ASTAKA HOLDINGS LIMITED

SINGAPORE REGISTERED OFFICE
38 Beach Road,
#29-11 South Beach Tower,
Singapore 189767

MALAYSIA OFFICE
No. 22, Jalan Padi Emas 1/4,
UDA Business Centre,
81200 Johor Bahru, Johor, Malaysia.

THE ASTAKA SALES GALLERY
One Bukit Senyum, Jalan Tebrau,
80200 Johor Bahru, Johor, Malaysia.

BUKIT PELALI SALES GALLERY
Bukit Pelali @ Pengerang, Jalan Murai, Bukit Pelali,
81600 Mukim Pengerang, Johor Darul Ta'zim,
Malaysia

www.astaka.com.my

ASTAKA HOLDINGS LTD.

BUILDING OUR PRESTIGE

ANNUAL REPORT 2018

TABLE OF CONTENTS

This annual report has been prepared by Astaka Holdings Limited (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 annual report.

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

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).

CORPORATE PROFILE

Listed on the Singapore Exchange (SGX:42S), Astaka Holdings Limited ("Astaka") is a leading integrated property developer based in the Iskandar region of Johor, Malaysia.

Astaka is the result of a reverse takeover in November 2015 of E2-Capital Holdings Limited by Astaka Padu Limited.

Astaka's founder saw the potential of Johor Bahru, and set out with a vision to transform the city. Leveraging on the management's track record and decades of experience, Astaka secured prime land in the heart of the city, now home to Group's flagship development, One Bukit Senyum.

The iconic One Bukit Senyum will transform the skyline of Johor Bahru with its elegance and modernity. It will be Johor Bahru's new central business district when completed in 2021.

The award-winning development includes The Astaka @ One Bukit Senyum, Southeast Asia's two tallest residential towers, a five-star hotel, branded residences, serviced apartments, a shopping mall, an office tower, and the headquarters of Johor Bahru's City Council, Menara MBJB.

One Bukit Senyum has a total gross floor area of 6.6 million square feet and a gross development value of up to RM5.3 billion.

Astaka's second project is Bukit Pelali at Pengerang, a 363 -acre strata township comprising of residential units, shop offices, a clubhouse, hotel, private hospital, mart, school, mosque, food and beverage hub and petrol station. With an estimated GDV of RM2.3 billion, the project is located five kilometres away from the Pengerang Integrated Petroleum Complex in southern Johor.

Astaka will selectively explore investment opportunities and potential real estate acquisitions, particularly high-profile or strategically-located land banks, to increase its portfolio of iconic projects across the region.

11.85 ACRES
OF FREEHOLD LAND

GROSS DEVELOPMENT VALUE OF
RM 5.3 BILLION

ONE BUKIT SENYUM

Held by Astaka Padu Sdn Bhd, a 99.99% owned subsidiary of the Company

COMPONENTS:
THE ASTAKA,
MENARA MBJB
FIVE-STAR HOTEL, BRANDED RESIDENCES AND SERVICED APARTMENTS, LUXURY SHOPPING MALL AND GRADE-A OFFICE BUILDING


CIGAR ROOM
PRIVATE DINING
LOBBY
SOCIAL DINING
SWIMMING POOL & JACUZZI
SPA ROOM

THE ASTAKA


SOUTHEAST ASIA'S TALLEST RESIDENTIAL TOWERS
TOWER A 70 STOREYS
TOWER B 65 STOREYS
1KM TO JOHOR CIQ
1,020 FEET ABOVE SEA LEVEL


363-ACRES
OF LEASEHOLD LAND
3,884
RESIDENTIAL UNITS
GROSS
DEVELOPMENT
VALUE OF
RM2.3 BILLION

BUKIT PELALI @ PENGERANG

Held by Bukit Pelali Properties Sdn Bhd, a 51:49 joint venture company between the Company's 99.99% owned subsidiary, Astaka Padu Sdn Bhd, and Saling Syabas Sdn Bhd

MILESTONES

Twin icons prevailing through time,
The Astaka @ One Bukit Senyum is the symbol of bold innovation, lifestyle trends, tied into excellent and opulent living.

1993

Astaka Padu Sdn Bhd was founded by Dato' Daing A Malek Bin Daing A Rahaman.

2003

Astaka Padu Sdn Bhd makes its foray into property development through applications to develop

2 PLOTS OF LAND IN ISKANDAR.

2004

Tebrau Junction Sdn Bhd was incorporated by Astaka Padu Sdn Bhd & Malpakat.

2012

Acquired land and commenced implementation plan for One Bukit Senyum. Engaged GDP Architects to develop The Astaka @ One Bukit Senyum. Dato' Zamani Bin Kasim appointed CEO of Astaka Padu Sdn Bhd.

2013

Grand launch and construction of The Astaka @ One Bukit Senyum, named tallest residential twin tow-ers in Southeast Asia. Engaged Penta-Ocean (Malaysia) Sdn Bhd for substructure works for The Astaka @ One Bukit Senyum.

2014

Astaka Padu Sdn Bhd undertook a restructuring exercise; Astaka Padu Limited became the holding company of Astaka Padu Sdn Bhd.

Completed sub-structure work for The Astaka @ One Bukit Senyum ahead of schedule.

Engaged China State Construction Engineering (M) Sdn Bhd for super-structure works for The Astaka @ One Bukit Senyum.

2015

Renamed Astaka Holdings Limited following listing on Singapore Exchange via the reverse takeover of E2-Capital Holdings Limited.

Change of Board members, Dato' Zamani Bin Kasim appointed as Astaka Holding's new Executive Director and Chief Executive Officer.

The Astaka @ One Bukit Senyum awarded:

- Best Condo Development (Malaysia) by South East Asia Property Awards (Malaysia) 2015
- Best Luxury Condo Development (South Malaysia) by South East Asia

Completed construction of a three-storey mosque at Johor Bahru Police Headquarters for the local community.

2016

28 November 2016 – Secured RM308 million agreement to develop Menara MBJB

3 October 2016 – Entered into joint venture to develop Bukit Pelali at Pengerang

28 August 2016 – Unveiled masterplan for One Bukit Senyum officiated by Sultan of Johor

2 August 2016 – Signed MOU for the construction, development and sale of Menara MBJB

2017

26 July 2017 – One Bukit Senyum conferred node status

11 July 2017 – Announcement on adoption of FRS 115

6 June 2017 – Topping Off for The Astaka

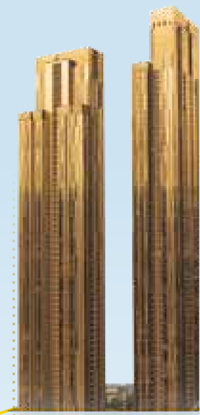
21 May 2017 – Grand Launch of Bukit Pelali at Pengerang by Sultan of Johor

8 May 2017 – Awarded construction contract for Menara MBJB to JBB Kimlun

30 April 2017 – The Astaka achieved three million man-hours without a lost-time injury

17 April 2017 – Unveiled showrooms of Bukit Pelali at Pengerang

28 October 2017 – Launched second phase of shop offices at Bukit Pelali Township in Southeast Johor



2018

26 June 2018 – The Astaka Towers received Certificate of Completion and Compliance

27 August 2018 – Appointment of Holiday Villa Hotels & Resorts to operate hotel at Bukit Pelali Project in Pengerang, Johor

CHAIRMAN'S STATEMENT

This successful completion of our maiden project is a testament to our ability to undertake iconic integrated projects and bodes well for our track record as a trusted developer of quality projects.

MR. NEO GIM KIONG
Non-Executive Chairman and
Independent Director

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Astaka Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), it gives me great pleasure to present to you the scorecard for the financial year ended 30 June 2018 ("FY2018").

Our most significant achievement this financial year was The Astaka @ One Bukit Senyum receiving its Certificate of Completion and Compliance on 26th June 2018. This successful completion of our maiden project is a testament to our ability to undertake iconic integrated projects and bodes well for our track record as a trusted developer of quality projects. The Astaka is Southeast Asia's tallest residential towers and stands out elegantly against the skyline of Johor Bahru. This condominium redefines luxury living in Johor Bahru with its architecture, innovative designs, build quality, full range of facilities and luscious landscaping.

FINANCIAL PERFORMANCE

The Group recorded a positive set of results with a net profit of RM9.37 million for FY2018 despite the challenging market sentiments in the Johor property sector amidst the political changes in the State and Federal levels following the general election in May 2018. Our revenue increased by 7.5% to RM332.7 million, mainly due to full year revenue recognised from the Group's development projects, namely Menara MBJB and Bukit Pelali @ Pengerang.

The Group's cost of sales increased by 19.9% to RM304.4 million mainly due to additional development costs for The Astaka, further enhancement works carried out for this project and higher infrastructure cost attributable to the site clearance and earthwork costs incurred for stabilising the hilly site topography in Bukit Pelali @ Pengerang.

As a result, the Group's gross profit decreased by 49.2% to RM28.3 million in FY2018.

The earnings per share was 0.55 RM'sen. The net asset value per share was 12.55 RM'sen (FY2017: 11.92 RM'sen).

DEVELOPMENT PROJECTS

Menara MBJB

The construction of Menara MBJB which will house the headquarters of Johor Bahru's City Council within the One Bukit Senyum, is progressing well. This 15-storey Grade A office tower is scheduled for completion by end-2019, upon which will see about 800 MBJB staff relocating to the new premises.

Bukit Pelali Project

This 363-acre strata township at Pengerang is self-contained with residential units, shop offices, a clubhouse, hotel, private hospital, mart, school, mosque, food and beverage hub and petrol station. With an estimated GDV of RM2.3 billion, the project is located five kilometres away from the Pengerang Integrated Petroleum Complex ("PIPC") in south-eastern Johor. It is to be developed over the next eight to ten years.

We are deeply honoured that His Majesty, Sultan of Johor, Sultan Ibrahim Ibni Almarhum Sultan Iskandar officiated at the grand launch and opening of the sales gallery in May 2017.

In August 2018, we appointed the well-known Holiday Villa Hotels & Resort to operate the hotel at Bukit Pelali when it is ready.

OUTLOOK

We are optimistic for our flagship development One Bukit Senyum because of its strategic location in the heart of Johor Bahru notwithstanding the two-year deferment for the High-Speed Rail project. Both the Federal and Singapore governments have agreed to proceed with the Rapid Transit System which will connect Singapore's Woodlands district to Bukit Chagar in Johor Bahru. As announced earlier, we have obtained approval to construct a tunnel linking One Bukit Senyum to the Johor Bahru Customs at Bukit Chagar. This inter-connectivity will greatly enhance the attractiveness of One Bukit Senyum, slated to be Johor Bahru's new administrative and commercial hub when completed in 2021. Coupled with its node status granted by Malaysia's Ministry of Finance and Iskandar Regional Development Authority, we have confidence that this development will draw many local and international corporations to locate here.

We believe Bukit Pelali @ Pengerang will benefit from its proximity to the PIPC, one of Southeast Asia's largest oil and gas hubs which will require over 70,000 workers. This huge number of residents augurs well for the demand for our residential units and commercial outlets.

I would like to acknowledge the achievements of our management team, led by our Chief Executive Officer Dato' Zamani bin Kasim in successfully delivering on our iconic and strategic projects. Leveraging on their extensive capabilities and experience, the team has played a key role to unlock the full potential of our developments. Our track record positions us well as a trusted developer of quality projects.

On behalf of the Board, I would like to extend my appreciation to our staff, business associates and shareholders for their support and loyalty.

Thank you.

MR. NEO GIM KIONG
Non-Executive Chairman
25 September 2018

CEO'S STATEMENT

We completed The Astaka @ One Bukit Senyum, to lay its claim as the tallest residential towers in Southeast Asia. This condominium will redefine luxury living in Johor Bahru. The iconic status of such a unique project positions Astaka Holdings as a quality and trusted developer able to handle projects of such scale.

DATO' ZAMANI BIN KASIM
Executive Director and
Chief Executive Officer

DEAR SHAREHOLDERS,

The financial year ended 30 June 2018 ("FY2018") was a watershed for Astaka Holdings Limited ("Astaka", and together with its subsidiaries, the "Group"). We completed our maiden project in Johor Bahru city, The Astaka @ One Bukit Senyum, to lay its claim as the tallest residential towers in Southeast Asia, and made significant progress for major projects within Johor state.

We recorded a net profit of RM9.37 million for FY2018 notwithstanding challenging market sentiments in the Malaysian property sector.

BUSINESS REVIEW

For FY2018, the Group generated RM332.7 million revenue, up 7.5% from RM309.6 million a year ago ("FY2017"). The improvement in revenue was mainly due to the first full-year revenue contributions from Menara MBJB and Bukit Pelali @ Pengerang. Most of the Group's revenue from The Astaka @ One Bukit Senyum ("The Astaka") had been recognised in the first nine months of FY2018.

The MBJB project which commenced in May 2017 had contributed a full year of revenue which amounted to RM78.0 million in FY2018 as compared to one month of revenue in FY2017 of RM17.9 million. As shareholders are aware this will be the new hub for the Johor Bahru municipal administration. Our selection to undertake this project underscores the confidence of the Johor Bahru City Council in our capabilities; its completion by the end of 2019 will inject vigour and significance to One Bukit Senyum as a commercial as well as an administrative centre.

In addition, the housing development at Bukit Pelali @ Pengerang contributed full year revenue of RM55.1 million in FY2018 as compared to six months of revenue of RM29.2 million in FY2017.

The group recorded a lower gross profit of RM28.3 million in FY2018 as compared to RM55.75 million in FY2017. This was mainly due to lower project margin from The Astaka (which was completed in June 2018) on the back of additional development costs and further enhancement works for the project. The Group had to make a provision of RM2.4 million for foreseeable losses in FY2018 which arose from the initial phase of the Bukit Pelali @ Pengerang project due to additional earth retaining structures and rock blasting cost incurred in stabilising the hilly site topography.

As a result, the Group's net profit declined to RM9.37 million in FY2018 as compared to RM29.0 million in FY2017.

The Group reported a net cash outflow from operating activities of RM49.0 million in FY2018 as compared to a net cash inflow of RM61.1 million in FY2017. This was primarily due to development costs being progressively incurred in The Astaka during FY2018 where billings have only been issued near the end of June 2018. Net cash inflow from investing activities amounted to RM2.6 million in FY2018. Net cash inflow from financing activities came to RM37.2 million largely due to the drawdown of a term loan, offset against the repayment of term loan and finance lease liabilities which amounted to RM40.7 million.

We ended the financial year with cash and cash equivalents of RM16.4 million.

