d) details of any collaterals

As at 31 December 2018, the Group's financing facilities of RM53,000,000 (30 June 2018: RM369,770,000) were secured by legal charges on certain of the Group's development properties, property, plant and equipment, pledge of fixed deposits from a controlling shareholder and jointly and severally guaranteed by directors of subsidiaries.

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		Group 6 months ended	
	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000
Cash flow from operating activities				
(Loss)/Profit after income tax	(1,787)	9,464	1,344	16,618
Adjustment for:				
- Income tax expense	654	3,956	3,763	7,129
- Allowance for foreseeable losses on development properties	1,227	-	1,227	-
- Depreciation of property, plant and equipment	146	367	450	730
- Interest expense	7	7	12	15
- Interest income	(48)	(52)	(174)	(130)
- Unrealised currency translation loss/(gains)	15	55	(6)	(2)
	214	13,797	6,616	24,360
Change in working capital:				
Development properties	(18,703)	(57,878)	(45,046)	(112,360)
Contract assets/(liabilities)	8,574	25,064	(17,364)	51,001
Trade and other receivables	5,543	(32,352)	174,693	(28,317)
Trade and other payables	26,574	15,495	(43,487)	29,517
Cash generated from/(used in) operations	22,202	(35,874)	75,412	(35,799)
Income tax paid	(438)	(62)	(5,851)	(587)
Net cash flow generated from/(used in) operating activities	**21,764**	**(35,936)**	**69,561**	**(36,386)**
Cash flow from investing activities				
Additions to property, plant and equipment	(61)	(45)	(103)	(85)
Interest received	48	52	174	130
Net cash flow (used in)/generated from investing activities	**(13)**	**7**	**71**	**45**
Cash flows from financing activities				
Amount due to related parties	5,024	(526)	7,247	1,674
Additional investment from non-controlling interest	-	2,450	-	2,450
Proceeds from drawdown of term loan	-	31,401	-	31,401
Repayment of term loan	(17,740)	(6,550)	(71,873)	(6,550)
Repayment of finance lease liabilities	(48)	(42)	(99)	(84)
Interest paid	(846)	(832)	(2,224)	(1,777)
Net cash flow (used in)/generated from financing activities	**(13,610)**	**25,901**	**(66,949)**	**27,114**
Net increase/(decrease) in cash and cash equivalents	**8,141**	**(10,028)**	**2,683**	**(9,227)**
Cash and cash equivalents				
Beginning of financial period	(1,998)	13,464	3,460	12,663
End of financial period	**6,143**	**3,436**	**6,143**	**3,436**

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

	31/12/2018 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000
Cash and bank balances	16,079	17,075
(-) Bank overdrafts	(9,936)	(13,639)
Cash and cash equivalents per consolidated statement of cash flows	**6,143**	**3,436**

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 2018	259,384	(10,769)	(16,634)	231,981	2,642	234,623
Profit and total comprehensive income for the period	-	-	1,478	1,478	1,653	3,131
Balance as at 30 September 2018	**259,384**	**(10,769)**	**(15,156)**	**233,459**	**4,295**	**237,754**
Loss and total comprehensive income for the period	-	-	203	203	(1,990)	(1,787)
Balance as at 31 December 2018	**259,384**	**(10,769)**	**(14,953)**	**233,662**	**2,305**	**235,967**

	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**
Acquisition of interests in subsidiary by non-controlling party	-	-	-	-	2,450	2,450
Profit and total comprehensive income for the period	-	-	9,340	9,340	124	9,464
Balance as at 31 December 2017	**259,384**	**(10,769)**	**(10,475)**	**238,140**	**3,734**	**241,874**

Company
(Unaudited)

	Share capital	Capital reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2018	1,455,079	1,419	(114,865)	1,341,633
Loss and total comprehensive income for the period	-	-	(757)	(757)
Balance as at 30 September 2018	**1,455,079**	**1,419**	**(115,622)**	**1,340,876**
Loss and total comprehensive income for the period	-	-	(1,193)	(1,193)
Balance as at 31 December 2018	**1,455,079**	**1,419**	**(116,815)**	**1,339,683**

	Share capital	Capital reserve	Retained earnings	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 for the period	-	-	(1,226)	(1,226)
Balance as at 30 September 2017	**1,455,079**	**1,419**	**(110,466)**	**1,346,032**
Loss and total comprehensive income for the period	-	-	(1,600)	(1,600)
Balance as at 31 December 2017	**1,455,079**	**1,419**	**(112,066)**	**1,344,432**

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 1 October 2018	1,869,434,303	1,455,079
Balance as at 31 December 2018	**1,869,434,303**	**1,455,079**

The Company did not have any outstanding options or convertibles as at 31 December 2018 and 31 December 2017. There were no treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

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 31/12/2018	As at 30/06/2018
Total number of issued shares	1,869,434,303	1,869,434,303

There were no treasury shares as at 31 December 2018 and 30 June 2018.

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, 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 2018.

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.

