ASTAKA HOLDINGS LIMITED
(Company Registration No.: 200814792H)
(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

In compliance with Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of the Catalist ("Catalist Rules") , the Board of Directors of Astaka Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform shareholders that its independent auditors, KPMG LLP (the "Independent Auditors"), have included an emphasis of matter with respect to the comparative information presented as at and for the financial years ended 30 June 2016 and 2015 in their report (the "Independent Auditors' Report") on the audited financial statements of the Group for the financial year ended 30 June 2017 (the "Financial Statements").

The Group made an announcement on 11 July 2017 in which they informed the shareholders that the Group has elected to early adopt FRS 115 *Revenue from Contracts with Customers* with a date of initial application of 1 July 2016 and hence made retrospective adjustments to the comparative information in the Financial Statements.

The opinion of the Independent Auditors remains unqualified.

A copy of the Independent Auditors' Report together with the extract of the relevant note to the Financial Statements is annexed to this announcement. Shareholders of the Company are advised to read the Financial Statements in its annual report for the financial year ended 30 June 2017, which will be despatched in due course.

BY ORDER OF THE BOARD

Dato' Zamani Bin Kasim
Executive Director and Chief Executive Officer

28 September 2017

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.

This announcement has not been examined or approved by the 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 Mr. Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

ANNEXURE

Independent auditors' report

Members of the company
Astaka Holdings Limited and its subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Astaka Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS52.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – comparative information

We draw attention to Note 2.5 to the financial statements which indicates that the comparative information presented as at and for the years ended 30 June 2016 and 2015 has been restated and the Group has elected to early adopt FRS 115 *Revenue from Contracts with Customers* with a date of initial application of 1 July 2016 and has made retrospective adjustments to the comparative information in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The financial statements of the Group as at and for the year ended 30 June 2016, excluding the restatement and retrospective adjustments described in Note 2.5 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 October 2016.

As part of our audit of the financial statements as at and for the year ended 30 June 2017, we also audited the restatement and retrospective adjustments described in Note 2.5 to the financial statements that were applied to restate the comparative information presented as at and for the year ended 30 June 2016 and the statement of financial position as at 1 July 2015.

We were not engaged to audit, review, or apply any procedures to the comparative information presented as at and for the year ended 30 June 2016 and the statement of financial position as at 1 July 2015, other than with respect to the restatement and retrospective adjustments described in Note 2.5 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on comparative information. However, in our opinion, the restatement and retrospective adjustments described in Note 2.5 to the financial statements are appropriate and have been properly applied.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for sales of development properties

(Refer to Note 3.9 and Note 6 to the financial statements)

RISK:

The Group enters into contracts with customers to deliver specified building units to the customers based on the plans and specifications as set out in the contracts. In accordance with FRS 115 *Revenue from Contracts with Customers*, the analysis of whether the contracts comprise one or more performance obligations, determining whether the performance obligations are satisfied over time and the method used to measure progress for revenue recognition where performance obligations are satisfied over time represent areas requiring critical judgement and estimates by the Group.

There is a broad range of possible outcomes resulting from these judgements that could lead to different revenue and profit being reported in the financial statements.

OUR RESPONSE:

We evaluated the Group's processes over revenue recognition for sales of development properties and assessed the basis for the identification of performance obligations. We also read the sales and purchase agreements of development properties and discussed each of the developments with management to obtain an understanding of the specific terms to identify performance obligations. Also, we assessed whether the criteria are met for recognising revenue over time and the point of revenue recognition.

We assessed the appropriateness of methods and amounts used to measure the progress of the construction of specified building units by reference to construction costs incurred to date compared to the estimated total construction costs where the performance obligation is satisfied over time.

We assessed the adequacy of the estimated total construction costs by comparing them with the actual costs incurred to-date and discussed with management on the progress of the projects, taking into consideration of any significant deviation in design plans or potential delay, which may require revision in the estimated total construction costs. For the works that have been contracted to third parties, we agreed to the contracts. For construction costs incurred to date, we have tested the significant items of cost components by comparing the supporting documents pertaining to the claims from main contractors to ascertain the existence and accuracy of the costs of work done.

OUR FINDINGS:

We found the basis and result for the identification of performance obligations and the assessment of whether the identified performance obligations are satisfied over time by the Group to be appropriate. We also found the point of revenue recognition applied by the Group to be consistent with the revenue recognition criteria set out.