ONE BUKIT SENYUM

Although the High Speed Rail project has been mutually deferred for two years by the Malaysian and Singapore governments, the Johor Bahru-Singapore RTS Link will proceed. This augurs well for One Bukit Senyum as we have obtained approval to construct a tunnel to shorten the distance from One Bukit Senyum to the Johor Bahru's Customs complex. Travel time via this tunnel will only take five minutes by car, and will provide a unique feature to the development.

Coupled with the prestigious node status conferred to this development by Malaysia's Ministry of Finance and the Iskandar Regional Development Authority last year, this project has strategic significance and solid potential. This means that Phase 2 of the project will enjoy full income tax exemption on proceeds from the sale and income derived from the leasing of all non-residential buildings.

Standing at 1,020 feet above sea level, the completed The Astaka towers above its neighbourhood. This condominium will redefine luxury living in Johor Bahru. Its iconic status has already been underscored by the fact that 70% of the project has been sold before completion. Construction at Menara MBJB is in full swing, with percentage of completion at 31% to-date. This monumental building was conceptualised by star architects Skidmore, Owings & Merril, and inspired by traditional Malay architecture and Islamic architectural motifs. It will be a fitting complement to The Astaka within One Bukit Senyum.

CEO'S STATEMENT

BUKIT PELALI @ PENGERANG

This first strata township in Pengerang will comprise 3,884 residential units including 1,598 units under the Johor Affordable Housing Scheme, shop offices, a clubhouse, hotel, private hospital, school, mart, mosque, F&B hub and petrol station. It is expected to be completed by 2023 and has an estimated GDV of RM2.3 billion.

Due to its strategic location, just five kilometres away from the Pengerang Integrated Petroleum Complex, we are optimistic of a healthy take-up of its residential and commercial units. So far, we have secured 74% in sales of Phase 1A – which comprises 243 terrace houses which have reached 83% completion and 19 shop offices at 74% completion. The project has produced a revenue of RM55.1 million in FY2018.

OUTLOOK

The property market outlook in Malaysia – which has just witnessed the first-ever change of government, is expected to remain lacklustre in the short term. However, despite the headwinds, the Group is cautiously optimistic that our projects will appeal to potential buyers as they are well planned and at strategic locations with major infrastructure in the pipeline. The iconic status of such a unique project so close to Singapore positions One Bukit Senyum as a quality project; it also positions Astaka Holdings as a quality and trusted developer able to handle projects of such scale. We will leverage on The Astaka's luxurious quality, ambience and spectacular views to market the remaining unsold units.

We will be kept busy this financial year with Bukit Pelali and One Bukit Senyum, given the scale of the projects and development plans which are progressing on schedule. We are committed to execute well on these projects, to deliver signature quality developments to the customers. The success of these projects will create value for our shareholders.

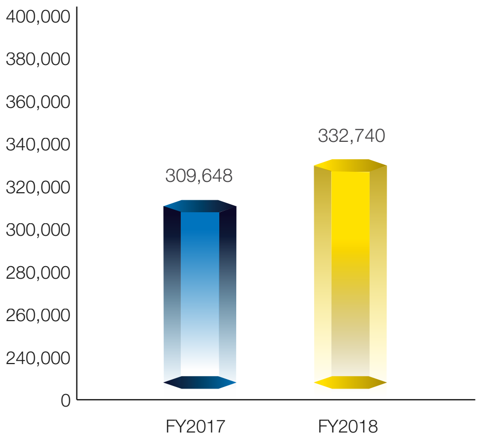
A SPECIAL NOTE OF THANKS

On behalf of the Board, I would like to thank shareholders for your loyalty and support. Also, to our business partners and buyers. Last but not least, I would like to thank the management team and all staff for their dedication and hard work.

DATO' ZAMANI BIN KASIM
Executive Director and
Chief Executive Officer
25 September 2018

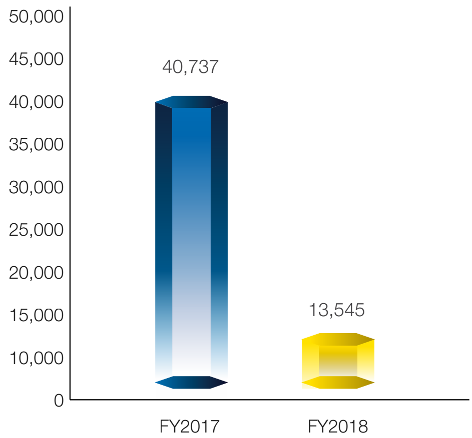
REVENUE

(RM'000)



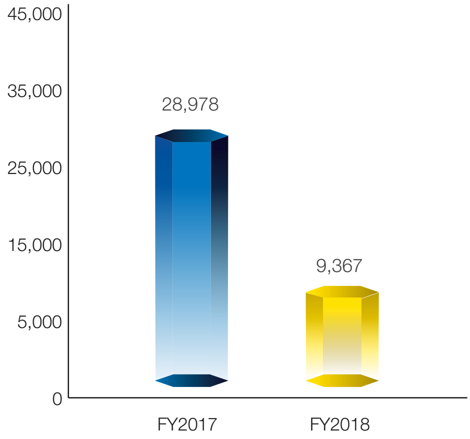
PROFIT BEFORE TAX

(RM'000)



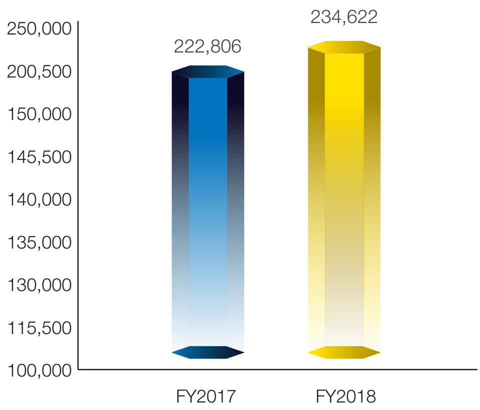
NET PROFIT

(RM'000)



TOTAL EQUITY

(RM'000)



BOARD OF DIRECTORS & KEY MANAGEMENT

(left to right) Ms. Lee Shih Yi; Mr. Neo Gim Kiong; Dato' Zamani Bin Kasim; Mr. Lee Gee Aik; Ms. Daeng Hamizah Binti Abd Aziz; Mr. San Meng Chee;

BOARD OF DIRECTORS

MR. NEO GIM KIONG
Non-Executive Chairman and Independent Director

Mr. Neo Gim Kiong was appointed to the Board as Non-Executive Chairman and Independent Director on 19 November 2015 and re-elected on 30 October 2017. Mr. Neo is presently the Executive Director and Chief Executive Officer of Sen Yue Holdings Ltd. Mr Neo is the Founding Director of Bizmen Corporation Pte Ltd and Dollar Tree Inc Pte Ltd, both of which are business advisory firms incorporated in Singapore in 2004. Prior to 2004, he was with the banking sector overseeing a portfolio of corporate clientele from 1994 to 2001. He joined Jackspeed Corporation Limited in 2001, and as the Executive Director, spearheaded the listing of the group in 2003 on the Mainboard of Singapore Exchange. Mr. Neo is also an Independent Director of Ban Leong Technologies Limited, International Press Softcom Ltd and Acesian Partners Limited. Mr Neo holds a Bachelor of Science (Honours) Degree in Mathematics from the National University of Singapore.

DATO' ZAMANI BIN KASIM
Executive Director and Chief Executive Officer

Dato' Zamani Bin Kasim was appointed to the Board as Executive Director and Chief Executive Officer on 19 November 2015 and re-elected on 26 October 2016. Dato' Zamani has more than 35 years' experience in property development. He began his career with C.H. Williams, Talhar & Wong as a valuation assistant, and later joined Agro Bank Malaysia (formerly known as Bank Pertanian Malaysia) as a planning and development officer for four years, overseeing the construction of the headquarters of Agro Bank Malaysia. Thereafter, Dato' Zamani joined Koperasi Belia Nasional Bhd as an Assistant General Manager and oversaw it's various residential, commercial and industrial property development projects. In June 1997. He joined Azrahi Project Management Sdn Bhd as its Project Director. A notable project was the implementation up to the handing over of Seremban Hilton, a 345-room 5-star hotel, to Hilton International for business operations. Dato' Zamani's experience includes property development in the African region, from 2004 to 2006 as Regional Head for Africa with Seloga Holdings Bhd, a company listed on the Second Board of Bursa Malaysia. He was appointed Senior General Manager of UEM Land Bhd from 2006 to 2010 and oversaw its Puteri Harbour projects. In recognition of his contributions to the Puteri Harbour project, Dato' Zamani was awarded Best Executive Award for UEM Group in 2009. During his service there, Puteri Harbour was awarded The Best Masterplan by FIABCI and came in 2nd at the FIABCI Pre D'Excellence in 2009. Dato' Zamani graduated from Universiti Sains, Malaysia with a Bachelor of Science (Housing, Building and Planning) degree with honours.

MR. LEE GEE AIK
Independent Director

Mr. Lee Gee Aik was re-designated as Independent Director of the Board on 19 November 2015 and re-elected on 26 October 2016. Prior to this, he was the Executive Vice Chairman from 29 January 2014. Mr. Lee is a practicing accountant and is an Independent Director of three other Singapore-listed companies, namely Anchun International Holdings Limited, SHS Holdings Limited and Uni-Asia Holdings Limited. Mr. Lee started his career as an auditor in one of the Big Four accounting firms in 1979 and was subsequently seconded to their USA Executive Office from 1986 to 1988, specialising in the professional development and research work in audit methodologies and financial reporting. Mr. Lee qualified as a Chartered Certified Accountant with The Association of Chartered Certified Accountants, United Kingdom in 1984. He holds a Master degree in Business Administration from Henley Management College, United Kingdom. He is currently a Fellow with The Association of Chartered Certified Accountants, United Kingdom and The Institute of Certified Public Accountants of Singapore. He has been appointed by the Minister of Health to serve as Lay Person member of the Complaints Panel of the Singapore Pharmacy Council.

MR. SAN MENG CHEE
Independent Director

Mr. San Meng Chee was appointed as Independent Director of the Board on 19 November 2015 and re-elected on 30 October 2017. Mr. San is currently the Chief Financial Officer ("CFO") of Mencast Holdings Ltd, responsible for its corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions. Mr. San has more than 20 years of experience in accounting, financial and corporate matters. He has held senior financial positions in listed companies and served as CFO of New Toyo International Holdings Ltd from May 2015 to February 2017. Prior to that, he was the CFO of Superior Multi-Packaging Limited from September 2006 to August 2013. Mr. San is also currently an Independent Director of Forise International Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. He holds a Bachelor of Business degree in Accountancy from the Edith Cowan University, Western Australia and is a fellow member of CPA Australia.

KEY MANAGEMENT

MS. DAENG HAMIZAH BINTI ABD AZIZ
Chief Operating Officer

Ms. Daeng Hamizah Binti Abd Aziz was appointed as Chief Operating Officer of the Group on 1 October 2016. She oversees the daily operations of the Group, liaises with government authorities, plans strategic activities and ensures effectiveness and efficiency of the operational processors.

Daeng Hamizah first joined the Group in June 2012 as a Project Executive and held various positions including Special Assistant to the Chief Executive Officer where she oversaw several departments, assisted in fundraising activities and acquisition of development projects. Daeng Hamizah also played an instrumental role in the reverse takeover of E2-Capital Holdings Limited in November 2015.

Daeng Hamizah began her professional career as an Assistant Quantity Surveyor. Subsequently, she joined JB Bergabung Sdn Bhd as a Project Executive. She is presently a Director of Equapro Sdn Bhd and holds a Bachelors Degree in Surveying (with Honours) from The Robert Gordon University of Scotland in 2011.

MS. LEE SHIH YI
Chief Financial Officer

Ms. Lee Shih Yi was appointed to the Group in November 2016 as the Chief Financial Officer. Ms. Lee plays a strategic role in the Group and oversees all finance and investor relations matters.

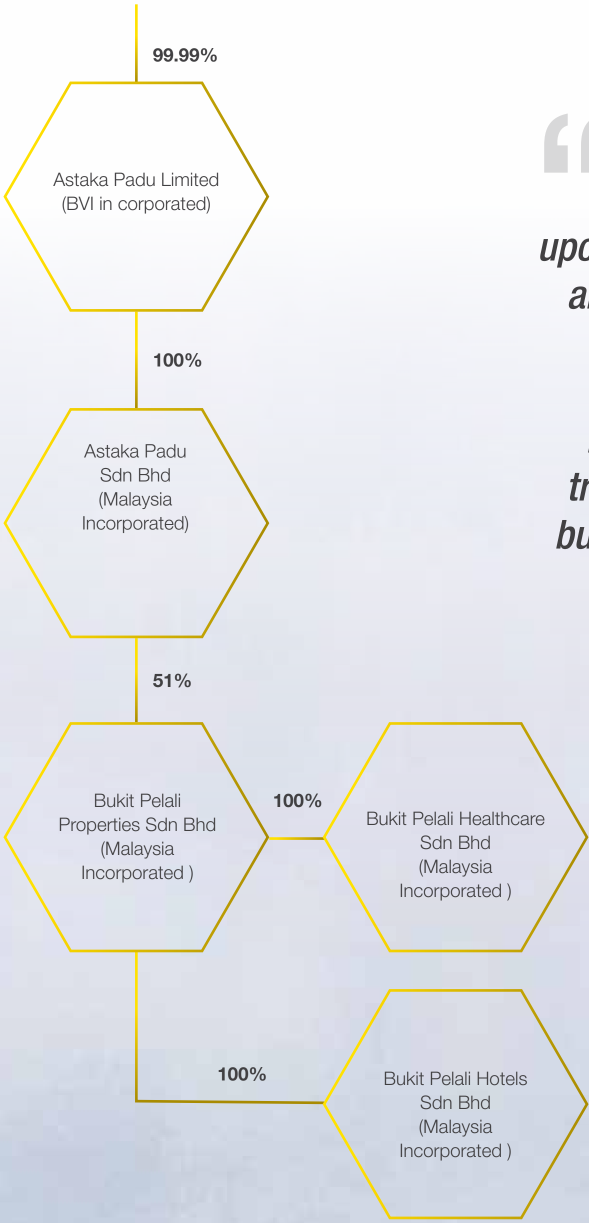
Ms. Lee has extensive experience in group financial reporting, strategic business planning, corporate finance, corporate governance, tax strategies as well as treasury and risk management. She has held many senior roles in various conglomerates and public listed companies in Singapore and Malaysia.

Ms. Lee holds a Master of Business from Charles Sturt University, Australia and a Bachelor of Commerce (Accounting) from the University of Adelaide, Australia. She is a Fellow Member of the Certified Practicing Accountants Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

GROUP STRUCTURE

ASTAKA HOLDINGS LTD.

