

**ASIA KNIGHT BERHAD (71024 T)**

Interim Financial report on the consolidated results for the third quarter of the financial period ended 31 March 2015 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 9 MONTHS FINANCIAL PERIOD ENDED 31MARCH 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-3-2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2013 RM'000	CURRENT YEAR QUARTER 31-3-2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2013 RM'000
Revenue	2,367	1,955	8,320	7,316
Cost of sales	(2,133)	(2,252)	(7,671)	(8,386)
Operating expenses	(1,404)	(355)	(20,770)	(1,255)
Other Operating Income/(loss)	(662)	38	2,018	545
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Profit/(loss) from operations	(1,832)	(614)	(18,103)	(1,780)
Finance cost	-	(89)	(164)	(269)
	-----	-----	-----	-----
Profit/(loss) before taxation	(1,832)	(703)	(18,267)	(2,049)
Taxation	-	-	-	-
	-----	-----	-----	-----
Profit/(loss) for the period	(1,832)	(703)	(18,267)	(2,049)
	=====	=====	=====	=====
Attributable to:				
Equity holders of the parent	(1,832)	(734)	(18,267)	(2,124)
Non-controlling interest	-	31	-	75
	-----	-----	-----	-----
	(1,832)	(703)	(18,267)	(2,049)
	=====	=====	=====	=====
Earning/(loss) per share (sen)				
Basic	(3.2)	(1.6)	(31.4)	(4.6)
Diluted	(3.2)	(1.6)	(31.4)	(4.6)

- (i) The Condensed Consolidated Income Statement should be read in conjunction with the annual Financial Report for the period ended 30 June 2014.
- (ii) The Company had on 6 December 2013 announced the change of its financial year end from 31 December to 30 June. Thus, the first set of financial statements with the new financial year end was for the 18 months period ended 30 June 2014.
- (iii) Due to the change of financial year end, the comparative figures given for preceding year corresponding quarter in the current report is 30 September 2013, being the third quarter of the previous financial year end.

**ASIA KNIGHT BERHAD (71024 T)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015**

	As At End Of Current Quarter 31-3-2015 RM'000 (Unaudited)	As At Preceding Financial Year Ended 30-6-2014 RM'000 (Audited)
<b>ASSETS</b>	-----	-----
<b>Non-current assets</b>		
Property, plant and equipment	2,654	21,088
Quoted investment	6	6
	-----	-----
	2,660	21,094
<b>Assets held for sale</b>		
Property, plant and equipment	17,500	25,080
	-----	-----
	20,160	46,174
<b>Current assets</b>		
Inventories	937	1,097
Trade receivables	1,920	2,892
Other receivables	3,065	452
Tax recoverable	170	75
Cash and bank balances	1,244	951
Fixed Deposit with licensed bank	92	92
	-----	-----
	7,428	5,559
	-----	-----
<b>TOTAL ASSETS</b>	27,588	51,733
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
<b>Equity – attributable to equity holders of the parent</b>		
Share capital	58,133	58,133
Capital reserve	2,503	2,502
Accumulated loss	(47,586)	(29,318)
	-----	-----
	13,050	31,317
	-----	-----
<b>Non-current liabilities</b>		
Deferred taxation	1,528	1,528
Other payables, accruals and deposits received	-	670
<b>Current liabilities</b>		
Trade payables	1,516	1,881
Other payables, accruals and provisions	11,474	10,266
Short term borrowings	-	4,628
Bank overdraft	-	1,434
Provision for taxation	20	9
	-----	-----
	13,010	18,218
	-----	-----
<b>Total Liabilities</b>	14,538	20,416
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<b>TOTAL EQUITY AND LIABILITIES</b>	27,588	51,733
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.22	0.54

The Condensed Consolidated Balance Sheet should be read in conjunction with the annual Financial Report for the period ended 30 June 2014.

