
Unaudited Second Quarter Financial Statements and Dividend Announcement for the period ended 31 December 2016

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.

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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 2016.

Following the completion of the reverse takeover of E2-Capital Holdings Limited (the "RTO") the Company changed its functional and presentation currency from Hong Kong Dollar ("HKD") to Ringgit Malaysia ("RM") with effect from 19 November 2015. Accordingly, the consolidated financial statements of the Group for the applicable comparative period were translated and presented in RM. The change in functional and presentation currency was determined on the basis that the RM better reflects the current and prospective economic substance of the underlying transactions and circumstances of the Group.

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		Variances %	6 months ended		Variances %
	31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000		31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000	
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Other operating income	265	95	178.9	490	254	92.9
Other gains	1,335	-	n.m.	2,110	-	n.m.
Non-operating expenses	-	(95,597)	n.m.	-	(95,983)	n.m.
Expenses:						
Selling and distribution	(303)	(275)	10.2	(1,784)	(475)	275.6
Administrative	(3,509)	(2,252)	55.8	(5,895)	(4,303)	37.0
Finance costs	(3)	(70)	(95.7)	(5)	(139)	(96.4)
Others	(148)	(153)	(3.3)	(330)	(205)	61.0
Loss before income tax	(2,363)	(98,252)	(97.6)	(5,414)	(100,851)	(94.6)
Income tax credit	180	162	11.1	551	417	32.1
Loss after tax and total comprehensive loss for the financial period	(2,183)	(98,090)	(97.8)	(4,863)	(100,434)	(95.2)
Loss and total comprehensive loss attributable to:						
Equity holders of the Company	(2,107)	(98,089)	(97.9)	(4,786)	(100,433)	(95.2)
Total comprehensive loss attributable to non-controlling interests	(76)	-(⁽¹⁾)	n.m.	(77)	(1)	n.m.
Total comprehensive loss	(2,183)	(98,090)	(97.8)	(4,863)	(100,434)	(95.2)

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: -**

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

	Group		Group	
	3 months ended		6 months ended	
	31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000
Depreciation of property, plant and equipment	332	87	663	169
Interest expense	3	70	5	139
Interest income	(38)	(94)	(110)	(221)
Foreign exchange (gains)/losses	(1,335)	508	(2,110)	962
Loss on reverse acquisition	-	63,625	-	63,625
RTO professional fees	-	7,578	-	7,964
RTO arranger fees	-	24,394	-	24,394

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	
	31/12/2016 (Unaudited) RM'000	30/06/2016 (Audited) RM'000	31/12/2016 (Unaudited) RM'000	30/06/2016 (Audited) RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,539	3,136	-	-
Investment in subsidiaries	-	-	1,229,000	1,229,000
Deferred tax assets	4,026	-	-	-
	<u>6,565</u>	<u>3,136</u>	<u>1,229,000</u>	<u>1,229,000</u>
Current assets				
Development properties	626,823	483,811	-	-
Trade and other receivables	77,258	66,905	229	214
Amount due from related parties	-	-	113,125	92,513
Cash and cash equivalents	29,243	50,308	11,502	32,788
	<u>733,324</u>	<u>601,024</u>	<u>124,856</u>	<u>125,515</u>
Total assets	739,889	604,160	1,353,856	1,354,515
LIABILITIES				
Current liabilities				
Trade and other payables	466,161	287,164	366	521
Current tax liabilities	10,754	4,545	-	-
Borrowings	54,680	55,822	-	-
Hire purchase liabilities	81	81	-	-
Amount due to related parties	38,044	28,510	3,099	2,966
	<u>569,720</u>	<u>376,122</u>	<u>3,465</u>	<u>3,487</u>
Non-current liabilities				
Borrowings	37,006	87,734	-	-
Hire purchase liabilities	169	203	-	-
Deferred tax liabilities	-	2,735	-	-
	<u>37,175</u>	<u>90,672</u>	<u>-</u>	<u>-</u>
Total liabilities	606,895	466,794	3,465	3,487
NET ASSETS	132,994	137,366	1,350,391	1,351,028
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)	-	-
Retained earnings	(116,037)	(111,251)	(106,107)	(105,470)
	<u>132,578</u>	<u>137,364</u>	<u>1,350,391</u>	<u>1,351,028</u>
Non-controlling interest	416	2	-	-
Total equity	132,994	137,366	1,350,391	1,351,028

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 31/12/2016		As at 30/06/2016	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
54,761	-	55,903	-

(b) the amount repayable after one year;

As at 31/12/2016		As at 30/06/2016	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
37,175	-	87,937	-

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

The Group did not have any unsecured loan as at 31 December 2016 and 30 June 2016.