Astaka Holdings Limited
Singapore Incorporated,
(Listed in SGX Catalist)



"Slated to be the upcoming administrative and commerical hub, One Bukit Senyum is tipped to play a key role in Johor's transformation into a burgeoning metropolis of Malaysia."

CORPORATE SOCIAL RESPONSIBILITY

At Astaka Holdings Limited, we understand that transforming and developing Johor into a vibrant economic region also involves being committed to giving back to the very community that houses our operations.

At Astaka Holdings Limited, we understand that transforming and developing Johor into a vibrant economic region also involves being committed to giving back to the very community that houses our operations. The Group embraces this as a responsibility and continues to commit its efforts towards enhancing the well-being of the communities we operate in.

This year's corporate social responsibility ("CSR") policies are designed to reach out to stakeholders and satisfy their interests. Taking into consideration social and market factors, Astaka has pivoted its CSR strategy to have a long-term sustainability in supporting business performance. We have reviewed our health, safety, environmental policies and the social impact of Astaka's business practices.

Our main areas of focus support development projects, such as cancer foundations, schools and clinics.

We take this responsibility very seriously, making sure that participating in these social impact activities truly help those from disadvantaged backgrounds within the community. We have donated to community associations, non-governmental organizations, public institutions including schools and suraus.

In 2017, we proudly sponsored the Golf Amal Twrj event hosted by Tabung Wakaf Rakyat Johor. The fund aims to impact around 2 million Muslims to improve education, economic well-being and health. In order to eliminate illiteracy among Muslim, they plan to build integrated religious schools and international schools in collaboration with Al-Fateh University, from Turkey. We believe in investing in the next generation, hence we are a proud donor of Bendahari UTM (Universiti Teknologi Malaysia), which provides financial services to support the undergraduates.

In 2018, we donated to Yayasan Bandaraya Johor Bahru and attended the Majlis Makan Malam Amal Majlis Bandaraya Johor Bahru. Yayasan Bandaraya Johor Bahru aims to eradicate urban poverty, especially in the Johor Bahru City area. Furthermore, we are a loyal donor of the Tunku Laksamana Johor Cancer Foundation. The Tunku Laksamana Johor Cancer Foundation was founded in honour of the late Almarhum Tunku Abdul Jalil Ibni Sultan Ibrahim and would be establishing a regional center for cancer treatment, research and education in Johor.

We are confident that through our continual efforts in contributing funds and resources to fuel the CSR programmes, we will have a lasting positive impact on the community.

This year, a materiality assessment was conducted to determine current material issues affecting our business and stakeholders. In accordance with the Catalist Rules, the Group will issue its Sustainability Report by 30 June 2019 and upload the full Sustainability report on SGXNET and the Company's website.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive:
Dato' Zamani bin Kasim
(Executive Director and Chief Executive Officer)

Non-Executive:
Neo Gim Kiong
(Non-Executive Chairman and Independent Director)
San Meng Chee
(Independent Director)
Lee Gee Aik
(Independent Director)

AUDIT COMMITTEE
Lee Gee Aik (Chairman)
Neo Gim Kiong
San Meng Chee

NOMINATING COMMITTEE
Neo Gim Kiong (Chairman)
Lee Gee Aik
San Meng Chee

REMUNERATION COMMITTEE
San Meng Chee (Chairman)
Neo Gim Kiong
Lee Gee Aik

COMPANY SECRETARY
Cheng Lisa

REGISTERED OFFICE
38 Beach Road #29-11
South Beach Tower
Singapore 189767
Tel: +65 6808 1600 Fax: +65 6808 1616

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UDA Business Centre 81200
Johor Bahru
Johor, Malaysia
Tel: +607 231 5457 Fax:+607 244 3427

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR
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(A division of Tricor Singapore Pte. Ltd.)
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FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Astaka Holdings Limited (the "Company" and together with its subsidiaries, the "Group") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximization of long-term shareholder value.

This report sets out the Company's corporate governance framework and practices for the financial year ended 30 June 2018 ("FY2018") with reference to the Code of Corporate Governance 2012 (the "Code"). The Board is pleased to report the compliance with the principles of the Code except where otherwise stated and explained.

BOARD MATTERS

The Board's Conduct of Affairs

The Board provides strategic guidance, oversees the key activities for the Company and ensures that there are adequate financial and human resources to achieve its objectives and long-term success of the business.

Roles and Duties of the Board

The Board's principal functions include providing entrepreneurial leadership and approving strategic business plans, annual budget plan, major acquisition and disposal of assets and businesses, and financial results of the Group. It also establishes a framework of prudent and effective controls appropriate to the nature and size of the Group's operations which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets and sets corporate values and standards (including ethical standards) for the Company to ensure that the obligation to shareholders and other stakeholders are met. In addition, the Board reviews the Company's corporate policies and financial performance.

The Board is responsible for long-term succession of the Company and will also consider sustainability issues, including environmental and social factors, as part of the strategic formulation of the Group.

The Directors have the obligation to act in good faith and in the best interests of the Company.

Delegations of Authority to the Board Committees

The Board has established a number of committees to assist the Board in discharging its responsibilities efficiently and effectively. These committees include the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC") (collectively the "Board Committees"). Each of the Board Committee's functions, roles and authorities are clearly set out in their respective terms of reference.

Meetings of the Board and Board Committees

The Board conducts regularly scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full-year financial results and to keep the Board updated on business activities and the overall business environment in which the Group operates. Additional meetings are convened as and when circumstances dictate. The Company's Constitution allows meetings to be conducted by way of telephone conferencing or any other electronic means of communication. The number of Board and Board Committee meetings held in FY2018 and the attendance of each Director are set out as follows:

Name of Director		Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2018		**5**	**4**	**1**	**1**
Mr Neo Gim Kiong	Non-Executive Chairman and Independent Director	5	4	1	1
Mr Lee Gee Aik	Independent Director	5	4	1	1
Mr San Meng Chee	Independent Director	5	4	1	1
Dato' Zamani Bin Kasim	Executive Director and Chief Executive Officer	5	Attendance by invitation	Attendance by invitation	Attendance by invitation

Matters Reserved for the Board's Decision

The Company has established approval limits for operating and capital expenditure, procurement of goods and services as well as operational and financial authorization on daily and ad hoc operation decision-making. In addition to matters that specifically require the Board's approval, such as the review and approval of periodic and full-year financial results announcement and annual audited financial statements, major acquisitions and realizations, issue of shares, interested person transactions, appointment of new Directors, dividend distributions and other returns to shareholders, the Board approves transactions exceeding certain designated threshold limits, while delegating authority for transactions below those limits to the Board Committees and Management so as to optimize operation efficiency.

Appointment and Training for Directors

Orientations would be organized for new Director(s), when appointed, that include briefing by Management on the Group's structure, business strategies and operations. The Company will provide newly appointed Director(s) with a formal letter setting out their duties and obligations. First-time directors of a listed company will receive training in areas such as accounting, legal and the industries which the Group operates in. There was no new Director appointed in FY2018.

The Company recognizes the importance of appropriate training for the Directors, apart from the initial orientation. The Directors are updated on amendments/requirements of the Listing Manual of the SGX-ST, Section B: Rules of Catalist (the "Catalist Rules") and other statutory and regulatory requirements from time to time, to enable them to discharge their duties effectively. Continuing training particularly on relevant new laws, regulations and changing commercial risks (including update on the real estate development in Malaysia) will be provided to the Directors from time to time. For FY2018, AC members were briefed on developments and/or changes in the accounting standards.

The Directors are also updated on the business activities and strategic directions of the Group through meetings and site visits where possible.

Board Composition and Guidance

Composition of the Board

The Board comprises one (1) Executive Director and three (3) Independent Directors (including the Chairman of the Board). As the Independent Directors make up 75% of the Board, no individual or small group of individuals dominate the Board's decision making. The requirement of the Code that at least one-third of the Board comprise Independent Directors is satisfied.

Independence of Directors

The Independent Directors have confirmed that they do not have any relationship with the Company or related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interest of the Company.

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment of the Company's affairs with a view to the best interests of the Company.

The Board has taken into account the assessment of the NC on whether a Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director's judgment. In assessing the independence of each Director, the NC had examined different relationships identified by the Code that might impair the Directors' independence and objectivity. The NC had reviewed and determined that the said Directors are independent.

There are no Independent Directors whom have served beyond nine (9) years since the date of their appointments.

Size, Composition and Competency of the Board

The NC, taking into account the nature of operations of the Group, reviews the size and composition of the Board from time to time, to ensure that the size of the Board is conducive for effective discussion and decision-making with an appropriate number of Independent Directors. The NC seeks to maintain an appropriate balance of expertise and attributes among the Directors, including relevant core competencies in areas such as accounting and finance, business and management, strategic planning and real estate related industry knowledge, familiarisation with regulatory and compliance requirements and knowledge of risk management.

The diversity of the Directors' experience allows for the useful exchange of ideas and views. Taking into account the scope and nature of the operations of the Group, the Board considers its current size to be adequate for effective decision-making.

The current Board composition provides a diversity of skills, experience, knowledge and ethnicity to the Company as follows –

Core Competencies	Number of Directors	Proportion of Board
Accounting or Finance	3	75%
Business Management	3	75%
Legal or Corporate Governance	3	75%
Relevant industry knowledge or experience	1	25%
Strategic Planning experience	3	75%

The Board carries out a Board performance evaluation annually. The Directors are requested to complete a Board evaluation questionnaire designed to seek their view on various aspects of the Board performance. The results were thereafter compiled and submitted by the Company Secretary to the NC Chairman, in consultation with the NC, to access if the current size of the Board, combined experience, skills, knowledge and expertise of the Directors provide effective decision-making and leadership to the Company and to understand the range of expertise that is lacking by the Board, if any. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. The Board collectively has professional expertise in finance, accounting, business management, corporate governance and real estate development.

Renewal of the Board

The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industry which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done periodically to ensure that the Board dynamics remain optimal.

Check and Balance Provided by Independent and/or Non-Executive Directors

Independent and/or Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of the Company's performance.

The Independent and/or Non-Executive Directors communicate with each other without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views at the Board and Board Committee meetings or informal meetings. The Non-Executive Directors have met in the absence of Management in FY2018.

Key information of the Directors is set out on page 18 and 19 of this annual report.

Chairman and Chief Executive Officer

Clear Division of Responsibilities and Authorities

Mr Neo Gim Kiong is the Non-Executive Chairman of the Board, and Dato' Zamani Bin Kasim is the Executive Director and CEO of the Company. Mr Neo and Dato' Zamani are not related to each other. There is a clear division of roles and responsibilities between the Non-Executive Chairman and the CEO to ensure an appropriate balance of power and authority, thus no individual represents a considerable concentration of power.

The CEO is responsible for charting and reviewing corporate directions and strategies, which cover areas of marketing and strategic alliances and providing the Company and/or the Group with strong leadership and vision while the Non-Executive Chairman is responsible for providing leadership to the Board and for enhancing the effectiveness of the Board, Board Committees and individual directors.

In addition, the Chairman ensures that Board meetings are held as and when necessary, sets the meeting agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He also ensures that any information and materials to be discussed at Board meetings are circulated on a timely basis to Directors so as to enable them to be updated and prepared, thereby enhancing the effectiveness of the Non-Executive Directors and the Board as a whole. He engages and promotes constructive engagement among the Directors and engages with Management regularly. The Chairman assumes the lead role in promoting high standards of corporate governance.

The Independent Directors have met in the absence of the other Directors in FY2018.

Board Membership

Composition of the Nominating Committee

The NC is chaired by Mr Neo Gim Kiong with Mr Lee Gee Aik and Mr San Meng Chee as members, all of whom are independent. The NC Chairman is not associated with any substantial shareholders or officers of the Company.

Roles and Responsibilities of the Nominating Committee

The NC carries out its duties in accordance with the written terms of reference of the NC, which includes:

(i) to make recommendations to the Board on the appointment and re-appointment of Directors;

(ii) to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(iii) to determine the process for the search, nomination, selection and appointment of new board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he is independent. Important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent Director;

(iv) to review and make recommendations to Board on matters relating to the succession plans for Directors, in particular, the Chairman and Chief Executive Officer;

(v) to develop a process for the evaluation of the performance of the Board, its Board Committees and Directors;

(vi) to determine how the Board's performance may be evaluated and propose objective performance criteria;

(vii) to assess the effectiveness of the Board as a whole and the Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board and Board Committees;

(viii) to review training and professional development programmes for the Board;

(ix) to determine, on an annual basis, if a Director is independent;

(x) to recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election;

(xi) to review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration, inter alia, the Director's number of listed company board representations and other principal commitments; and

(xii) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

Commitments of Directors

The NC assesses each Director's competencies, commitment, contribution and performance, as well as independence on an annual basis or when necessary to decide whether a Director is able to, and has been adequately carrying out his duties as a Director.

The NC has adopted internal guidelines to address competing time commitments of Directors who serve on multiple boards by setting a maximum number of listed company board representations of not more than 6.

Having assessed the capacity of the Directors based on factors such as the expected and/or competing time commitments of Directors, the size and composition of the Board and the nature and scope of the Group's operations and size, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

The NC will review whether a Director is able to and has adequately carried out his duties as a director of the Company from time to time, in particular, where a Director has multiple board representations and/or other principal commitments. Although some of the Board members have multiple board representations and hold other principal commitments, the NC, having reviewed each Director's other listed company directorships and/or principal commitments, where applicable, as well as each Director's attendance and contributions to the Board, is satisfied that sufficient time and attention was given by the Directors to the Company to discharge their responsibilities for the financial year in review. Holistically, the contributions by the Directors during the meetings and attendance at such meetings should also be taken into consideration. The NC would continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Company and/or Group and are able to discharge their duties adequately.

Process for the Selection, Appointment and Re-appointment of Directors

The NC would evaluate the needs of the Board to determine the relevant competencies required. The Company has in place a search and nomination process for the appointment of new Directors. Potential candidates are sourced from the Board's and Management's network of contacts and are identified based on the needs and the relevant expertise required by the Company. The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment requires a specific skill set or industry specialization. The NC, having assessed each candidate based on the essential and desirable competencies for a particular appointment, will nominate the most suitable candidate for appointment to the Board.

As at the date of this report, the Company does not have any alternate Directors.

All Directors are subjected to the Regulation in the Constitution whereby one-third (1/3) of the Directors are required to retire by rotation and be nominated for re-election by the shareholders at the Annual General Meeting (the "AGM"). Accordingly, the Directors are to submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. In addition, any Director appointed during the year, shall hold office until the next AGM.

