

Asia Knight Berhad (formerly known as Pahanco Corporation Berhad) (71024 T)

Interim Financial report on the consolidated results for the first quarter of the financial period ended 31-3-2013
(The figures have not been audited.)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS ENDED 31 MARCH 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-3-2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-3-2012 RM'000	CURRENT YEAR TO-DATE 31-3-2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-3-2012 RM'000
Revenue	2,285	914	2,285	914
Cost of sales	(2,747)	(1,940)	(2,747)	(1,940)
Operating expenses	(677)	(630)	(677)	(630)
Other Operating Income/(loss)	-	23	-	23
Profit/(loss) from operations	(1,139)	(1,633)	(1,139)	(1,633)
Finance Cost	(89)	(136)	(89)	(136)
Profit/(loss) before Taxation	(1,228)	(1,769)	(1,228)	(1,769)
Taxation	-	-	-	-
Profit/(loss) for the period	(1,228)	(1,769)	(1,228)	(1,769)
Attributable to:				
Equity holders of the parent	(1,267)	(1,769)	(1,267)	(1,769)
Non-Controlling interest	39	-	39	-
	(1,228)	(1,769)	(1,228)	(1,769)
Earning/(loss) per share (sen)				
Basic	(2.8)	(4.0)	(2.8)	(4.0)
Diluted	(2.8)	(4.0)	(2.8)	(4.0)

(The Condensed Consolidated Income Statement should be read in conjunction with the annual Financial Report for the year ended 31st December 2012)

Asia Knight Berhad (formerly known as Pahanco Corporation Berhad) (71024 T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	As At End Of Current Quarter 31-3-2013 RM'000 (Unaudited)	As At Preceding Financial Year Ended 31-12-2012 RM'000 (Audited)
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ASSETS		
Non-current assets		
Property , plant and equipment	46,840	47,625
Quoted Investment	6	6
	-----	-----
	46,846	47,631
	-----	-----
Current assets		
Inventories	1,034	1,091
Trade receivables	2,465	1,993
Other receivables	883	843
Tax recoverable	17	14
Cash and bank balances	328	506
	-----	-----
	4,727	4,447
	-----	-----
TOTAL ASSETS	51,573	52,078
	=====	=====
EQUITY AND LIABILITIES		
Equity – attributable to equity holders of the parent		
Share capital	44,083	44,083
Capital reserve	39	39
Accumulated loss	(20,918)	(19,651)
	-----	-----
	23,204	24,471
Non-Controlling interest	139	100
	-----	-----
	23,343	24,571
Non-current liabilities		
Deferred taxation	415	415
Current liabilities		
Trade payables	2,380	2,283
Other payables	18,634	17,877
Short Term borrowings	5,814	6,048
Bank Overdraft	959	837
Provision for taxation	28	47
	-----	-----
	27,815	27,092
	-----	-----
Total Liabilities	28,230	27,507
	-----	-----
TOTAL EQUITY AND LIABILITIES	51,573	52,078
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent	0.53	0.72

(The Condensed Consolidated Balance Sheet should be read in conjunction with the annual Financial Report for the year ended 31st December 2012)

Asia Knight Berhad (formerly known as Pahanco Corporation Berhad) (71024 T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-3-2013

	31-3-2013 RM'000	31-12-2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,228)	(7,074)
Adjustment for:		
Depreciation	786	3,150
Interest expenses	89	474
Rental Income	-	(242)
Allowance for doubtful debts	-	183
Impairment loss of fixed assets	-	1,000
Inventories written off	-	288
Gain on disposal of fixed assets	-	(184)
Reversal of allowance for diminution in value of quoted investments	-	(1)
Gain on disposal of investment in subsidiary	-	(1)
	(353)	(2,407)
Decrease in inventories	57	78
Increase in trade and other receivables	(516)	(2,072)
Increase in trade and other payables	835	5,682
Cash generated from operations	23	1,281
Interest paid	(89)	(474)
Income tax paid	-	(134)
Net cash from operating activities	(66)	673
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(30)
Proceeds from disposal of fixed assets	-	357
Rental received	-	32
Net cash used in investing activities	-	359
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	-	(275)
Net repayment of Banker's acceptance	(234)	(757)
Proceeds from disposal of investment in subsidiaries	-	85
Net cash used in financing activities	(234)	(947)
Net increase / (decrease) in cash and cash equivalents	(300)	85
Cash and cash equivalents at beginning of period	(331)	(416)
Cash and cash equivalents at end of period	(631)	(331)
CASH AND CASH EQUIVALENTS COMPRISE:		
Bank overdraft	(959)	(837)
Cash and bank balances	328	506
	(631)	(331)