(d) details of any collaterals

The term loan and bank overdraft relates to AL Murabahah credit facility from Maybank Islamic Berhad of RM270,000,000 (30 June 2016: RM270,000,000) for the purpose of the construction 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 2016: RM10,000,000) for the purpose of working capital of the Group's development properties was 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		Group	
	3 months ended 31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000	6 months ended 31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000
Cash flow from operating activities				
Loss after income tax	(2,183)	(98,090)	(4,863)	(100,434)
Adjustment for:				
- Income tax credit	(180)	(162)	(551)	(417)
- Depreciation of property, plant and equipment	332	87	663	169
- Interest expense	3	70	5	139
- Interest income	(38)	(94)	(110)	(221)
- Arranger fees paid in shares	-	24,394	-	24,394
- Loss on reverse acquisition	-	63,625	-	63,625
- Unrealised currency translation gains	(1,895)	-	(2,670)	-
	(3,961)	(10,170)	(7,526)	(12,745)
Change in working capital:				
Development properties	(86,481)	(40,057)	(138,996)	(90,479)
Trade and other receivables	(12,612)	20,067	(10,311)	23,169
Trade and other payables	120,329	(39,344)	178,990	(6,632)
Amount due to related parties	9,460	-	9,534	-
Cash generated from/(used in) operations	26,735	(69,504)	31,691	(86,687)
Income tax paid	(1)	(1)	(1)	(1)
Net cash flow generated from/(used in) operating activities	26,734	(69,505)	31,690	(86,688)
Cash flow from investing activities				
Additions to property, plant and equipment	(38)	(3)	(65)	(54)
Interest received	38	94	110	221
Net cash flow generated from investing activities	-	91	45	167
Cash flows from financing activities				
Additional Investment from non-controlling interest	490	-	490	-
Proceeds from draw down of term loan	-	-	19,920	12,514
Proceeds from issuance of shares	-	130,620	-	130,620
Share issue expenses	-	(2,788)	-	(2,788)
Net cash received from reserve acquisition	-	9,027	-	9,027
Repayment of term loan	(39,213)	(4,116)	(70,986)	-
Repayment of hire purchase liabilities	(20)	(15)	(35)	(30)
Interest paid	(1,811)	(70)	(4,020)	(139)
Net cash flow (used in)/generated from financing activities	(40,554)	132,658	(54,631)	149,204
Net (decrease)/increase in cash and cash equivalents	(13,820)	63,244	(22,896)	62,683

	Group		Group	
	3 months ended		6 months ended	
	31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000	31/12/2015 (Unaudited) RM'000
Cash and cash equivalents				
Beginning of financial period	26,034	(8,770)	34,336	(8,209)
Effects of currency translation on cash and cash equivalents	1,860	-	2,634	-
End of financial period	14,074	54,474	14,074	54,474

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

	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)
Cash and bank balances	29,243	71,111
(-) Bank overdrafts	(15,169)	(16,637)
Cash and cash equivalents per consolidated statement of cash flows	14,074	54,474

- 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 RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 July 2016	259,384	(10,769)	(111,251)	137,364	2	137,366
Total comprehensive loss for the period	-	-	(2,679)	(2,679)	-(1)	(2,679)
Balance as at 30 September 2016	259,384	(10,769)	(113,930)	134,685	2	134,687
Additional Investment from non-controlling interest	-	-	-	-	490	490
Total comprehensive loss for the period	-	-	(2,107)	(2,107)	(76)	(2,183)
Balance as at 31 December 2016	259,384	(10,769)	(116,037)	132,578	416	132,994

	Share capital RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 July 2015	30,769	(10,769)	100	20,100	-	20,100
Total comprehensive loss for the period	-	-	(2,344)	(2,344)	-	(2,344)
Balance as at 30 September 2015	30,769	(10,769)	(2,244)	17,756	-	17,756
Total comprehensive loss for the period	-	-	(98,090)	(98,090)	-(1)	(98,090)
Issuance of consideration shares	73,422	-	-	73,422	3	73,425
Issuance of arranger shares	24,394	-	-	24,394	-	24,394
Issuance of compliance shares	130,620	-	-	130,620	-	130,620
Share issue expenses	(2,788)	-	-	(2,788)	-	(2,788)
Balance as at 31 December 2015	256,417	(10,769)	(100,334)	145,314	3	145,317

**Company
(Unaudited)**

	Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2016	1,455,079	1,419	(105,470)	1,351,028
Total comprehensive income	-	-	61	61
Balance as at 30 September 2016	1,455,079	1,419	(105,409)	1,351,089
Total comprehensive income	-	-	(698)	(698)
Balance as at 31 December 2016	1,455,079	1,419	(106,107)	1,350,391

	Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2015	24,684	1,419	(8,159)	17,944
Total comprehensive income	-	-	(1,688)	(1,688)
Balance as at 30 September 2015	24,684	1,419	(9,847)	16,256
Total comprehensive income	-	-	(9,407)	(9,407)
Capital reduction	(5,463)	-	-	(5,463)
Issuance of consideration shares	1,280,664	-	-	1,280,664
Issuance of arranger shares	24,394	-	-	24,394
Issuance of compliance shares	130,620	-	-	130,620
Share issue expenses	(2,788)	-	-	(2,788)
Balance as at 31 December 2015	1,452,111	1,419	(19,254)	1,434,276

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

	Number of issued shares	Issued and paid-up share capital (RM'000)
Balance as at 1 October 2016	1,869,434,303	1,455,079
Balance as at 31 December 2016	1,869,434,303	1,455,079

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2016 and 31 December 2015.

- 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 31/12/2016	As at 30/06/2016
Total number of issued shares	1,869,434,303	1,869,434,303

The Company did not have any treasury shares as at 31 December 2016 and 30 June 2016.

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

Not applicable, as the Company did not have any treasury shares 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 issue'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 2016.

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 ("IFRS") that are relevant to its operation and effective for the accounting periods beginning on or after 1 July 2016. 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		6 months ended	
	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)
Total comprehensive loss attributable to equity holders of the Company (RM'000)	(2,107)	(98,090)	(4,786)	(100,433)
Weighted average number of ordinary shares in issue	1,869,434,303	1,345,338,912	1,869,434,303	508,400,348
Basic loss per share ("LPS") (RM'sen)	(0.11)	(7.29)	(0.26)	(19.75)
Fully diluted LPS (RM'sen)	(0.11)	(7.29)	(0.26)	(19.75)

For comparison, the LPS for the corresponding period of the immediately preceding financial year was recomputed based on the weighted average number of shares issued for the RTO, excluding shares issued to the arranger as arranger fee and placement shares.

Excluding the non-recurring items pertaining to the RTO, the effects of the LPS are as follows:

	3 months ended		6 months ended	
	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)
Total comprehensive loss attributable to equity holders of the Company (RM'000)	(2,107)	(98,090)	(4,786)	(100,433)
Adjusting for non-recurring items: -				
1) RTO professional fees	-	7,578	-	7,964
2) RTO arranger fees	-	24,394	-	24,394
3) Loss on reverse acquisition	-	63,625	-	63,625

Adjusted total comprehensive loss attributable to owners of the parent (RM'000)	(2,107)	(2,493)	(4,786)	(4,450)
Adjusted basic LPS (RM'sen)	(0.11)	(0.19)	(0.26)	(0.88)
Adjusted fully diluted LPS (RM'sen)	(0.11)	(0.19)	(0.26)	(0.88)

The basic and fully diluted LPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2016 and 31 December 2015.

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: -**
- Current financial period reported on; and**
 - Immediately preceding financial year**

	Group		Company	
	31/12/2016 (Unaudited)	30/06/2016 (Audited)	31/12/2016 (Unaudited)	30/06/2016 (Audited)
Net Assets Value (RM'000)	132,994	137,366	1,350,391	1,351,028
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)	7.11	7.35	72.24	72.27

The net asset value per share as at 31 December 2016 and 30 June 2016 was computed based on 1,869,434,303 issued shares (excluding treasury shares).

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:**
- 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**
 - 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 31 December 2016 ("2QFY2017") as compared to the 3 months ended 31 December 2015 ("2QFY2016").

Revenue from the development properties that have been sold is recognised when the construction of the development properties are completed and the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or equitable interest in a property. The development of The Astaka @ One Bukit Senyum ("Phase 1 of OBS") is expected to be completed in March 2018, and as such there were no revenues and cost of sales reported for 2QFY2017. During 2QFY2017, no units were sold and 2 units were cancelled. Overall, 307 units were sold as at 31 December 2016.

Other operating income increased by RM170,000 to RM265,000 in 2QFY2017 from RM95,000 in 2QFY2016. The increase was mainly due to the rental income of RM64,000 arising from the rental of certain land in One Bukit Senyum to a contractor for temporary staffs quarter which was established, as well as late payment interest on progress billing charged to buyers amounting to RM156,000. The increase was offset by a decrease in interest income from deposits with financial institutions of RM56,000.