In considering the nomination, the NC took into account the composition of the Board, and the competency, performance and contribution of the Directors with reference to their attendance, preparedness and participation in the Board and Board Committees as well as the time and effort accorded to the Company's business and affairs. Subject to the NC's satisfactory assessment, the NC would recommend and propose re-appointment of the director to the Board for its consideration and approval. To ensure the independence of the Director's appointment, re-nomination and retirement, each member of the NC abstains from voting on any resolution and making any recommendations and/or participating in respect of matters of which he has an interest in.

For FY2018, the NC had recommended to the Board that Dato Zamani bin Kasim and Mr Lee Gee Aik be nominated for re-election at the forthcoming AGM. Dato Zamani bin Kasim will upon re-election as a Director of the Company, remain as the Executive Director and CEO. Mr Lee Gee Aik will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the AC and a member of the NC and the RC. In making the recommendations, the NC had considered the Directors' overall contribution and performance. The respective Director has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their re-election as a Director. Mr Lee Gee Aik will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

A record of the NC members' attendance at the NC meetings during FY2018 is set out on page 26 of this annual report. Key information of the Directors is set out on page 18 and 19 of this annual report.

Board Performance

Assessment of the Effectiveness of the Board and Board Committees

The Board and NC strive to ensure that the Directors on the Board possess the experience, knowledge and skills critical to the Company's business so as to enable the Board to make sound and well-considered strategic decisions. The NC assesses the independence of each Director according to the guidance given under the Code. The NC also reviews the Directors' attendance, preparedness, participation and candour in the meetings.

The performance evaluation was conducted for the Board as a whole and each of the Board Committees (namely the AC, NC and RC) in FY2018 for assessing the contribution by the Chairman and each of the Board Committees' members to the effectiveness of the Board. This evaluation exercise reviews the effectiveness of the Board as a whole and of its Board Committees and provides an opportunity to obtain constructive feedback from each Director and Board Committee member on whether procedures and processes had allowed him to discharge his duties effectively. They were also encouraged to propose changes which may be made to enhance the effectiveness of the Board and Board Committees.

In evaluating the Board's and its Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation includes:–

(i) Board size and composition;

(ii) Board information;

(iii) Board process and accountability;

(iv) Board committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and

(v) Standards of conduct.

The NC has assessed the performance of the Board as a whole and the Board Committees based on the above quantitative and qualitative performance criteria approved by the Board.

The following director's performance criterions were assessed by the NC during the annual Board performance evaluation:

(i) Interactive skills;

(ii) Knowledge including professional expertise, specialist or functional contribution and regional expertise;

(iii) Duties including attendance at meetings, meeting preparation, participation and performance of specific assignments; and

(iv) Conduct including maintenance of independence, disclosure of related party transactions and compliance with Company policies.

The performance evaluation for FY2018 was conducted by having all Directors complete a questionnaire, which included questions on the Board and Board Committees' composition and effectiveness as well as process and contribution, timeliness of Board information and accountability. The NC discussed the results of the performance evaluation and tabled the appropriate improvements to be taken up with the Chairman of the Board and of each Board Committee. No external facilitator had been engaged by the Board for this purpose.

The NC is of the view that the performance of the Board as a whole and the Board Committees were satisfactory and had met the respective performance objectives as set out for FY2018.

Access to Information

Provision of Information to the Board

Prior to each Board meeting and when the need arises, the Board is provided with adequate information in a timely manner, thus allowing them to deliberate on issues which require consideration. Management also provides the Board with periodic management reports pertaining to the operational and financial performance as well as through informal discussions on the Company to enable the Board to be fully cognizant of the decisions and actions of Management. Directors are entitled to request from Management and be provided with additional information as needed to make informed decisions to discharge their duties and responsibilities.

Board's Access to Management and the Company Secretary

The Directors have separate and independent access to Management and the Company Secretary at all times. They also have unrestricted access to the Company's records and information. The Company Secretary administers, attends and prepares minutes of all Board and Board Committees meetings for circulation and approval. The appointment and the removal of the Company Secretary rests with the Board as a whole.

Roles and Responsibilities of the Company Secretary

The Company Secretary is responsible for, amongst other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary is also responsible for ensuring good information flows within the Board and Board Committees, and between Management and Non-Executive Directors, as well as advising the Board on all governance matters. The Company Secretary and/or her representative attended all Board and Board Committees' meetings held in FY2018.

Board's Access to Independent Professional Advice

Procedures are in place for the Directors and Board Committees, where necessary, to seek independent professional advice in the furtherance of their duties and on matters affecting the Company, at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Composition of the Remuneration Committee

The RC was established with written terms of reference, which sets out the role and authority delegated to it by the Board. The RC comprises Mr San Meng Chee who is the Chairman of the RC, Mr Neo Gim Kiong and Mr Lee Gee Aik.

All the members of the RC (including the RC Chairman) are Independent Directors, free from any business or other relationship which may materially interfere with the exercise of their independent judgement. This is to minimize the risk of any potential conflict of interest. No Director is involved in deciding his own remuneration.

A record of the RC members' attendance at the RC meetings during FY2018 is set out on page 26 of this annual report.

Remuneration Committee

The RC was established to review and recommend to the Board:

(i) a general framework of remuneration for the Board members and key management personnel; and

(ii) the specific remuneration package and terms of employment for each Executive Director, key management personnel of the Group and employees related to Directors or, controlling shareholders of the Company;

(iii) whether the Executive Directors and key management personnel should be eligible for benefits under any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith;

(iv) the Company's share option scheme (which was implemented on 23 December 2008) and any other share option scheme or share plan established from time to time for the Directors and key management personnel; and

(v) Directors' fees and relevant remuneration packages for Non-Executive Directors, which are subject to shareholders' approval at the AGM.

The RC considers the compensation and commitments of each Director, if any. This would entail, in the event of early termination, the review of contract of service, if any, with a view to be fair and not overly generous.

Remuneration Committee's Access to Advice on Remuneration Matters

The RC has access to professional advice regarding compensation matters, if required. No remuneration experts have been appointed to advise on remuneration matters for FY2018.

Level and Mix of Remuneration

Determining the Remuneration of Executive Directors and Key Management Personnel

The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Company's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel, if any, so as to align their interests with those of shareholders and promote long-term success of the Company. The remuneration of the Executive Director and key management personnel are determined based on the performance of the ongoing operations and corporate actions of the Company and/or Group. The RC has reviewed and is satisfied that the performance for Dato Zamani Bin Kasim, Daeng Hamizah bt Aziz and Ms Lee Shih Yi were satisfied and met for FY2018.

The Company currently does not have any contractual provisions allowing the Company to reclaim incentives from Executive Directors and key management personnel in exceptional cases of wrong doings. The Board is of the view that as the Group pays management bonus based on the performance of the Group/Company (and not on possible future results) and the results that have actually delivered by its Executive Director and key management personnel, "clawback" provisions in the service agreements may not be relevant or appropriate.

Determining the Remuneration of Independent and/or Non-Executive Directors

In setting remuneration packages of Independent and/or Non-Executive Directors, effort and time spent, and responsibilities of the Independent and/or Non-Executive Directors are taken into account. No retirement benefit schemes are in place for the Independent and/or Non-Executive Directors. No Director decides his own remuneration. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees to be paid to Independent and/or Non-Executive Directors are subject to the approval of shareholders at the AGM.

The RC has reviewed and is satisfied that the performance conditions as abovementioned were met for FY2018.

Disclosure on Remuneration

(A) Remuneration of Directors

A breakdown, showing the level and mix of each Director's remuneration for FY2018 is as follows:

Remuneration Band & Name of Director	Directors' fees (%)	Base/ Fixed Salary (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits in Kind (%)	Total (%)
S$250,000 to below S$500,000					
Dato' Zamani bin Kasim	–	100	–	–	100
Below S$250,000					
Mr Neo Gim Kiong	100	–	–	–	100
Mr Lee Gee Aik	100	–	–	–	100
Mr San Meng Chee	100	–	–	–	100

(B) Remuneration of key management personnel

Remuneration Band & Name of Key Management Personnel	Base/ Fixed Salary (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits in Kind (%)	Share Option (%)	Total (%)
Below S$250,000					
Ms Daeng Hamizah bt Aziz	100	–	–	–	100
Ms Lee Shih Yi	100	–	–	–	100

(C) Remuneration of Immediate Family Member of Directors or the Chief Executive Officer

For FY2018, there was no employee who is an immediate family member of the Directors or the CEO and whose remuneration exceeded S$50,000.

The Board, taking into consideration the competitive business environment, decided not to disclose the exact details of the remuneration of each individual Director and key management personnel. The Company is of the view that providing full details of the remuneration of each individual Director and key management personnel is not in the best interests of the Company and may adversely affect talent attraction and retention. The Company has, however, disclosed the remuneration of the Directors in bands of S$250,000.

The Company had two key management personnel during FY2018. The annual aggregate remuneration paid to the top two key management personnel (who are not Directors or the CEO of the Company) is approximately S$364,000 for FY2018.

There were no termination, retirement and post-employment benefits given to Directors, the CEO and top key management personnel.

Share Option Scheme

The Company had implemented a share option scheme (the "Existing Scheme") on 23 December 2008 is due to expire on 22 December 2018. Details of the Existing Scheme were set out in the Offer Document of the Company dated 16 January 2009. No share options were granted by the Company in FY2018.

The Company does not intend to renew the Existing Scheme. The Board and the Remuneration Committee would consider and deliberate on the implementation of share incentive scheme(s) should the need to increase the Company's flexibility in rewarding, retaining and motivating key directors and employees arises in the future.

ACCOUNTABILITY AND AUDIT

Accountability

Accountability on Information Provided to Investors

It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the quarterly and full-year financial results announcements and other price-sensitive public reports, and reports to regulators (if required).

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules.

Management Accounts and Information Provided to Directors

Management currently provides the Board with management accounts and such explanation and information of the Company's performance and position on quarterly basis, upon request, or as and when deemed necessary.

Prior to the release of quarterly and full year results to the public, Management presents the Company's financial performance together with notes explaining in detail the operations and the prospects of the Company to the AC, who will review and recommend the same to the Board for approval and for the release of the results.

These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls

Risk Management and Monitoring

The Board recognizes the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the assets of the Company and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that no cost effective risk management and internal control system will preclude all errors and irregularities. Any system of internal controls is designed to mitigate rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss, occurrence of errors, poor judgement in decision making, fraud or other irregularities. The Board reviews all significant control policies and procedures and highlights all significant matters to Management.

The Board of Directors and the AC have reviewed the adequacy of the Company's internal controls addressing its financial¸ operational, compliance and information technology risks, relying on reports from the external auditor and internal auditors. Any significant internal control weaknesses and non-compliances that are highlighted during the audit together with recommendations by the external auditors and internal auditors are reported to the AC. The AC will follow up on the actions taken by Management in response to the recommendations made.

Internal Audit

The AC is responsible for the appointment, removal, evaluation and compensation of the accounting or auditing firm or corporation that the internal audit function of the Company is outsourced to.

The Group's internal audit function is outsourced to an independent audit firm, Ernst & Young Advisory Pte Ltd, who report functionally to the AC. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, to effectively discharge its responsibilities.

The internal auditors had during the course of their audit performed tests over operating effectiveness of certain controls and made some observations on internal controls and proposed recommendations to assist Management in reducing risks and improving operational efficiency and effectiveness in the areas reviewed. Action plans to address these observations have been put in place.

The AC assesses the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is effective, adequately qualified (given, inter alia, its adherence to standards set by internationally recognized professional bodies) and resourced and has the appropriate standing within the Group.

Assurance from the CEO and Chief Financial Officer

The Board has received assurance from the CEO and Chief Financial Officer that:

(i) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's risk management and internal control systems are effective.

The Board and the AC's Assessment on the Adequacy and Effectiveness of Internal Controls

Based on the internal controls established and maintained by the Company, reviews carried out by Management and the Board Committees, the work performed by the internal auditors and external auditors, and taking into consideration the abovementioned internal control procedures which were recommended by the internal auditors to be further strengthened as well as the action plans which have been put in place by Management in relation thereto, the Board with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group are adequate and effective to address the financial, operational, compliance and information technology risks as of 30 June 2018.

Audit Committee

Composition of the Audit Committee

The AC was established with written terms of reference, setting out the role and authority delegated to it by the Board.

The Audit Committee comprises three (3) independent Directors namely, Mr Lee Gee Aik, Mr Neo Gim Kiong and Mr San Meng Chee. All of the members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholders of the Company. None of the AC members were previously partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm. The AC is chaired by Mr Lee Gee Aik, who has relevant experience sitting on the audit committees of the other listed companies.

All AC members have many years' experience in senior management position in commercial, financial and industrial sectors. The Board is of the view that the AC members, having relevant accounting and relevant financial management expertise and experience, are appropriately qualified to discharge their responsibilities.

Authorities, and Roles and Responsibilities of the Audit Committee

The Board recognizes the importance of good corporate governance and the offering of a high standard of accountability to the Shareholders. The AC is authorized by the Board to investigate all matters within its term of reference. The AC has full access to, and the co-operation of Management, as well as full discretion to invite any Director to attend its meetings, and is provided with reasonable resources for it to discharge its functions properly.

The AC carries out its duties in accordance with the written terms of reference of the AC, which includes:

(i) review with the external auditors, the scope and results of the external audit, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;

(ii) review with the internal auditors, their audit plan and reports, the adequacy of the internal audit procedures and their evaluation of the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and informational technology controls and risk management systems;

(iii) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, which addresses the Group's financial, operational, compliance and information technology risks and risk management systems, and any other matters requiring the Board's attention;

(iv) evaluate the Group's system of internal controls with the internal auditors and assess the effectiveness and adequacy of internal accounting and financial control procedures;

(v) review the Company's whistle-blowing policy and to ensure that arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be raised and investigated, and for appropriate follow-up action to be taken;

(vi) conduct annual reviews of the cost effectiveness of the audit, the independence and objectivity of the external auditors, including the volume of non-audit services provided by the external auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending their re-appointment to the Board;

(vii) make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(viii) review interested person transactions and to report its findings to the Board; and

(ix) review the quarterly and full year financial statements of the Company and the Group prior to submission to the Board for approval and the dissemination of the results announcements to shareholders and SGX-ST.

The AC met with the internal auditors and external auditors without the presence of Management in respect of FY2018 audit to review matters that might be raised privately and also review the independence of the external auditor annually.

The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in engaging KPMG LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and its significant subsidiaries for consolidation purposes.