We found the method used to recognise revenue from the delivery of specified building units to be consistent with the transfer of control of the goods or services to the customers.

We found the estimated total construction costs and costs of work performed to date to be supported.

Valuation of development properties

(Refer to Note 3.6 and Note 6 to the financial statements)

RISK:

The Group has residential and commercial development properties held for sale in its core market, Malaysia. Development properties are stated at the lower of their cost and their net realisable values. Net realisable value represents the estimated future selling price, less estimated costs of completion and selling expenses.

The estimation of future selling prices is dependent on the Group's expectation of the market development in Malaysia. There is therefore a risk that the estimated net realisable value exceeds the future actual selling prices, resulting in losses when these properties are sold.

For land to be developed management has assessed the net realisable value of the proposed development, based on valuation obtained from an independent external valuer. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuation. In particular, the net realisable value of the proposed development is highly dependent on the development plans of the Group, which increases the risk of error or potential management bias.

OUR RESPONSE:

We assessed the reasonableness of the Group's estimated selling prices of the development properties of on-going projects by comparing them with recent transacted selling prices of the development properties. We also assessed the adequacy of the estimated total construction costs of on-going projects by comparing them with the actual costs incurred to-date and discussed with management on the progress of the on-going projects, taking into consideration of any significant deviation in design plans or potential delay, which may require revision in the estimated total construction costs.

We also evaluated the independence, objectivity and competency of the independent external valuer. We considered the valuation methodologies used and assessed the reasonableness of the key assumptions used by the independent external valuer, which included a comparison of the discount rates, and price per square metre, against historical rates and available market data, taking into consideration comparable and market factors.

OUR FINDINGS:

We found the Group's assumptions used in the estimated selling prices are within the market's expectation and estimated construction costs to complete the on-going projects to be supported.

We are satisfied with the competency, capability and objectivity of the external valuer. The valuer is a member of generally-recognised professional bodies for valuers. The valuation methodologies used by the valuer are in line with generally accepted market practices and comparable to methods used for similar property types. The key assumptions used in the valuations were found to be reasonable, and where available, consistent with current market data.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Corporate profile, Milestones, Chairman's statement, CEO's statement, Financial highlights, Board of directors, Key management, Corporate social responsibility, Group structure, Corporate information, Corporate governance report, Financial contents, Corporate governance report, Shareholding statistics and Directors' statement, prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 September 2017

Note 2.5 – Adoption of new accounting standards and prior year adjustment

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in the financial statements.

Early adoption of FRS 115 *Revenue from Contracts with Customers*

The Group has early adopted FRS 115 *Revenue from Contracts with Customers* with a date of initial application of 1 July 2016. As a result, the Group has changed its accounting policies for revenue recognition as detailed below.

Sale of development properties

The Group previously recognised revenue from sale and cost of sales of development properties upon the completion of the construction of the development properties and the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or on equitable interest in a property.

Under FRS 115, the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date. The Group measures the progress towards complete satisfaction of the performance obligation based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the construction costs incurred to date to the estimated total construction costs).

Contract costs

The Group previously capitalised commission costs paid to sales agents to secure sale contract for development properties as prepayments included in trade and other receivables. Under FRS 115, the Group reclassified these commission costs to development properties as incremental costs of obtaining a contract with a customer and if they are expected to be recovered. Subsequent to initial measurement, contract costs are recognised to profit or loss using the same measure of progress as the related contract revenue.

Prior year adjustment

The deferred tax liabilities arising from the gain on disposal of land were recognised in the financial statements in prior years although the Group has no obligation to settle this tax liability. The abovementioned deferred tax liabilities were derecognised in the financial statements by way of prior year adjustment.

The following tables summarise the impacts of adopting FRS 115 and prior year adjustment on the Group's financial statements.