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the year ended 31.12.2012

Asia Knight Berhad (formerly known as Pahanco Corporation Berhad) (71024 T)

Condensed Consolidated Statement of changes in Equity for the period ended 31-3-2013

	<-- Attributable to Equity Holders of the Parent -->					Total
	Share Capital	Capital Reserve	(Accumulated Losses)	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01-01-2013	44,083	39	(19,651)	24,471	100	24,571
Loss for the period	-	-	(1,267)	(1,267)	39	(1,228)
Balance as at 31-3-2013	44,083	39	(20,918)	23,204	139	23,343

	Share Capital	Capital Reserve	(Accumulated Losses)	Revaluation Surplus	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01-01-2012	44,083	39	(43,310)	30,835	31,647	-	31,647
Effect on transition to MFRS	-	-	30,835	(30,835)	-	-	-
Loss for the period	-	-	(7,176)	-	(7,176)	15	(7,161)
Disposal of non-controlling interest	-	-	-	-	-	85	85
Balance as at 31-12-2012	44,083	39	(19,651)	-	24,471	100	24,571

(The Condensed Consolidated Statement of changes in Equity should be read in conjunction with the annual Financial Report for the year ended 31st December 2012)

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NOTES TO THE INTERIM FINANCIAL REPORT

Part A: Explanation notes as per MFRS 134

A1. Accounting policies and methods of computation.

The unaudited interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and Chapter 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The accounting policies and method of computation adopted for the interim financial Reports were consistent with those adopted for the audited financial statements for the year ended 31st December 2012. The unaudited interim financial statements include the adoption of new/revised/amendments to MFRS and IC Interpretation applicable to the Group.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
Revised MFRS 127	Separate Financial Statements
Revised MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
Amendment to MFRS 119	Employee Benefits
Amendments to MFRS 132	Financial Instruments : Presentation
Amendments to MFRS 134	Interim Financial Reporting
Annual Improvements to MFRSs 2009 - 2011 Cycle	

The adoption of the above pronouncements does not have any material financial effect on the Group.

A2. The audited annual financial statements for the preceding year ended 31st December 2012 was not qualified.

A3. The business operation of the Group is not affected by any seasonal or cyclical factors.

A4. There were no items of unusual nature affecting the assets, liabilities, equity, net income or cash flows.

A5. There were no estimates of amounts reported in prior interim periods of the current financial year or in prior financial year.

A6. There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, during the period ended 31-3-2013.

A7. Dividend paid during the period ended 31-3-2013 - Nil

A8. Segment information for the current financial year-to-date.

	Revenue	Profit/(Loss) Before taxation	Assets Employed
	RM'000	RM'000	RM'000
Industry segment			
Manufacturing	21	(1,315)	30,154
Hotel operation	611	1	18,966
Trading	1,653	86	2,453
	-----	-----	-----
	2,285	(1,228)	51,573
	-----	-----	-----

Information on the Group’s operation by geographical segments has not been presented as the Group operates principally in Malaysia. The Company is in the midst of reviewing its business operations and certain streamlining exercises will be implemented and announced accordingly.

A9. The valuations of properties, plant and equipment has been brought forward without any amendment from the previous annual financial statements.

A10. In the opinion of the Directors, no items, transactions or event of the material and/or unusual nature has arisen which would affect substantially the results of the Group and of the company’s operations subsequent to the end of the current quarter.

A11. There were no changes in the composition of the Group for the current quarter.

A12. Contingent Liabilities.

The Directors are of the opinion that the Group has no contingent liabilities, which upon crystallization, would have any material effect on the financial and business position of the Group.

A13. Recurrent Related Party Transaction Nil

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Part B: Additional information required by Bursa Securities Listing Requirements for Quarterly report ended 31 March 2013

B1. Review of performance

The Group incurred loss before tax of RM1.228 million in the current quarter compared to the Group loss before tax of RM1.769 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.285 million against the revenue of RM0.914 million in preceding year corresponding quarter mainly due to increase in revenue from fashion wear division.

The loss during the current quarter is due to the high manufacturing overhead costs and lower sales from manufacturing division.

B2. Material Changes in the Quarter Results compared to the preceding Quarter

During the current quarter, the Group generated revenue of RM2.285 million and incurred loss before tax of RM1.228 million compared to the revenue of RM1.886 million and loss before tax of RM2.393 million in the immediate preceding quarter.