The AC has reviewed the fees for the non-audit services provided to the Company by the external auditors. The AC has recommended to the Board the re-appointment of KPMG LLP as external auditors of the Company at the forthcoming AGM. The aggregate amount of fees paid by the Company to the external auditors, KPMG LLP, amounted to S$116,375 for audit services and S$2,028 for non-audit services for its role for examination of housing development accounts. The nature of these non-audit services rendered to the Company and their related fees for FY2018 are as follows:

	S$	%
Audit Fees	116,375	98.3
Non-Audit Fees: - for examination of housing development accounts	2,028	1.7
Total	**118,403**	**100**

Having renewed all non-audit services provided by the external auditors, the AC is satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditors for reasons as aforementioned.

During FY2018, the AC reviewed the quarterly and full-year financial statements prior to submission to the Board for approval; the annual audit plan of the external auditor and the results of the audit performed by them; interested person transactions; effectiveness and adequacy of the Company's risk management and internal controls systems; audit and non-audit services rendered by the external auditors and the re-appointment of external auditors and their remuneration. The AC members had been briefed by the external auditors, KPMG LLP, on any changes to accounting standards and issues which have a direct impact on financial statements as part of their audit.

In the review of financial statements for FY2018, the AC discussed with Management, CFO and the External Auditors the significant accounting policies, judgements and estimates applied by Management in preparing the annual financial statements. The AC focused particularly on:

- Significant adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Significant deficiencies in internal controls over financial reporting matters (if any) that came to the external auditors' attention during their audit together with their recommendations.

In addition, significant matters that were discussed with Management and the External Auditors have been included as Key Audit Matters ("KAMs") in the audit report for FY2018 in pages 45 to 49 of the Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied in the revenue recognition for sales of development properties and valuation of development properties, as well as the reasonableness of the estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in each of the KAMs were appropriate.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

A record of the AC members' attendance at the AC meetings during FY2018 is set out on page 26 of this annual report.

Whistle-blowing Policy

The Company is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company undertakes to investigate complaints of suspected fraud in an objective manner, and has put in place a whistle-blowing policy which provides employees and any other person with well-defined and accessible channels, including direct access to the Chairman of the AC or Company Secretary, to raise concerns about possible irregularities in matters of financial reporting or other matters in confidence (the "Whistle-blowing Policy"). The Whistle-blowing Policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via the following:-

(i) by email to (i) Chairman of AC (lga@galee.com.sg) or (ii) Company Secretary (lisa.cheng@tmf-group.com); and

(ii) by surface mail for the attention of the Chairman of AC or the Company Secretary at the following address: 38 Beach Road, #29-11 South Beach Tower, Singapore 189767

The Whistle-blowing Policy is intended to encourage the reporting of such matters in good faith, with confidence that employees and any other person making such reports will be treated fairly and, as far as possible, be protected from possible reprisal. The AC is in charge of overseeing the function and handling of matters being reported through the whistle-blowing system.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

The Company recognizes the importance of treating all shareholders fairly and equitably, as well as the responsibility to facilitate the exercise of shareholders' rights. All registered shareholders are given the opportunity to participate in and vote at general meetings. Shareholders are informed of shareholders' meetings through notices published in major newspaper(s) and via SGXNet. Notices of general meetings are issued with the annual report or relevant circulars and sent to shareholders within the prescribed time frame.

Communication with Shareholders

The Company adopts an open and non-discriminatory communication program to promote regular, effective and fair communication with shareholders.

The Company has engaged the services of a public and investor relations firm and communicates with its investors on a regular basis.

The Company is committed to keeping shareholders apprised of the Company's performance and prospects. In line with its continuous disclosure obligations pursuant to the Catalist Rules, the Board's policy is that all shareholders should be informed of all major developments that impact the Company on an equitable and timely basis. Such information will be disseminated through SGXNet.

Financial results of the Group are announced in a timely manner. The results announcements contain detailed disclosures as required by the SGX-ST and voluntary disclosures are made as and when appropriate to enhance the level of transparency to shareholders.

The Company does not have a fixed dividend policy. The Board will consider various factors, such as the Company's and/or Group's earnings, general financial position, capital expenditure requirements, cash flow, general business environment, development plans and other factors that may be deemed appropriate, to determine whether dividends would be paid for the financial year.

The Board has not declared or recommended any dividend for FY2018, as the Company would want to conserve the fund for working capital purpose.

Conduct of Shareholder Meetings

Shareholders' Participation and Proxies

The AGM is a principle forum for dialogue and interaction with all Shareholders. The Company's forthcoming AGM will be held on 23 October 2018, notice of which is set out on page 102 to 105 of this annual report. The Company encourages active participation from the Shareholders at its AGMs. To facilitate voting by the Shareholders, the Constitution allow the Shareholders to appoint up to two proxies to attend and vote in the shareholders' place at the general meetings of the shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings. Proxy forms can be sent to the Company by mail. Each distinct issue will be tabled for shareholders' approval via separate resolutions of AGMs. The Chairmen of the AC, the RC and the NC as well as the external auditors will be present and available to assist the Board in addressing any queries form the Shareholders.

Minutes of Annual General Meetings

The Company Secretary prepares minutes of general meetings which are available to shareholders present upon request.

Voting

All resolutions are to put to vote by poll, and the results of the AGM will be announced via SGXNet after the conclusion of the general meeting.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company adopts a set of procedures governing all IPTS to ensure that they are carried out on arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The AC reviews the rationale and terms of the Group's IPTS to ensure that they are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.

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	RM1,870,725[(1)]	–

Note:

(1) Comprise (i) rental payable by the Company's 99.99% owned subsidiary, Astaka Padu Sdn Bhd ("APSB"), to an associate of Dato Malek for the rental of office premises by APSB for a period of from 1 September 2017 to 31 March 2019; (ii) interest payable to Dato Malek for an extension of loan by Dato Malek to the Company; and (iii) cleaning services contract with an associate of Dato Malek for a period of one year from 20 June 2018 to 19 June 2019.

Save for the abovementioned, there were no interested persons transactions of S$100,000 or more for entered into during FY2018.

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

DEALING IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code of best practice with respect to dealing in securities by the Company, the Directors and its officers. The Company, the Directors and officers of the Company who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full-year financial results and ending on the date of the announcement of the relevant financial results, or when they are in possession of unpublished price-sensitive information of the Company. In addition, the Company, the Directors and its officers are expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Directors and officers of the Company should not deal in the Company's shares on short-term considerations.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries that involved the interests of the Directors, CEO or controlling Shareholders which are still subsisting as at the end of FY2018, or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., in FY2018.

DIRECTORS' STATEMENT

Year ended 30 June 2018

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2018.

In our opinion:

(a) the financial statements set out on pages 50 to 99 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mr Neo Gim Kiong
Dato Zamani Bin Kasim
Mr Lee Gee Aik
Mr San Meng Chee

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), no directors who held office at the end of the financial year had interests in shares, debentures and share options in the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

There were no changes in any of the directors' interests in the Company between the end of the financial year and 21 July 2018.

During the financial year, the Company has in the normal course of business entered into transactions with the directors and/or their affiliated companies, being related parties and parties in which some of the directors are deemed to have an interest, with the directors having disclosed their interests in such transactions pursuant to Section 156 of the Companies Act, Chapter 50. Such transactions disclosed in Note 26 to the financial statements were carried out on normal commercial terms and in the normal course of business of the Company.

Share options

During the financial year, there were:

(i) no options granted by the Group to any person to take up unissued shares in the Group; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Group.

As at the end of the financial year, there were no unissued shares of the Group under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

1. Mr Lee Gee Aik (Chairman)
2. Mr Neo Gim Kiong
3. Mr San Meng Chee

All members of the Audit Committee were independent non-executive directors of the Company.

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its function, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- the financial statements of the Company for the financial year ended 30 June 2018 before their submission to the Board of Directors.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors of the Company, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

Dato Zamani Bin Kasim
Director

Mr Neo Gim Kiong
Director

25 September 2018

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 statement of financial position of the Group and the Company as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and 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 50 to 99.

In our opinion, the accompanying financial statements of the Group and 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 financial position of the Group and the Company as at 30 June 2018 and of the financial performance, changes in equity and 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.

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 7 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, the method used to measure progress for revenue recognition where performance obligations are satisfied over time and estimated variable consideration included in the transaction price 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.

We assessed the appropriateness of assumptions used to measure the variable considerations, which includes rebates, discounts, reimbursement costs borne by the Group and liquidated damages included in the transaction price by comparing the supporting documents pertaining to rebates and discount granted by the Group. For reimbursement costs borne by the Group, we discussed with management, taking into consideration of the historical costs borne by the Group. For liquidated damages, we compared the actual delivery date of the property developments against the promised delivery date as well as penalty terms in the contracts.

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.

We found the estimated variable consideration included in the transaction price to be supported.

Valuation of development properties

(Refer to Note 3.6 and Note 7 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, the Group 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.

For costs incurred on the future phases to be developed, the Group has assessed the net realisable value of the proposed development, based on the estimation of future selling prices and future costs to complete the proposed development, taking consideration of the available industry data and current market factors. 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.

For land to be developed, 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.

For costs incurred on the future phases to be developed, we assessed the key assumptions used by the Group, which included a comparison of the recent transacted selling prices of the development properties and the recent transacted market prices of land, 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, Group structure, Corporate social responsibility, Corporate information, 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
25 September 2018

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	Note	Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
Assets					
Property, plant and equipment	4	**1,279,218**	2,500,932	**–**	–
Investment in subsidiaries	5	**–**	–	**1,229,000,000**	1,229,000,000
Deferred tax assets	6	**2,942,073**	77,172	**–**	–
Non-current assets		**4,221,291**	2,578,104	**1,229,000,000**	1,229,000,000
Development properties	7	**543,620,996**	371,128,577	**–**	–
Contract assets	8	**21,580,768**	162,473,986	**–**	–
Trade and other receivables	9	**261,181,856**	128,515,208	**42,991**	200,244
Amount due from related parties	10	**–**	–	**111,318,203**	112,100,104
Cash and cash equivalents	11	**16,421,920**	27,151,167	**4,777,902**	9,684,770
Current assets		**842,805,540**	689,268,938	**116,139,096**	121,985,118
Total assets		**847,026,831**	691,847,042	**1,345,139,096**	1,350,985,118
Equity					
Share capital	12	**259,383,777**	259,383,777	**1,455,078,944**	1,455,078,944
Merger reserve	13	**(10,769,090)**	(10,769,090)	**–**	–
Capital reserve	14	**–**	–	**1,419,389**	1,419,389
Accumulated losses		**(16,633,977)**	(26,892,318)	**(114,864,995)**	(109,240,163)
Equity attributable to owners of the Company		**231,980,710**	221,722,369	**1,341,633,338**	1,347,258,170
Non-controlling interests		**2,641,524**	1,083,303	**–**	–
Total equity		**234,622,234**	222,805,672	**1,341,633,338**	1,347,258,170
Liabilities					
Loans and borrowings	15	**14,330,052**	21,124,183	**–**	–
Non-current liabilities		**14,330,052**	21,124,183	**–**	–
Contract liabilities	8	**33,341,596**	26,540,826	**–**	–
Trade and other payables	16	**432,882,741**	336,782,142	**552,915**	609,690
Amount due to related parties	10	**44,392,139**	38,765,355	**2,952,843**	3,117,258
Loans and borrowings	15	**75,056,038**	33,717,726	**–**	–
Current tax liabilities		**12,402,031**	12,111,138	**–**	–
Current liabilities		**598,074,545**	447,917,187	**3,505,758**	3,726,948
Total liabilities		**612,404,597**	469,041,370	**3,505,758**	3,726,948
Total equity and liabilities		**847,026,831**	691,847,042	**1,345,139,096**	1,350,985,118

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2018

	Note	2018 RM	2017 RM
Revenue	17	**332,739,871**	309,647,902
Cost of sales	18	**(304,427,604)**	(253,903,215)
Gross profit		**28,312,267**	55,744,687
Other income	19	**193,042**	273,963
Selling and distribution expenses		**(2,549,701)**	(3,169,099)
Administrative expenses		**(12,927,914)**	(12,881,553)
Others expenses		**(1,549,339)**	(2,177,215)
Results from operating activities		**11,478,355**	37,790,783
Finance income	20	**2,730,237**	2,964,160
Finance costs	20	**(663,904)**	(18,416)
Net finance income	20	**2,066,333**	2,945,744
Profit before tax	21	**13,544,688**	40,736,527
Tax expense	22	**(4,178,126)**	(11,758,711)
Profit and total comprehensive income for the year		**9,366,562**	28,977,816
Profit and total comprehensive income attributable to:			
Owners of the Company		**10,258,341**	28,392,721
Non-controlling interests		**(891,779)**	585,095
Profit and total comprehensive income for the year		**9,366,562**	28,977,816
Earnings per share			
Basic and diluted earnings per share (RM cents per share)	23	**0.55**	1.52

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2018

The Group	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Merger reserve	Accumulated losses	Total		
	RM	RM	RM	RM	RM	RM
At 1 July 2016	259,383,777	(10,769,090)	(55,285,039)	193,329,648	8,208	193,337,856
Profit and total comprehensive income for the year	–	–	28,392,721	28,392,721	585,095	28,977,816
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Incorporation of subsidiary with non-controlling interests	–	–	–	–	490,000	490,000
Total transactions with owners	–	–	–	–	490,000	490,000
At 30 June 2017	259,383,777	(10,769,090)	(26,892,318)	221,722,369	1,083,303	222,805,672
At 1 July 2017	259,383,777	(10,769,090)	(26,892,318)	221,722,369	1,083,303	222,805,672
Profit and total comprehensive income for the year	–	–	10,258,341	10,258,341	(891,779)	9,366,562
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Capital injection in a subsidiary by non-controlling interests	–	–	–	–	2,450,000	2,450,000
Total transactions with owners	–	–	–	–	2,450,000	2,450,000
At 30 June 2018	259,383,777	(10,769,090)	(16,633,977)	231,980,710	2,641,524	234,622,234

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2018

	Note	2018 RM	2017 RM
Cash flows from operating activities			
Profit for the year		**9,366,562**	28,977,816
Adjustments for:			
Allowance for foreseeable losses on development properties	18	**2,419,957**	–
Depreciation of property, plant and equipment	4	**1,477,166**	1,361,597
Interest expense	20	**31,674**	18,416
Interest income	20	**(2,730,237)**	(1,239,287)
Property, plant and equipment written off	21	**–**	12,678
Tax expense	22	**4,178,126**	11,758,711
		14,743,248	40,889,931
Changes in:			
Development properties		**(168,094,626)**	(148,385,268)
Contract assets and liabilities		**147,693,988**	(69,799,999)
Trade and other receivables		**(132,666,648)**	(16,658,724)
Trade and other payables		**96,100,599**	257,154,250
Cash (used in)/generated from operations		**(42,223,439)**	63,200,190
Tax paid		**(6,752,134)**	(2,136,244)
Net cash (used in)/from operating activities		**(48,975,573)**	61,063,946
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(145,452)**	(260,887)
Interest received		**2,730,237**	1,239,287
Net cash from investing activities		**2,584,785**	978,400
Cash flows from financing activities			
Advances from affiliated corporations		**4,733,870**	9,736,537
Advances from a controlling shareholder		**892,914**	518,624
Capital injection in a subsidiary by non-controlling interests		**2,450,000**	–
Incorporation of subsidiary with non-controlling interests		**–**	490,000
Interest paid		**(6,849,424)**	(6,469,924)
Proceeds from draw down of term loans		**76,637,158**	19,919,766
Repayment of term loans		**(40,494,352)**	(107,798,861)
Repayment of finance lease liabilities		**(183,903)**	(109,640)
Net cash from/(used in) financing activities		**37,186,263**	(83,713,498)
Net decrease in cash and cash equivalents		**(9,204,525)**	(21,671,152)
Cash and cash equivalents at 1 July		**12,664,705**	34,335,857
Cash and cash equivalents at 30 June	11	**3,460,180**	12,664,705

Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment amounting to RM255,452 (2017: RM737,887), of which RM110,000 (2017: RM477,000) was acquired under finance lease arrangements.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 September 2018.