The Group recorded other gains of RM1.34 million in 2QFY2017. This was mainly due to the unrealised foreign currency translation gains from the Singapore Dollar ("SGD") denominated cash and cash equivalents as a result of the weakening of the Malaysia Ringgit against the SGD in 2QFY2017.

No non-operating expenses were incurred in 2QFY2017. In 2QFY2016, the one-off non-operating expenses incurred were in relation to (i) professional fees related to the reverse takeover transaction of RM7.58 million, (ii) loss on reverse acquisition of RM63.63 million, and (iii) arranger fees of RM24.39 million.

In 2QFY2017, selling and distribution expenses increased by RM28,000 to RM303,000 in 2Q2017 from RM275,000 in 2Q2016.

Administrative expenses increased by RM1.2 million to RM3.5 million in 2QFY2017 from RM2.3 million in 2QFY2016. The increase was mainly due to (i) increase of legal and professional fees amounting to RM1.05 million which were incurred for the acquisition of the development right to the Bukit Pelali Project, and (ii) increase of depreciation charges amounting to RM245,000 which was mainly attributable to the depreciation charged for the renovation of the new office.

Finance costs decreased by RM67,000 from RM70,000 in 2QFY2016 to RM3,000 in 2QFY2017. In 2QFY2016, the interest expenses are mainly in relation to the Developer Interest Bearing Scheme ("DIBS"), where the developer will bear the borrowing interest for the buyer during the project construction period until the handing over of vacant possession to the buyer. In 2QFY2017, such costs were capitalised to property development costs.

Other operating expenses decreased by RM5,000 to RM148,000 in 2Q2017 from RM153,000 in 2Q2016.

Income tax credit increased by RM18,000 to RM180,000 in 2QFY2017 from RM162,000 in 2QFY2016.

Consolidated statement of financial position

The review for the financial position of the Group is based on the Group's financial position as at 31 December 2016 and 30 June 2016.

Property, plant and equipment decreased to RM2.5 million as at 31 December 2016 from RM3.1 million as at 30 June 2016, mainly due to the depreciation charged on property, plant and equipment, offset by the purchase of office, furniture and fittings.

Deferred tax assets amounted to RM4.0 million as at 31 December 2016 mainly due to the recognition of deferred taxation arising from the property under development.

Development properties increased to RM626.8 million as at 31 December 2016 from RM483.8 million as at 30 June 2016 due to additional payments to sub-contractors, professionals and consultants for the developments which is in line with the current stage of construction of the development projects, being the Phase 1 of OBS and the Bukit Pelali Project.

Trade and other receivables increased to RM77.3 million as at 31 December 2016 from RM66.9 million as at 30 June 2016, mainly due to the increase in trade receivables of RM9.6 million from the progress billing for Phase 1 of OBS.

Trade and other payables increased to RM466.2 million as at 31 December 2016 from RM287.2 million as at 30 June 2016, mainly due to the increase in (i) accounts payables of RM70.8 million relating to payables to the main contractor of Phase 1 of OBS, and (ii) progress billing to purchasers of RM111.4 million. The increase in both the accounts payables and progress billing to purchasers was in tandem with the development progress of Phase 1 of OBS. The aforesaid increase was offset by decrease in accrual and other payables of RM3.2 million.

Current borrowings decreased to RM54.7 million as at 31 December 2016 from RM55.8 million as at 30 June 2016, mainly due to the repayment of bank facilities.

Amount due to related parties increased to RM38.0 million as at 31 December 2016 from RM28.5 million as at 30 June 2016, which was mainly attributed to RM9.3 million received from the 49% joint venture partner to the Bukit Pelali Project, Saling Syabas Sdn Bhd, for its contribution payable for the paid-up capital of the joint venture entity, Bukit Pelali Properties Sdn Bhd.

Current tax liabilities increased by RM6.2 million to RM10.8 million as at 31 December 2016 mainly due to the estimated tax expenses which the Malaysia Inland Revenue Board assess based on the percentage of completion in 2QFY2017.

Long term borrowings decreased to RM37.0 million as at 31 December 2016 from RM87.7 million as at 30 June 2016, mainly due to the repayment of bank facilities.

Share capital remains at RM259.4 million as at 31 December 2016 and 30 June 2016.

Consolidated statement of cash flow

The Group reported a net cash inflow from operating activities of RM26.7 million in 2QFY2017 as compared to a net cash outflow of RM69.5 million in 2QFY2016. This was primarily due to increase in amount due to related parties as well as an increase in trade and other payables, which were partially offset by an increase in trade and other receivables and development properties.

Interest received from deposits with financial institutions of RM38,000 in 2QFY2017 was offset by cash paid for the purchase of property, plant and equipment of RM38,000. There was therefore no net cash generated from investing activities in 2QFY2017.