Consolidated statement of financial position

	As at 1 July 2015			
	As previously stated RM	**Effects of FRS 115 RM**	**Prior year adjustment RM**	**As restated RM**
Assets				
Deferred tax assets	–	–	3,515,000	3,515,000
Development properties	300,182,207	(116,134,200)	–	184,048,007
Trade and other receivables	71,001,064	(18,503,639)	–	52,497,425
Others	4,482,222	–	–	4,482,222
Total assets	375,665,493	(134,637,839)	3,515,000	244,542,654
Liabilities				
Deferred tax liabilities	7,897,027	–	(7,897,027)	–
Trade and other payables	210,330,037	(134,637,839)	–	75,692,198
Others	137,714,775	–	–	137,714,775
Total liabilities	355,941,839	(134,637,839)	(7,897,027)	213,406,973
Equity				
Accumulated losses	(276,367)	–	11,412,027	11,135,660
Others	20,000,021	–		20,000,021
Total equity	19,723,654	–	11,412,027	31,135,681

	As at 30 June 2016			
	As previously stated RM	**Effects of FRS 115 RM**	**Prior year adjustment RM**	**As restated RM**
Assets				
Development properties	483,811,083	(201,386,121)	–	282,424,962
Trade and other receivables	66,904,610	44,951,874	–	111,856,484
Others	53,445,504	–	–	53,445,504
Total assets	604,161,197	(156,434,247)	–	447,726,950
Liabilities				
Deferred tax liabilities	2,734,955	8,697,072	(11,412,027)	20,000
Trade and other payables	287,164,017	(207,536,125)	–	79,627,892
Current tax liabilities	4,545,485	(2,153,986)	–	2,391,499
Others	172,349,703	–	–	172,349,703
Total liabilities	466,794,160	(200,993,039)	(11,412,027)	254,389,094
Equity				
Accumulated losses	(111,250,261)	44,553,195	11,412,027	(55,285,039)
Non-controlling interests	2,611	5,597	–	8,208
Others	248,614,687	–	–	248,614,687
Total equity	137,367,037	44,558,792	11,412,027	193,337,856

Consolidated statement of comprehensive income
Year ended 30 June 2016

	As previously stated RM	Effects of FRS 115 RM	As restated RM
Revenue	–	264,863,169	264,863,169
Cost of sales	–	(213,761,291)	(213,761,291)
Tax credit/(expense)	516,614	(6,543,086)	(6,026,472)
Others	(111,491,252)	–	(111,491,252)
Loss and total comprehensive income for the year	(110,974,638)	44,558,792	(66,415,846)
Loss and total comprehensive income attributable to:			
Owners of the Company	(110,973,894)	44,553,195	(66,420,699)
Non-controlling interests	(744)	5,597	4,853
Loss and total comprehensive income for the year	(110,974,638)	44,558,792	(66,415,846)
Earnings per share			
Basic and diluted loss per share (RM cents per share)	(6.33)	2.54	(3.79)

Consolidated statement of cash flows
Year ended 30 June 2016

	As previously stated RM	Effects of FRS 115 RM	As restated RM
Cash flows from operating activities			
Loss for the year	(110,974,638)	44,558,792	(66,415,846)
Adjustments for:			
Tax (credit)/expense	(516,614)	6,543,086	6,026,472
Unrealised foreign exchange loss	1,898,919	(1,898,919)	–
Others	91,729,462	–	91,729,462
	(17,862,871)	49,202,959	31,340,088
Changes in:			
Development properties	(175,182,950)	821,921	(174,361,029)
Trade and other receivables	11,888,393	20,974,487	32,862,880
Trade and other payables	69,814,993	(72,898,286)	(3,083,293)
Balances with related parties	3,976,126	(3,976,126)	–
Balances with a shareholder	3,000,000	(3,000,000)	–
Cash used in operations	(104,366,309)	(8,875,045)	(113,241,354)
Tax paid	(122,090)	–	(122,090)
Net cash used in operating activities	(104,488,399)	(8,875,045)	(113,363,444)
Net cash from investing activities	6,582,481	–	6,582,481
Net cash from financing activities			
Balances with related parties	–	3,976,126	3,976,126
Balances with a shareholder	–	3,000,000	3,000,000
Others	142,349,798	–	142,349,798
Net cash from financing activities	142,349,798	6,976,126	149,325,924
Net increase in cash and cash equivalents	44,443,880	(1,898,919)	42,544,961
Cash and cash equivalents at 1 July 2015	(8,209,104)	–	(8,209,104)
Effects of exchange rate fluctuations on cash held	(1,898,919)	1,898,919	–
Cash and cash equivalents at 30 June 2016	34,335,857	–	34,335,857