1 Domicile and activities

Astaka Holdings Limited ('the Company') is incorporated in the Republic of Singapore. The address of the Company's registered office is 38 Beach Road, #29-11 South Beach Tower, Singapore 189767.

The financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 3.9 – Revenue recognition

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 – Impairment of investment in subsidiaries
Note 7 – Estimation of allowance for foreseeable losses for development properties

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 - financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group. A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 July 2017 have been adopted by the Group.

The initial adoption of these standards and interpretations did not have a material impact on the financial statements except for Amendments to FRS 7: *Disclosure Initiative*. As a result of the adoption of Amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 30 June 2018. Comparative information has not been presented (see Note 15).

3 Significant accounting policies (Continued)

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity in interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statements

Investment in subsidiaries is stated in the Company's statement of financial position at cost less accumulated impairment losses. The initial cost of the investment in Astaka Group is based on the fair value of the ordinary shares issued by the Company upon the completion of reverse acquisition.

3 Significant accounting policies (Continued)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Ringgit Malaysia at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Ringgit Malaysia at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(i) Non-derivative financial assets (Continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments) and amount due from related parties.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and amount due to related parties.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalised borrowing costs.

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income/other operating expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated.

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Renovations	– 2 years
Computers	– 2.5 years
Equipment and fittings	– 2 to 5 years
Motor vehicles	– 5 years

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

3.5 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3 Significant accounting policies (Continued)

3.5 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Loans and receivables (Continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU group (groups of CGUs) on a *pro rata* basis.

An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Development properties

(i) Properties in the course of development (unsold units)/Properties for development

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

Borrowing costs that are directly attributable to the acquisition and development of the development properties are capitalised as part of development properties during the period of development.

3 Significant accounting policies (Continued)

3.6 Development properties (Continued)

(i) Properties in the course of development (unsold units)/Properties for development (Continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-downs to net realisable value are presented as allowance for foreseeable losses.

(ii) Contract costs

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

(iii) Subsequent measurement

Subsequent to initial measurement, contract costs are recognised to profit or loss using the same measure of progress as the related contract revenue.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs exceeds:

- the remaining amount of consideration that the Group expects to receive for the sold units; less
- the estimated costs of completion that have not been recognised as expenses.

An impairment loss is reversed if the conditions no longer exist or have improved.

(iv) Contract assets and liabilities

Contract assets represent the gross unbilled amount expected to be collected from customers for work performed to date. The aggregated costs incurred together with attributable profits and net of progress billings are presented as contract assets in the statement of financial position.

Contract liabilities represent progress billings exceed costs incurred plus recognised profits. The aggregated costs incurred together with attributable profits and net of progress billings are presented as contract liabilities in the statement of financial position. Customer advance in excess of progress billings are presented in trade and other payables.

3 Significant accounting policies (Continued)

3.7 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Revenue

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented, net of goods and service tax, rebates and discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer. The properties generally have no alternative use for the Group due to contractual restrictions.

For development properties whereby the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion of construction. The percentage of completion is measured by reference to the construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

3 Significant accounting policies (Continued)

3.9 Revenue (Continued)

(i) Sale of development properties (Continued)

The revenue is measured at the transaction price agreed under the contract, net of rebates, discounts, reimbursement costs borne by the Group and liquidated damages. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

Critical judgements in identifying performance obligations, measuring progress and measuring estimated variable consideration included in transaction price

Under the terms of the contract, the Group contracted with the customer to deliver a specified building unit to the customer in accordance with the plans and specifications set out in the contract. The contract includes the specified building unit and an undivided share in the land and the common property. The analysis of whether the contract comprises one or more performance obligations, the method used to measure progress for revenue recognition, the amounts to be included as fulfilment cost for calculating the percentage of completion and estimated variable consideration included in the transaction price represent areas requiring critical judgement by the Group.

3.10 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as ‘other income’ on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for expenditures incurred for the development expenditures are recognised initially as deduction against the carrying amount of the development properties. Subsequent to initial measurement, these grants are amortised in profit or loss as deduction against cost of sales using the same measure of progress as the related contract revenue.

3.11 Leases

When the Group is lessee of a finance lease

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

3 Significant accounting policies (Continued)

3.11 Leases (Continued)

When the Group is lessee of an operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3 Significant accounting policies (Continued)

3.13 Tax (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

4 Property, plant and equipment

	Renovations RM	Computers RM	Equipment and fittings RM	Motor vehicles RM	Total RM
Group					
2018					
Cost					
At 1 July 2016	2,843,667	134,741	353,904	1,526,021	4,858,333
Additions	12,000	105,399	71,780	548,708	737,887
Write off	(13,936)	(25,629)	(36,284)	–	(75,849)
At 30 June 2017	2,841,731	214,511	389,400	2,074,729	5,520,371
Additions	3,990	55,061	54,632	141,769	255,452
Write off	–	(1,291)	–	–	(1,291)
At 30 June 2018	**2,845,721**	**268,281**	**444,032**	**2,216,498**	**5,774,532**
Accumulated depreciation					
At 1 July 2016	910,722	98,775	142,767	568,749	1,721,013
Depreciation charge	899,297	41,905	77,609	342,786	1,361,597
Write off	(13,936)	(25,617)	(23,618)	–	(63,171)
At 30 June 2017	1,796,083	115,063	196,758	911,535	3,019,439
Depreciation charge	897,116	62,527	91,614	425,909	1,477,166
Write off	–	(1,291)	–	–	(1,291)
At 30 June 2018	**2,693,199**	**176,299**	**288,372**	**1,337,444**	**4,495,314**
Carrying amount					
At 1 July 2016	1,932,945	35,966	211,137	957,272	3,137,320
At 30 June 2017	1,045,648	99,448	192,642	1,163,194	2,500,932
At 30 June 2018	**152,522**	**91,982**	**155,660**	**879,054**	**1,279,218**

The carrying amount of motor vehicles held by the Group under finance leases amounted to RM567,378 (2017: RM805,454).

5 Investment in subsidiaries

	Company 2018 RM	Company 2017 RM
Equity investment, at cost		
At beginning and end of the year	**1,229,000,000**	1,229,000,000

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2018 %	Effective equity held by the Group 2017 %
Held by the Company				
Astaka Padu Limited [1]	Investment holding	British Virgin Islands	**99.99**	99.99
Held by Astaka Padu Limited				
Astaka Padu Sdn Bhd [2]	Property development	Malaysia	**99.99**	99.99
Held by Astaka Padu Sdn Bhd				
Bukit Pelali Properties Sdn Bhd [2]	Property development	Malaysia	**50.99**	50.99
Held by Bukit Pelali Properties Sdn Bhd				
Bukit Pelali Healthcare Sdn Bhd [2]	Dormant	Malaysia	**50.99**	50.99
Bukit Pelali Hotel Sdn Bhd [2]	Dormant	Malaysia	**50.99**	–

1 Not required to be audited by law in the country of incorporation

2 Audited by KPMG, Malaysia

Impairment of investment in subsidiaries

The Company assesses at the end of each reporting date whether there is objective evidence that the investment in subsidiaries is impaired and recognises an impairment charge when such evidence exists.

Management assessed the recoverable amount of the investment in subsidiaries based on the fair value of the development projects undertaken by the Group using the market comparison approach, where sale price of comparable properties under the development projects in close proximity are adjusted for differences in key attributes such as property size. For proposed development projects to be undertaken by the Group, management assessed the recoverable amount based on the estimation of future selling prices and future costs to complete the proposed development projects.

Management is of the view that no allowance for impairment loss is required for the investment in subsidiaries as at 30 June 2018 and 2017.

6 Deferred tax assets/(liabilities)

Movements in the deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 July 2016	Recognised in profit or loss (Note 22)	At 30 June 2017	Recognised in profit or loss (Note 22)	At 30 June 2018
	RM	RM	RM	RM	RM
Deferred tax assets					
Property, plant and equipment	–	44,412	44,412	65,781	**110,193**
Other payables and accrued expenses	–	32,760	32,760	2,493,080	**2,525,840**
Unutilised tax losses and capital allowances	–	–	–	306,040	**306,040**
	–	77,172	77,172	2,864,901	**2,942,073**
Deferred tax liabilities					
Property, plant and equipment	(20,000)	20,000	–	–	**–**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The amounts, determined after appropriate offsetting, are shown in statement of financial position as follows:

	Group	
	2018	2017
	RM	RM
Deferred tax assets	**2,942,073**	77,172

7 Development properties

	Note	Group 2018 RM	Group 2017 RM
Completed properties held for sale			
- completed properties		**300,946,332**	–
Properties in the course of development			
Unsold units			
- aggregate costs incurred	(i)	**79,186,995**	277,418,018
- government grant		**–**	(29,299,909)
		79,186,995	248,118,109
Contract costs			
- capitalised commission	(ii)	**371,576**	7,741,717
- fulfilment cost	(iii)	**18,243,886**	19,459,145
- government grant	(iv)	**–**	(13,522,630)
		18,615,462	13,678,232
Total properties in the course of development		**97,802,457**	261,796,341
Properties for development representing mainly land, at cost		**144,872,207**	109,332,236
Total		**543,620,996**	371,128,577
Borrowing costs capitalised during the year		**6,817,750**	6,451,508

Securities

Certain development properties of the Group have been charged to the banks as collateral for term loan facilities provided to the Group as disclosed in Note 15.

Properties in the course of development and properties for development

(i) Unsold units

The amount relates primarily to cost attributable to the unsold units. Borrowing costs of the Group have been capitalised at rates ranging from 4.0% to 10.65% (2017: 4.0% to 10.6%) per annum.

7 Development properties (Continued)

Properties in the course of development and properties for development (Continued)

(ii) Capitalised commission

Management expects the incremental commission fees paid to property agents as a result of securing sale contracts to be recoverable. The Group has therefore capitalised the commission fees and amortised these commission fees when the related revenue is recognised.

	Group	
	2018	2017
	RM	RM
At beginning of the year	**7,741,717**	18,862,726
Addition	**2,433,290**	560,721
Amortised to profit or loss	**(9,796,263)**	(11,681,730)
Allowance for foreseeable losses	**(7,168)**	–
At end of the year	**371,576**	7,741,717

(iii) Fulfilment cost

Costs that are attributable to the sold units are capitalised as fulfilment. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised.

	Group	
	2018	2017
	RM	RM
At beginning of the year	**19,459,145**	10,569,814
Addition	**307,048,843**	271,789,055
Amortised to profit or loss	**(305,851,313)**	(262,899,724)
Allowance for foreseeable losses	**(2,412,789)**	–
At end of the year	**18,243,886**	19,459,145

(iv) Capitalised government grant

Government grant of RM84,430,000 (Note 9) represented grant to be receivable from the Government of Malaysia in relation to the reimbursement of the construction costs incurred on The Astaka @ One Bukit Senyum development project of the Group. The Group has therefore capitalised them by deducting against the carrying amount of development properties.

7 Development properties (Continued)

Properties in the course of development and properties for development (Continued)

(iv) Capitalised government grant (Continued)

Capitalised government grant are amortised to profit or loss included as deduction against cost of sales when the related revenue is recognised.

	Group	
	2018	2017
	RM	RM
At beginning of the year	**13,522,630**	33,429,819
Reclassification from unsold units	**117,299**	771,050
Amortised to profit or loss	**(13,639,929)**	(20,678,239)
At end of the year	**–**	13,522,630

Estimation of allowance for foreseeable losses for development properties

The Group assesses at every reporting date whether any allowance for foreseeable losses is required. The allowance for foreseeable losses is estimated after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

The movement in allowance for foreseeable losses on development properties during the year is as follows:

	Group	
	2018	2017
	RM	RM
At beginning of the year	**–**	–
Addition	**2,419,957**	–
At end of the year	**2,419,957**	–

8 Contract assets/(liabilities)

	Group	
	2018	2017
	RM	RM
Contract assets	**21,580,768**	162,473,986
Contract liabilities	**(33,341,596)**	(26,540,826)
	(11,760,828)	135,933,160

8 Contract assets/(liabilities) (Continued)

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to receivable when the right to bill becomes unconditional. This typically occurs when the construction milestones are achieved.

Contract liabilities represent the progress billings exceed costs incurred plus recognised profits. The amount is recognised as revenue when the Group performs under the contract.

Significant changes in the contact assets/(liabilities) during the year are as follows:

	Group	
	2018	2017
	RM	RM
At beginning of the year	**135,933,160**	66,133,161
Revenue recognised	**332,739,871**	309,647,902
Progress billings issued	**(480,433,859)**	(239,847,903)
At end of the year	**(11,760,828)**	135,933,160

9 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade receivables from:				
- third parties	**153,507,119**	36,334,706	**–**	–
- a director	**702,620**	613,729	**–**	–
- a controlling shareholder	**937,134**	17,540	**–**	–
- key management personnel	**2,307,515**	1,656,089	**–**	–
	157,454,388	38,622,064	**–**	–
Retention sums receivables	**9,352,953**	–	**–**	–
Other receivables	**89,742,591**	84,952,504	**–**	–
Deposits	**1,167,024**	280,364	**–**	–
Advanced payments	**3,263,176**	4,349,000	**–**	–
Prepayments	**201,724**	311,276	**42,991**	200,244
	261,181,856	128,515,208	**42,991**	200,244

Included in the Group's other receivables are Government grants receivable from the Government of Malaysia of RM84,430,000 (2017: RM84,430,000) in relation to the reimbursement of the construction costs incurred on The Astaka @ One Bukit Senyum development project of the Group.