The loss before tax in the current quarter is due to the high manufacturing overhead costs and lower sales from manufacturing division.

B3. Prospect of the Group

The prospect of the Group may improve with the contribution of fashion wear business from JC Concept International Sdn Bhd.

B4. Variance of the actual profit from forecast profit.

Not applicable.

B5. Taxation

	Current quarter RM'000	Year to date RM'000
Provision for current year	-	-
Over provision in prior year	-	-
Transfer from / (to) deferred taxation	-	-
	<u>-</u>	<u>-</u>

B6. There were no sales of unquoted investments for the current quarter.

B7. (a) There were no purchase and sales of quoted securities for the current quarter.

(b) Investments in quoted Securities as at 31-3-2013

	RM'000
(i) at cost less allowance for diminution in value	6
(ii) at market value	6

B8. The status of corporate proposals

(a) On the 9 November 2012, the Group announced to Bursa Malaysia on the following proposals:

(i) Proposed Renounceable Rights Issue of Irredeemable Convertible Preference Shares with free Warrants.

(ii) Proposed acquisition of the entire equity interest in Skykod Polyscience Sdn Bhd.

(iii) Proposed Employees' Share Option Scheme.

(iv) Proposed increase in authorized share capital.

(v) Proposed amendments to the memorandum and / or articles of association.

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Bank Negara Malaysia had vide its letter dated 22 January 2013 (which was received on 31 January 2013) approved the issuance of warrants by the Company to its non-resident shareholders.

The condition precedent 4.1(e) of the Share Sale Agreement pertaining to the due diligence review of Skykod Polyscience Sdn Bhd group had been satisfied on 7 February 2013.

The preparation of applications to the other relevant authorities for the proposals is currently ongoing and the applications are expected to be submitted by second quarter of 2013.

- (b) On the 6 December 2012, the Group announced to Bursa Malaysia on the proposed joint venture with Nine Avenue Development Sdn Berhad (“NADSB” or “Developer”) for the proposed development of mixed commercial property on 1 parcel of leasehold land owned by Asia Knight Berhad held under title PN 2487 Lot 9461 in the Mukim of Kuala Kuantan District of Kuantan State of Pahang measuring approximately 15.73 acres (“Kuantan Land I”) and 1 parcel of leasehold land owned by Natural Renewable Energy Sdn Bhd held under title PN 4663 Lot 16600 in the Mukim of Kuala Kuantan District of Kuantan State of Pahang measuring approximately 1.1 acres (“Kuantan Land II”)(Collectively known as “Kuantan Land”) (“Proposed Joint Venture”) and the relocation of existing business to another location to be identified.

The preparation of circular for the Proposed Joint Venture is currently ongoing and is expected to be sent to shareholders by third quarter of 2013.

B9. The Group borrowings

- (a) The borrowings are secured by legal charge over certain property of the Group and Corporate guarantee of the Company.
- | | RM'000 |
|--|--------|
| (b) Short term borrowings | |
| (i) Short term trade finance and overdraft | 6,773 |
| (ii) Term loan | - |
| | ----- |
| | 6,773 |
| | ----- |
| (c) Long term borrowings | - |
| (d) The borrowing is in Ringgit Malaysia. | |

B10. There were no financial instruments with off balance sheet risk being transacted or contracted to the date of this report.

B11. Material litigation to the date of this report.
- Nil

B12. Dividends

The Board of Directors does not recommend the payment of dividend.

B13. The basic loss per share is calculated by dividing the net loss of RM1,228,000 in the current quarter attributable to equity holders of the parent by the weighted average number of 44,083,200 ordinary shares in issue as at 31 March 2013.

The diluted loss per share is the same as the basic loss per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted loss per share.

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B14. Disclosure of realized and unrealized profits and losses

	31.3.2013 RM'000	31.12.2012 RM'000
Total Accumulated losses of Asia Knight Group		
- Realised	(88,033)	(86,766)
- Unrealised	30,420	30,420
	-----	-----
	(57,613)	(56,346)
Less : Consolidation adjustment	36,695	36,695
	-----	-----
	(20,918)	(19,651)
	=====	=====

B15. The following relevant amounts have been included in arriving at profit before tax:

Additional Disclosure	Current Quarter RM'000	Current Year to-date RM'000
(a) Depreciation	786	786
(b) Interest expenses	89	89

BY ORDER OF THE BOARD

SEE TECK WAH
Chairman

Date : 29 May 2013