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I). The application of the new standards and interpretations (including SFRS(I) (9) as further detailed below) do not have any significant impact on the Group's financial statements for the current financial period reported on.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new "expected credit loss" ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 July 2018.

In accordance with the exemption in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International), the Group elected not to restate information for the financial year ended 30 June 2018. Accordingly, the information presented for the financial year ended 30 June 2018 is presented, as previously reported, under FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 July 2018.

The expected impact on adoption of SFRS(I) 9 are described below.

Impairment

The Group's financial assets consist of loans and receivables that continue to be accounted for using amortised cost model under SFRS(I) 9. SFRS(I) 9 replaces the current 'incurred loss' model in FRS 39 with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost.

The Group applied the simplified approach and record lifetime ECL on all trade receivables. For the non-trade receivables, the Group applied the general approach and record 12-month ECL on non-trade receivables.

Based on the assessment, there is no significant impact on the Group's financial statements for the current financial period reported on arising from SFRS(I) 9.

Borrowing Costs Relating to Development Properties

In December 2018, the IFRS Interpretations Committee issued a tentative agenda decision for public comments where it presented its views that borrowing costs relating to development properties that are ready for its intended sale (i.e. ready for launch) should not be capitalised and instead, be expensed when incurred. The Group's accounting policy currently capitalises borrowing costs relating to its development properties under construction, which is the general market practice for developers in Singapore. The IFRS Interpretations Committee is in the midst of considering comments received before finalising the agenda decision which is expected in the first quarter of 2019. Following the finalisation of the agenda decision, management will assess the impact from adopting this accounting approach on its financial statements.

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		6 months ended	
	31/12/2018 (Unaudited)	**31/12/2017 (Unaudited)**	**31/12/2018 (Unaudited)**	**31/12/2017 (Unaudited)**
Total comprehensive income attributable to equity holders of the Company (RM'000)	203	9,340	1,681	16,417
Weighted average number of ordinary shares in issue	1,869,434,303	1,869,434,303	1,869,434,303	1,869,434,303
Basic earnings per share ("EPS") (RM'sen)	0.01	0.50	0.09	0.88
Fully diluted EPS (RM'sen)	0.01	0.50	0.09	0.88

The basic and fully diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2018 and 31 December 2017.

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	
	31/12/2018 (Unaudited)	**30/06/2018 (Audited)**	**31/12/2018 (Unaudited)**	**30/06/2018 (Audited)**
Net Assets Value (RM'000)	235,967	234,623	1,339,683	1,341,633
Number of ordinary shares in issue	1,869,434,303	1,869,434,303	1,869,434,303	1,869,434,303
NAV per ordinary share (RM'sen)	12.62	12.55	71.66	71.77

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

Revenue

The decrease in revenue of RM45.9 million for 2QFY2019 was mainly due to the completion of The Astaka @ One Bukit Senyum ("The Astaka") in June 2018 and the slowdown in sales of the remaining unsold units, resulting in the decrease in revenue of The Astaka by RM49.6 million in 2QFY2019 as compared to 2QFY2018. There was a minor decrease in revenue from the Menara Majlis Bandaraya Johor Bahru ("MBJB") project of RM5.7 million in 2QFY2019 as compared to 2QFY2018. The reduction in revenue in The Astaka and MBJB was mitigated by the increase in revenue from the Bukit Pelali @ Pengerang ("BPP") project of RM9.5 million in 2QFY2019 compared to 2QFY2018.

Cost of Sales and Gross Profit

Consequent to the decrease in revenue as explained above, the Group's costs of sales decreased by 32.0% to RM63.9 million and the Group's gross profit decreased by 87.4% to RM2.3 million in 2QFY2019. The gross profit margin in 2QFY2019 decreased by 12.7 percentage points to 3.5% primarily due to the slowdown in sales of the remaining unsold units at The Astaka project and the completion of the said project in June 2018. The Astaka project had commanded a higher margin as compared to the Group's other on-going projects.

Other Operating Income

Other operating income increased by RM477,000 to RM778,000 in 2QFY2019 mainly due to forfeiture of payment from purchasers in relation to termination of sales and purchase agreement of development properties from The Astaka project which amounted to RM542,000.

The aforesaid increase was offset by decrease in late payment interest on progress billings charged to buyers of RM132,000.

Other Losses

The Group recorded other losses of RM12,000 in 2QFY2019 as compared to other losses of RM351,000 in 2QFY2018 which was due to appreciation of Ringgit Malaysia against the Singapore Dollar during the 2QFY2019.

Expenses

Administrative expenses decreased by RM658,000 to RM3.39 million in 2QFY2019 mainly due to the decrease in legal fees of RM419,000 which arose from the one-off charges incurred for the disbursement of loan in 2QFY2018 and decrease in professional fee of RM156,000 which arose from the one-off charges incurred for the Islamic Financing Facility granted to the Company in 2QFY2018.

Other operating expenses increased by approximately RM201,000 to RM298,000 in 2QFY2019 mainly due to the expenditure on corporate social responsibility activities.