9 Trade and other receivables (Continued)

The ageing of trade and other receivables (excluding advanced payments and prepayments) at the reporting date was:

	Group	
	2018	2017
	RM	RM
Not past due	239,667,583	107,080,219
Past due 1 to 30 days	3,939,529	3,491,616
Past due 31 to 60 days	1,367,559	3,466,011
Past due 61 to 90 days	1,118,639	5,908,212
Past due more than 91 days	11,623,646	3,908,874
	257,716,956	123,854,932

As at the reporting date, the Group believes that no allowance for impairment loss is necessary in respect of trade receivables based on the Group's historical experience in the collection of these trade receivables.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, which are widely distributed and covers a broad range of end markets.

10 Amount due from/(to) related parties

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Amounts due from:				
- subsidiaries	–	–	111,318,203	112,100,104
	–	–	111,318,203	112,100,104
Amounts due to:				
- affiliated corporations	(24,457,762)	(19,723,892)	–	–
- a controlling shareholder	(19,934,377)	(19,041,463)	–	–
- subsidiaries	–	–	(2,952,843)	(3,117,258)
	(44,392,139)	(38,765,355)	(2,952,843)	(3,117,258)

Amounts due from/(to) subsidiaries are non-trade, unsecured, interest-free and are repayable on demand.

Amounts due from affiliated corporations and a controlling shareholder are non-trade, unsecured, bears interest at rate of 4.0% (2017: 4.0%) per annum and are repayable on demand.

Affiliated corporations are defined as those companies in which a controlling shareholder of the Company is a director of these companies.

11 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash and bank balances	**16,421,920**	27,151,167	**4,777,902**	9,684,770

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

	Group	
	2018	2017
	RM	RM
Cash and bank balances (as above)	**16,421,920**	27,151,167
Less: Bank overdrafts	**(12,961,740)**	(14,486,462)
Cash and cash equivalents per consolidated statement of cash flows	**3,460,180**	12,664,705

Included in cash and bank balances is an amount of RM4,140,524 (2017: RM2,691,166) of which the bank accounts are maintained in accordance with Housing Development (Housing Development Account) Regulation 1991 in Malaysia. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the respective subsidiaries upon the completion of the property development projects and after all property development expenditure have been fully settled.

12 Share capital

	No. of ordinary shares issued	Amount of share capital	
	Company	Group	Company
		RM	RM
2018			
At beginning and end of the year	**1,869,434,303**	**259,383,777**	**1,455,078,944**
2017			
At beginning and end of the year	1,869,434,303	259,383,777	1,455,078,944

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting upon completion of reverse acquisition on 19 November 2015.

12 Share capital (Continued)

Capital management

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, to continue to maintain the future development and growth of the business.

The Group monitors capital using a net debt equity ratio, which is adjusted net debt divided by total equity. For this purpose, adjusted net debt is defined as total loans and borrowings less cash and cash equivalents. Total equity includes equity attributable to owners of the Company and non-controlling interests.

	Group	
	2018	2017
	RM	RM
Loans and borrowings (including finance liabilities)	**89,386,090**	54,841,909
Less: Cash and cash equivalents	**(16,421,920)**	(27,151,167)
Net debts	**72,964,170**	27,690,742
Total equity	**234,622,234**	222,805,672
Net debt ratio	**0.31**	0.12

No changes were made to the above objectives, policies and processes during the year ended 30 June 2018 and 2017.

The Group is not subject to externally imposed capital requirements.

13 Merger reserve

In 2014, Astaka Padu Limited ("APL") acquired the entire share capital of Astaka Padu Sdn Bhd ("APSB") through a share-for-share swap by issuing 80 ordinary shares amounting to RM20,000,000 to the shareholders of APSB. The acquisition of APSB by APL had been accounted for as a capital reorganisation as both APL and APSB were under common control of the same controlling shareholders.

The share capital of the Group issued for the purpose of the capital reorganisation in 2014 amounting to RM30,769,090 was measured based on deemed cost of acquiring APSB, being the existing carrying values of the net assets acquired. The resulting differences are recognised separately as a merger reserve.

14 Capital reserve

	Company	
	2018	2017
	RM	RM
At beginning and end of the year	**1,419,389**	1,419,389

Capital reserve represents the issue of shares to the Arranger of the Company during the listing of the Company in 2009 and the listing expenses borne by the shareholders were deemed to be capital contributions by the shareholders and were recognised as a component of equity in capital reserve.

15 Loans and borrowings

	Group	
	2018	2017
	RM	RM
Non-current liabilities		
Secured		
Term loans	**13,938,266**	20,641,576
Finance lease liabilities	**391,786**	482,607
	14,330,052	21,124,183
Current liabilities		
Secured		
Term loans	**61,908,260**	19,062,144
Bank overdrafts	**12,961,740**	14,486,462
Finance lease liabilities	**186,038**	169,120
	75,056,038	33,717,726
Total loans and borrowings	**89,386,090**	54,841,909

15 Loans and borrowings (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM
2018				
Secured				
Term loan IV	RM	10.60%	2019	**5,487,019**
Term loan V	RM	10.65%	2020	**43,938,267**
Term loan VI	RM	8.34%	2019	**26,421,240**
Finance lease liabilities	RM	2.41% to 2.96%	2019 to 2023	**577,824**
				76,424,350
2017				
Secured				
Term loan I	RM	10.60%	2019	2,437,377
Term loan III	RM	10.60%	2020	8,274,004
Term loan IV	RM	10.60%	2019	14,761,396
Term loan V	RM	10.60%	2019	14,230,943
Finance lease liabilities	RM	2.41 to 2.96%	2019 to 2022	651,727
				40,355,447

Security

Included in the term loan and bank overdraft is a AL Murabahah credit facility from Maybank Islamic Berhad of RM316,770,000 (2017: RM270,770,000) for the purpose of the construction of the Group's development properties. It is secured against a legal charge over the land and building to be erected on the land in Bukit Senyum under PTO 216346 I-ISD520590, Mukim Plentong, District of Johor Bahru of up to the outstanding borrowing amount. The term loan is jointly and severally guaranteed by the controlling shareholder of the Company, a director of the Company and the directors of Astaka Padu Sdn Bhd.

The term loan VI relates to Term Financing and Bridging Financing facilities from Malaysia Building Society Berhad of RM10,000,000 and RM33,000,000 for the purpose of the construction of the Group's development properties. It is secured by third party first open monies legal charge over the land held under Lot PTD 6007 and 6008, Mukim of Pengerang, District of Kota Tinggi, Johor.

Included in the bank overdraft as at 30 June 2018 is a Affin Bank Berhad overdraft facility of RM10,000,000 (2017: RM10,000,000) for the working capital requirements of the Group. The bank overdraft facility is secured against a controlling shareholder's fixed deposit of RM10,000,000 (2017: RM10,000,000).

15 Loans and borrowings (Continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
2018			
Within one year	**186,038**	**26,178**	**212,216**
Between two to five years	**391,786**	**33,055**	**424,841**
	577,824	**59,233**	**637,057**
2017			
Within one year	169,120	29,371	198,491
Between two to five years	482,607	48,229	530,836
	651,727	77,600	729,327

15 Loans and borrowings (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity	
	Amount due to affiliated corporations	Amount due to a controlling shareholder	Term loans	Finance lease liabilities	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM
At 1 July 2017	19,723,892	19,041,463	39,703,720	651,727	1,083,303	80,204,105
Changes from financing cash flows:						
- Advances from affiliated corporations	4,733,870	–	–	–	–	4,733,870
- Advances from a controlling shareholder	–	892,914	–	–	–	892,914
- Capital injection in a subsidiary by non-controlling interests	–	–	–	–	2,450,000	2,450,000
- Proceeds from draw down of term loans	–	–	76,637,158	–	–	76,637,158
- Repayment of term loans	–	–	(40,494,352)	–	–	(40,494,352)
- Repayment of finance lease liabilities	–	–	–	(183,903)	–	(183,903)
- Interest paid	(199,080)	(892,914)	(5,725,756)	(31,674)	–	(6,849,424)
Total changes from financing cash flows	4,534,790	–	30,417,050	(215,577)	2,450,000	37,186,263
Other changes:						
Liability-related						
- Additions to finance lease liabilities	–	–	–	110,000	–	110,000
- Interest expense	199,080	892,914	5,725,756	31,674	–	6,849,424
Total liability-related other changes	199,080	892,914	5,725,756	141,674	–	6,959,424
Equity-related						
- Loss and total comprehensive income for the year	–	–	–	–	(891,779)	(891,779)
At 30 June 2018	**24,457,762**	**19,934,377**	**75,846,526**	**577,824**	**2,641,524**	**123,458,013**

16 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade payables	**350,648,101**	263,219,820	**–**	–
Other payables	**17,442,189**	23,102,776	**552,915**	609,690
Accrued land costs	**30,345,172**	30,943,036	**–**	–
Accrued reimbursement costs borne by the Group on behalf of the purchasers of the property development	**20,630,253**	16,558,429	**–**	–
Accrued expenses	**13,817,026**	2,958,081	**–**	–
	432,882,741	336,782,142	**552,915**	609,690

Included in the Group's trade payables is an amount of RM34,652,800 (2017: RM34,652,800) due to the Johor State Government for acquisition of development land.

Included in the Group's other payables are deposits received from the purchasers of the property development totalling RM47,948 (2017: RM1,071,237).

Included in the Group's accrued expenses are accrued liquidated damages amounting to RM10,524,334 (2017: RMNil), representing late payment charges for late delivery of the property development to the purchasers.

17 Revenue

	Group	
	2018	2017
	RM	RM
Revenue from sale of development properties	**332,739,871**	309,647,902

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Group	
	2018	2017
	RM	RM
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially unsatisfied as at the reporting date		
- 30 June 2018	**–**	280,821,641
- 30 June 2019	**127,600,927**	106,516,569
- 30 June 2020	**141,386,258**	119,590,644
	268,987,185	506,928,854

18 Cost of sales

	Group	
	2018	2017
	RM	RM
Fulfilment cost for sale of development properties	305,851,313	262,899,724
Amortisation of capitalised commission	9,796,263	11,681,730
Allowance for foreseeable losses on development properties	2,419,957	–
	318,067,533	274,581,454
Less: Amortisation of capitalised government grants	(13,639,929)	(20,678,239)
	304,427,604	253,903,215

19 Other income

	Group	
	2018	2017
	RM	RM
Advertisement sponsorship	2,641	240,000
Government grants	1,241	1,531
Others	83,043	32,432
Reimbursement of staff costs from customers	106,117	–
	193,042	273,963

20 Net finance income

	Note	Group 2018 RM	Group 2017 RM
Finance income			
Foreign exchange gain		–	1,724,873
Interest income		2,730,237	1,239,287
		2,730,237	2,964,160
Finance costs			
Foreign exchange loss		(632,230)	–
Interest expense on:			
- bank borrowings		(5,725,756)	(5,817,253)
- advances from a shareholder of the Company		(892,914)	(518,624)
- advances from affiliated corporations		(199,080)	(115,631)
- finance lease liabilities		(31,674)	(18,416)
		(7,481,654)	(6,469,924)
Less: Capitalised in development properties	7	6,817,750	6,451,508
		(663,904)	(18,416)
Net finance income		2,066,333	2,945,744

21 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2018	2017
	RM	RM
Audit fees paid to:		
- auditors of the Company	**192,309**	249,384
- other member firms of the auditors of the Company	**152,000**	152,000
Non audit fees paid to other member firms of the auditors of the Company	**6,000**	6,000
Depreciation of property, plant and equipment	**1,477,166**	1,361,597
Employee benefits expenses (see below)	**6,726,681**	5,649,079
Operating lease expense	**384,739**	295,910
Property, plant and equipment written off	**–**	12,678
Employee benefits expense		
Wages and salaries (including directors' fees)	**6,275,932**	5,332,763
Employer's contribution to defined contribution plans including Central Provident Fund	**384,116**	237,648
Other benefits	**66,633**	78,668
	6,726,681	5,649,079

22 Tax expense

	Note	Group 2018 RM	Group 2017 RM
Current tax expense			
Current year		**8,060,779**	11,855,883
Adjustment for prior years		**(1,017,752)**	–
		7,043,027	11,855,883
Deferred tax expense			
Current year		**(2,854,968)**	(97,172)
Adjustment for prior years		**(9,933)**	–
	6	**(2,864,901)**	(97,172)
Tax expense		**4,178,126**	11,758,711
Reconciliation of effective tax rate			
Profit before tax		**13,544,688**	40,736,527
Tax using the Malaysia tax rate of 24% (2017: 24%)		**3,250,725**	9,776,766
Effect of different tax rates in foreign jurisdiction		**393,738**	263,894
Non-deductible expenses		**1,616,373**	1,752,772
Non-taxable income		**(55,025)**	(34,721)
Adjustment for prior years		**(1,027,685)**	–
		4,178,126	11,758,711

23 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2018	Group 2017
Profit attributable to owners of the Company (RM)	**10,258,341**	28,392,721
Weighted average number of ordinary shares outstanding for basic earnings per share (in units)	**1,869,434,303**	1,869,434,303
Basic earnings per share (RM cents per share)	**0.55**	1.52

23 Earnings per share (Continued)

(b) Diluted earnings per share

The basic earnings per share for the year ended 30 June 2018 and 2017 is the same as the respective diluted earnings per share, as there were no potential dilutive ordinary shares in existence during the year ended 30 June 2018 and 2017.

24 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of property development in Malaysia. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the consolidated financial statements.

25 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases office spaces from other related parties (Note 26) under non-cancellable operating lease agreements. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

	Group	
	2018	2017
	RM	RM
Not later than 1 year	**138,600**	133,900

26 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	Group	
	2018	2017
	RM	RM
Affiliated corporations		
Rental expenses	**259,530**	262,610
Interest expenses	**199,080**	115,631
Land costs payable	**6,757,789**	756,138
A controlling shareholder of the Company		
Interest expenses	**892,914**	518,624
Progress billings issued	**1,149,493**	1,609,290
Late payment interest income	**–**	17,540

The controlling shareholder of the Company is Dato' Daing A Malek Bin Daing A Rahman.