Net cash outflow from financing activities of RM40.6 million in 2QFY2017 was largely due to the repayments of bank loans of RM39.2 million and interest paid of RM1.8 million for a term loan, offset by proceeds received from non-controlling interest amounting to RM490,000.

As a result, the Group recorded an overall net decrease in cash and cash equivalents of RM13.8 million in 2QFY2017 as compared to net increase of RM63.2 million in 2QFY2016. As at 31 December 2016, net cash and cash equivalents amounted to RM14.1 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.

The Group continues to expect the property market conditions to remain challenging. However, the Group is positive that there will be healthy demand for its property projects such as the One Bukit Senyum and Bukit Pelali projects which are strategically located and integrated with good infrastructures.

The Group is making further development progress on its construction of the Phase 1 of OBS which has reached the 65th and 58th floors for Towers A and B, respectively. When fully completed in 2018, the two towers will be the tallest residential blocks in Southeast Asia. The Group continues to market the Phase 1 of OBS in Singapore, Brunei, Taiwan, China and Indonesia.

As announced on 28 November 2016, the Group entered into a sale and purchase agreement with the Johor Bahru City Council, Majlis Bandaraya Johor Bahru ("MBJB"), to construct, develop and sell to MBJB a 15-storey Grade A office tower at its flagship One Bukit Senyum in Iskandar for RM308.0 million. A supplemental agreement, worth up to RM35.0 million for the interior design of the office tower, is expected to follow.

Shareholders of the Company had approved the acquisition of the development right to the Bukit Pelali Project in an extraordinary general meeting held on 16 December 2016. The Group has since commenced construction activities and the show units, comprising mixed residential and commercial units, are targeted to be launched in the second quarter 2017.

Singapore and Malaysia inked the bilateral agreement for the Kuala Lumpur-Singapore High Speed Rail ("HSR") and announced further details of the Rapid Transit System ("RTS") on 13 December 2016. The Board believes the upcoming HSR and RTS between Singapore and Johor Bahru will help underpin the Group's growth prospects over the long term and are expected to enhance the prospects of the real estate sector in the Johor region that the Group operations are based in.

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.

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.

A joint venture company, Bukit Pelali Properties Sdn Bhd (“**BPPSB**”) was incorporated in October 2016 by an indirect 99.99% owned subsidiary of the Company, Astaka Padu Sdn Bhd (“**APSB**”) and Saling Syabas Sdn Bhd (“**SSSB**”) and jointly held in the respective proportions of 51% and 49% to acquire the development right to the Bukit Pelali Project from SSSB for RM165 million. The aforementioned development right acquisition was completed on 16 December 2016.

SSSB is 95% owned by, and accordingly an associate of, the Company’s controlling shareholder, Dato Daing A Malek Bin Daing A Rahaman. RM84.15 million (representing approximately 61.26% of the Group’s latest audited net tangible assets as at 30 June 2016) of the consideration is attributable to APSB, which is proportionate to its equity interest in BPPSB. The acquisition of the development right as an interested person transaction was approved by shareholders at the extraordinary general meeting held on 16 December 2016. Please refer to the announcement on 4 October 2016 and the circular dated 29 November 2016 for further details.

BPPSB was incorporated with an issued and paid-up capital of RM1.0 million, of which APSB contributed RM0.51 million in proportion to its equity interest in BPPSB.

Save for the abovementioned, there were no interested persons transactions of S\$100,000 or more for the six months ended 31 December 2016.

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

14. Update on the use of compliance placement proceeds

	Revised Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Repayment of amounts due to interested persons	9,070	-	9,070
Repayment of bank facilities	1,653	1,653	-
Repayment of amount due to Malpakat	6,088	6,088	-
General working capital of the Group	19,849	19,849 ⁽¹⁾	-
Total	36,660	27,590	9,070

Notes –

- (1) Amounts utilised for general working capital consists of payments to contractors, consultants and professionals of S\$12.91 million in respect of the development of phase 1 of the two plots of land located in the Iskandar region of Johor, Malaysia, operating costs of S\$0.44 million, staff salaries and related expenses of S\$0.42 million as well as repayment of bridging loan of S\$6.08 million used for payment to main contractors for progressive works carried out for phase 1 of The Astaka @ One Bukit Senyum.

The Company will make periodic announcements as and when the proceeds from the compliance placement are materially disbursed and provide a status report on such use in its annual report and its interim and full-year financial statements. Pending the deployment of the proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions and/or used to invest in short-term money market instruments.

15. 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).

16. 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 and six months period ended 31 December 2016 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 February 2017