The Group recorded allowance for foreseeable losses on development properties of RM1.2 million in 2QFY2019 which arose from the BPP project due to additional master landscape works contracted in enhancing the environment in the BPP development.

Income tax expense decreased by RM3.3 million to RM654,000 in 2QFY2019 from RM3.9 million in 2QFY2018. This was due to lower profit earned during 2QFY2019 and the materialisation of the deferred tax of RM930,000 in relation to the pay-out of the ascertained liquidated damages to purchasers of The Astaka.

Consolidated statement of financial position

Property, plant and equipment decreased to RM932,000 as at 31 December 2018 from RM1.3 million as at 30 June 2018, mainly due to the depreciation charges on existing and newly acquired property, plant and equipment for operations purpose.

Deferred tax assets which amounted to RM1.2 million as at 31 December 2018 was mainly attributable to temporary differences for property, plant and equipment.

Development properties increased by RM46.0 million to RM589.7 million as at 31 December 2018. The increase was in line with the progress of the current on-going construction of the Group's property development projects.

Contract assets have increased by RM9.8 million to RM31.4 million as at 31 December 2018 mainly due to contract costs incurred for the BPP project which has not been billed to the purchasers.

Trade and other receivables decreased by RM174.7 million to RM86.5 million as at 31 December 2018, mainly attributed to the collections of progressive billings from The Astaka.

Trade and other payables decreased by RM43.5 million to RM389.4 million as at 31 December 2018 mainly pertaining to the payment to the contractors and sundry accruals for The Astaka.

Contract liabilities have decreased to RM25.8 million from RM33.3 million as at 31 December 2018, mainly due to more progress billings issued to the MBJB.

Current borrowings and overdraft decreased by RM60.9 million to RM13.9 million as at 31 December 2018, due to repayment of bank borrowings and no drawdown made in the quarter.

Amount due to related parties increased by RM7.2 million to RM51.6 million as at 31 December 2018, which was mainly attributed to RM3.9 million being the BPP land consideration payable to the joint venture partner, Saling Syabas Sdn Bhd ("SSSB"). Based on the terms of the development agreement entered into between Bukit Pelali Properties Sdn Bhd ("BPPSB") (a 51:49 joint venture company between by the Company's 99.99% owned subsidiary, Astaka Padu Sdn Bhd ("APSB") and SSSB) and SSSB, BPPSB shall pay SSSB 12% of the cash proceeds to be received from the individual purchasers of the properties in the BPP project, such amount to be capped at and shall not exceed the sum of RM165.0 million.

Long term borrowings decreased by RM13.9 million to RM Nil as at 31 December 2018, due to the repayment of borrowings during the quarter.

Share capital remained at RM259.4 million as at 31 December 2018 and 30 June 2018.

<u>Consolidated statement of cash flow</u>

The Group reported a net cash inflow from operating activities of RM21.8 million in 2QFY2019 as compared to a net cash outflow of RM35.9 million in 2QFY2018. This was primarily due to progress billings received from the purchasers which arose from the completion of The Astaka in June 2018.

Net cash outflow from investing activities of RM13,000 in 2QFY2019 was mainly due to cashflow used in acquiring new property, plant and equipment of RM61,000 and offset against the interest income received from financial institutions which amounted to RM48,000.

Net cash outflow from financing activities of RM13.6 million in 2QFY2019 was mainly due to the repayment of bank borrowings and finance lease liabilities which amounted to RM17.8 million, offset by RM5.0 million due to related parties which in relation to land consideration payable to the joint venture partner as explained above.

As a result, the Group recorded an overall net increase in cash and cash equivalents of RM8.1 million in 2QFY2019 as compared to net decrease of RM10.0 million in 2QFY2018. As at 31 December 2018, the Group's cash and cash equivalents amounted to RM6.1 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.

Several months after a major general election in May 2018, which led to the formation of a new government in Malaysia, the property market in Malaysia remains subdued. The Group remains positive about the long-term outlook due to the abolishment in 2018 of the Goods and Services Tax and the exemption of construction materials from the new Sales and Services Tax in Malaysia, which may lower construction costs.

The Group is on track for the construction and development of its two phases of development comprising terrace houses and shop offices in the Bukit Pelali Township in second quarter of this calendar year. Meanwhile, the construction and development of MBJB is on track as well, scheduled for completion in fourth quarter of 2019.

The Group continues to explore strategic alliances to develop Phase 3 of One Bukit Senyum which spans approximately 7.65 acres.

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 received by the Company (up to 5.00 p.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 and the reason(s) for the decision.

No interim dividend has been declared or recommended for the current reporting period as the Group was loss-making in 2QFY2019.

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)**
Dato Daing A Malek Bin Daing A Rahaman ("**Dato Malek**") and his associates	RM550,485[(1)]	Not applicable.

Note:
(1) Comprise 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 entered into during 2QFY2019.

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 Catalist 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 and six months period ended 31 December 2018 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
12 February 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

The announcement has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Ling Yuet Shan, Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).