Key management personnel remuneration

	Group	
	2018	2017
	RM	RM
Short-term employee benefits	**2,934,435**	2,861,218
Post-employment benefits (Employer's contribution to defined contribution plans)	**191,432**	136,548
	3,125,867	2,997,766

In addition to the related party information disclosed elsewhere in the financial statements,

(a) a director and certain key management personnel had entered into sale and purchase agreements with the Group to purchase a few units of development properties with sale values amounting to RMNil and RMNil (2017: RM1,446,600 and RM1,996,625) respectively. Revenue from the sales will be recognised by the Group progressively based on the percentage of completion of the development properties;

(b) progress billings of RM746,251 and RM4,393,902 (2017: RM1,145,493 and RM5,001,511) were issued to a director and certain key management personnel respectively for the development properties sold; and

(c) late payment interest of RM7,519 and RM15,142 (2017: RM4,026 and RM55,091) were charged on a director and certain key management personnel respectively for the development properties sold.

27 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. The Group's trade receivables represent progress billings for uncompleted development properties. However, the ownership and rights to the development properties sold revert to the Company in the event of default. Generally, the Group does not require collateral in respect of its financial assets. Cash are placed with regulated banks and financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

27 Financial instruments (Continued)

Risk management framework (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amounts	Contractual cash flows	Within 1 year	After 1 year but within 5 years
	RM	RM	RM	RM
Group				
2018				
Trade and other payables	**432,882,741**	**432,882,741**	**432,882,741**	**–**
Amounts due to related parties	**44,392,139**	**44,392,139**	**44,392,139**	**–**
Loans and borrowings	**89,386,090**	**96,930,824**	**82,163,924**	**14,766,900**
	566,660,970	**574,205,704**	**559,438,804**	**14,766,900**
2017				
Trade and other payables	336,782,142	336,782,142	336,782,142	–
Amounts due to related parties	38,765,355	38,765,355	38,765,355	–
Loans and borrowings	54,841,909	59,531,711	37,482,850	22,048,861
	430,389,406	435,079,208	413,030,347	22,048,861
Company				
2018				
Trade and other payables	**552,915**	**552,915**	**552,915**	**–**
Amounts due to related parties	**2,952,843**	**2,952,843**	**2,952,843**	**–**
	3,505,758	**3,505,758**	**3,505,758**	**–**
2017				
Trade and other payables	609,690	609,690	609,690	–
Amounts due to related parties	3,117,258	3,117,258	3,117,258	–
	3,726,948	3,726,948	3,726,948	–

27 **Financial instruments (Continued)**

Risk management framework (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to fair value interest rate risk.

The Group's interest bearing assets are primarily bank balances. The interest rates on these bank balances are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on bank balances to be unlikely.

The Group's exposure to cash flow interest rate risks arises mainly from variable rate borrowings. The Group manages its interest rate exposure by monitoring movements in interest rates and actively reviewing its borrowings.

Interest rate profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, was as follows:

	Group	
	2018	2017
	RM	RM
Fixed rate instruments		
Term loans	**26,421,240**	–
Finance lease liabilities	**577,824**	651,727
Amount due to affiliated corporations	**6,011,688**	5,565,711
Amount due to a controlling shareholder	**19,934,377**	19,041,463
	52,945,129	25,258,901
Variable rate instruments		
Term loans	**49,425,286**	39,703,720
Bank ovedrafts	**12,961,740**	14,486,462
	62,387,026	54,190,182

27 Financial instruments (Continued)

Risk management framework (Continued)

Market risk (Continued)

Cash flow sensitivity analysis for variable instruments

The movement of the interest rate for the loans and borrowings does not have any impact on the profit before tax for the year as the entire interest expense is capitalised into development properties during the financial year. A change of 100 basis points (bps) in interest rates at the reporting date would have increased/(decreased) development properties by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	2018	**2017**
	RM	**RM**
Variable rate instruments		
100 bp increase	623,870	541,902
100 bp decrease	(623,870)	(541,902)

Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents held by the Group denominated in Singapore Dollars ("SGD") and Hong Kong Dollars ("HKD") that are denominated other than the functional currency of the Group entities, Ringgit Malaysia ("RM").

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	SGD	**HKD**	**Total**
	RM	**RM**	**RM**
Group			
2018			
Cash and cash equivalents	486,340	4,294,011	4,780,351
2017			
Cash and cash equivalents	1,777,072	7,910,665	9,687,737

27 Financial instruments (Continued)

Risk management framework (Continued)

Market risk (Continued)

Sensitivity analysis

A 5% strengthening of the following major currencies against RM at the reporting dates held by the Group would increase profit before tax by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Group Profit before tax	
	2018	**2017**
	RM	**RM**
SGD	24,317	88,854
HKD	214,701	395,533
	239,018	484,387

Apart from these SGD and HKD denominated cash and cash equivalents, the Group is not exposed to significant foreign currency risk on monetary assets and liabilities that are denominated in a currency other than the functional currencies of the entities within the Group.

27 Financial instruments (Continued)

Accounting classifications and fair values

The accounting classification of financial assets and liabilities amounts shown in the statements of financial position, are as follows. Fair value information for financial assets and financial liabilities not measured at fair value has not been presented if the carrying amount is a reasonable approximation of fair value.

	Note	Loans and receivables RM	Liabilities at amortised cost RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group								
2018								
Financial assets not measured at fair value								
Trade and other receivables*	9	257,716,956	–	257,716,956				
Cash and cash equivalents	11	16,421,920	–	16,421,920				
		274,138,876	–	274,138,876				
Financial liabilities not measured at fair value								
Trade and other payables	16	–	432,882,741	432,882,741				
Amount due to related parties	10	–	44,392,139	44,392,139				
Loans and borrowings	15	–	89,386,090	89,386,090	–	95,817,792	–	95,817,792
		–	566,660,970	566,660,970				
2017								
Financial assets not measured at fair value								
Trade and other receivables*	9	123,854,932	–	123,854,932				
Cash and cash equivalents	11	27,151,167	–	27,151,167				
		151,006,099	–	151,006,099				
Financial liabilities not measured at fair value								
Trade and other payables	16	–	336,782,142	336,782,142				
Amount due to related parties	10	–	38,765,355	38,765,355				
Loans and borrowings	15	–	54,841,909	54,841,909	–	57,239,060	–	57,239,060
		–	430,389,406	430,389,406				

* Excludes advanced payments and prepayments

27 Financial instruments (Continued)

Accounting classifications and fair values (Continued)

	Note	Loans and receivables RM	Liabilities at amortised cost RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company								
2018								
Financial assets not measured at fair value								
Amount due from related parties	10	111,318,203	–	111,318,203				
Cash and cash equivalents	11	4,777,902	–	4,777,902				
		116,096,105	–	116,096,105				
Financial liabilities not measured at fair value								
Trade and other payables	16	–	552,915	552,915				
Amount due to related parties	10	–	2,952,843	2,952,843				
		–	3,505,758	3,505,758				
2017								
Financial assets not measured at fair value								
Amount due from related parties	10	112,100,104	–	112,100,104				
Cash and cash equivalents	11	9,684,770	–	9,684,770				
		121,784,874	–	121,784,874				
Financial liabilities not measured at fair value								
Trade and other payables	16	–	609,690	609,690				
Amount due to related parties	10	–	3,117,258	3,117,258				
		–	3,726,948	3,726,948				

27 Financial instruments (Continued)

Valuation techniques and significant unobservable inputs.

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments not measures at fair value

Type	Valuation techniques	Significant unobservable inputs
Group		
Loans and borrowings	Discounted cash flows	Discount rate

28 Comparative information

The Group relassified contract assets and contract liabilities from development properties to better reflect the nature of these amounts in 2018. As a result, the following reclassifications were made to the statement of financial position of the Group as at 30 June 2017:

	As previously reported RM	Reclassification RM	As reclassified RM
As at 30 June 2017			
Statement of financial position			
Development properties	507,061,737	(135,933,160)	371,128,577
Contract assets	–	162,473,986	162,473,986
Contract liabilities	–	(26,540,826)	(26,540,826)

29 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards

Applicable to the financial statements for the year ending 30 June 2019

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). 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). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International).*

29 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (Continued)

Applicable to the financial statements for the year ending 30 June 2019 (Continued)

In addition to the adoption of the new framework, the Group will also concurrently apply the following new SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 - *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 - *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investment in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1 and SFRS(I) 9.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

When the Group adopts SFRS(I) in 2019, the Company will apply SFRS(I) 1 with 1 July 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparative figures may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but there are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exemptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively. However, the Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets 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. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

29 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (Continued)

SFRS(I) 9 *Financial Instruments (Continued)*

Impairment

The Group's financial assets consist of loans and receivables that are expected to continue to be accounted for using amortised cost model under SFRS(I) 9.

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost. Under SFRS(I) 9, the Group's loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or

- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

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

Based on the assessment, the Group expects an increase in impairment for trade and other receivables of RM44,000 and RM2,004,000 for the Group and the Company, respectively as at 1 July 2018. The Group also estimates an increase in deferred tax assets of RM53,000 for the Group as at 1 July 2018.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to the financial statements for the year ending 30 June 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to the financial statements for the year ending 30 June 2020

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Applicable to the financial statements for the year ending 30 June 2021

- IFRS 17 *Insurance Contracts*

29 Full convergence with Singapore Financial Reporting Standards (International) and adoption of new standards (Continued)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below. The Group also preliminarily assessed that IFRS 17 is not relevant to the Group as the Group does not issue insurance contracts nor account for financial guarantee contracts as insurance contracts.

SFRS(I) 16 *Leases*

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 July 2019. Accordingly, existing lease contracts that are still effective on 1 July 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements.

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 0.02% of the total assets and 0.02% of total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

SHAREHOLDING STATISTICS

As at 13 September 2018

Class of Shares	:	Ordinary Shares
Issued and fully paid-up capital	:	S$477,554,589.08
Number of shares issued	:	1,869,434,303
Number of subsidiary holdings	:	NIL

The company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	97	43.89	3,217	0.00
100 – 1,000	19	8.60	8,728	0.00
1,001 – 10,000	42	19.00	198,485	0.01
10,001 – 1,000,000	48	21.72	4,083,665	0.22
1,000,001 and above	15	6.79	1,865,140,208	99.77
TOTAL	**221**	**100.00**	**1,869,434,303**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Horizon Sea Limited	1,244,062,150	66.55	–	–
Dato' Daing A Malek bin Daing A Rahaman[1]	–	–	1,244,062,150	66.55

Note:

1 Dato' Daing A Malek bin Daing A Rahaman is deemed interested in the shares held by Horizon Sea Limited by virtue of him being the sole shareholder of Horizon Sea Limited

TWENTY LARGEST SHAREHOLDERS AS AT 13 SEPTEMBER 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	HORIZON SEA LIMITED	1,244,062,150	66.55
2	PHILLIP SECURITIES PTE LTD	213,657,820	11.43
3	ACE POINT HOLDINGS LIMITED	93,281,075	4.99
4	GLORYBASE HOLDINGS LIMITED	93,281,075	4.99
5	RHB SECURITIES SINGAPORE PTE LTD	63,343,998	3.39
6	LUXUS HOLDINGS LIMITED	55,968,645	2.99
7	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	49,480,298	2.65
8	HSBC (SINGAPORE) NOMINEES PTE LTD	23,511,666	1.26
9	CLASSIC LINK INVESTMENTS LIMITED	18,656,215	1.00
10	NG SAY PIYU	3,783,666	0.20
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,340,600	0.07
12	HANIFAH BINTE MOHAMED HOSNAN	1,235,000	0.07
13	RYAISHA FILDA BINTE ROSLAN	1,235,000	0.07
14	ZHAO JING	1,212,000	0.06
15	MA ZHEN	1,091,000	0.06
16	TAN SIEW BOOY	564,000	0.03
17	DBS NOMINEES PTE LTD	455,099	0.02
18	UOB KAY HIAN PTE LTD	413,900	0.02
19	YU KAM YUEN LINCOLN	226,666	0.01
20	HUM TEE SUNG	206,000	0.01
	Total:	**1,867,005,873**	**99.87**

Percentage of Shareholding in Public's Hands

Based on the information available to the Company as at 13 September 2018, approximately 23.47% of the issued ordinary shares of the company were held by the public.

Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of **ASTAKA HOLDINGS LIMITED** (the "Company") will be held at Chartroom, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Tuesday, 23 October 2018 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution:

   Dato' Zamani bin Kasim **(Resolution 2)**
   Mr. Lee Gee Aik **(Resolution 3)**

   Dato' Zamani bin Kasim will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer.

   Mr. Lee Gee Aik will, upon re-election as a Director of the Company, remain as an independent Director and Chairman of the Audit Committee and will be considered Independent for the purpose of Rule 704(7) of Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("Catalist Rules"). Mr. Lee will also continue to be a member of the Nominating and Remuneration Committees.

   There are no relationships (including immediate family relationships) between Mr. Lee and the other Directors, the Company and its 10% shareholders.

3. To approve the payment of Directors' fees of SGD220,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears (FY2018: SGD220,000).

   (Resolution 4)

4. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 5)

5. To transact any other ordinary business which may be transacted at the Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without any modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES**

THAT:

Pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and (notwithstanding the authority conferred in this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (i) new Shares arising from the conversion or exercise of convertible securities;

   (ii) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. ***[See Explanatory Note (i)]***

(Resolution 6)

7. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE ASTAKA SHARE OPTION SCHEME ("SCHEME")**

THAT:

Pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the Scheme and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share based schemes (if applicable) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the expiry of the Scheme.
[See Explanatory Note (ii)] **(Resolution 7)**

By Order of the Board

Cheng Lisa
Secretary
Singapore, 8 October 2018

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the expiry of the Scheme (ie. 22 December 2018), to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ASTAKA HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No: 200814792H)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

SRS Investors

1. For investors who holds the Company's shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cash his/her vote(s) at the annual general meeting ("Meeting") in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS approved nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be excluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

*I/We, ____________________

of ____________________

being a member/members of Astaka Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Chartroom, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Tuesday, 23 October 2018 at 11.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2018.		
2	Re-election of Dato' Zamani bin Kasim as a Director of the Company.		
3	Re-election of Mr. Lee Gee Aik as a Director of the Company.		
4	Approval of Directors' fees amounting to SGD220,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears.		
5	Re-appointment of KPMG LLP as Auditors of the Company.		
6	Authority to allot and issue shares.		
7	Authority to allot and issue shares under the Astaka Share Option Scheme.		

**Delete where inapplicable*

Dated this __________ day of ____________________ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81F of the Securities and Futures Act, Cap 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) who is either:

   i. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   ii. a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   iii. Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to the shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.