**ASIA KNIGHT BERHAD (71024 T)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 9 MONTHS PERIOD ENDED 31-3-2015**

	9 Months Ended 31-3-2015 RM'000 (Unaudited)	18 Months Ended 30-6-2014 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(18,267)	(8,636)
Adjustment for:		
Depreciation	681	4,829
Interest expenses	164	483
Interest income	-	(2)
Allowance for doubtful debts	452	715
Bad debts written off	-	92
Inventories written off/provision	-	729
Gain on disposal of fixed assets	(1,474)	(49)
Reversal of allowance for doubtful debts	(6)	(73)
Reversal of impairment on property, plant and equipment	-	(463)
Loss on foreign exchange-unrealised	4	10
Goodwill written off	-	357
Waiver of debts	-	(1,459)
General provision for contingent liabilities	1,500	-
Loss on impairment of fixed assets	15,544	-
	(1,402)	(3,467)
Decrease in inventories	160	46
Increase in trade and other receivables	336	685
Increase in trade and other payables	173	7,504
Cash generated from operations	(733)	4,768
Interest paid	(164)	(483)
Net income tax paid	(75)	(101)
Net cash from operating activities	(972)	4,184
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33)	(203)
Proceeds from disposal of fixed assets	7,360	50
Interest received	-	2
Net cash used in investing activities	7,327	(151)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of subsidiary	-	(4,403)
Net repayment of Banker's acceptance	(4,628)	(1,420)
Proceeds from Placement of shares	-	1,730
Net cash used in financing activities	(4,628)	(4,093)
Net increase / (decrease) in cash and cash equivalents	1,727	(60)
Cash and cash equivalents at beginning of period	(391)	(331)
Cash and cash equivalents at end of period	1,336	(391)
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Fixed deposit	92	92
Bank overdraft	-	(1,434)
Cash and bank balances	1,244	951
	1,336	(391)

The condensed consolidated cash flow statement should be read in conjunction with the annual Financial Report for the year ended 30 June 2014

**ASIA KNIGHT BERHAD (71024 T)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS PERIOD ENDED 31-3-2015**

<-- Attributable to Equity Holders of the Parent -- >

	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 01-07-2014	58,133	2,503	(29,319)	31,317	-	31,317
Loss for the period	-	-	(18,267)	(18,267)	-	(18,267)
Balance as at 31-3-2015	58,133	2,503	(47,586)	13,050	-	13,050

<-- Attributable to Equity Holders of the Parent -- >

	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
Issue of Placement Shares	1,730	-	-	1,730	-	1,730
Issue of Settlement Shares	12,320	2,464	-	14,784	-	14,784
Loss for the period	-	-	(9, 668)	(9,668)	(100)	(9,768)
Balance as at 30-6-2014	58,133	2,503	(29,319)	31,317	-	31,317

The Condensed Consolidated Statement of changes in Equity should be read in conjunction with the annual Financial Report for the year ended 30 June 2014.

## ASIA KNIGHT BERHAD (71024 T)

### 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 period ended 30 June 2014. The unaudited interim financial statements include the adoption of new/revised/amendments to MFRS and IC Interpretation applicable to the Group.

Amendment to MFRS 10	Consolidated Financial Statements
Amendment to MFRS 12	Disclosure of Interests in Other Entities
Amendment to MFRS 127	Separate Financial Statements
Amendment to MFRS 132	Financial Instruments : Presentation
Amendment to MFRS 136	Recoverable Amount Disclosure for Non-Financial Assets
Amendment to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Amendment to MFRS 2	Share-based Payment
Amendment to MFRS 3	Business Combinations
Amendment to MFRS 8	Operating Segments
Amendment to MFRS 13	Fair Value Measurement
Amendment to MFRS 116	Property, plant and Equipment
Amendment to MFRS 119	Employee Benefits
Amendment to MFRS 124	Related Party Disclosures
Amendment to MFRS 138	Intangible Assets
Amendment to MFRS 140	Investment Property

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

##### A2. The Company auditors do not express an opinion on the audited annual financial statements for the preceding year ended 30 June 2014 in view of the basis of disclaimer stated below:

###### Extract from Audited Report

*During the financial period, the Group and the Company had incurred a net loss of RM9,767,171 and RM12,631,298 respectively, and as of that date, the Group’s current liabilities exceeded its current assets by RM12,658,418. The continuation of the Group as a going concern is dependent on the successful restructuring of the Group’s operations and continued availability of adequate financial support from its shareholders, creditors and bankers. Certain related parties of the Group have confirmed their intention to maintain the Group as a going concern.*

*As disclosed in Note 33 of the financial statements which details significant matters, in the event that one or several transactions does not materialise in favour of the Group, the consequences may affect the going concern basis on which the financial statements have been prepared.*

- (a) The legal proceedings against the Company by Tenaga Nasional Berhad [Note 33(ii)] involves a claim of RM1.6 million whilst the claim amount in the legal proceedings of the subsidiary [Note 33(iii)] in respect of copyrights cannot be determined.*
- (b) As disclosed in Note 33(iv) of the financial statements, the machinery of the subsidiary has been classified under assets held for sale totalling RM7.9 million as the Directors are committed to a plan to sell the asset, have actively located a buyer in Cambodia and initiated completion of legal documentation. Should the sale not materialise, the consequence of non impairment of the machinery will impact the results of this financial period.*
- (c) As stated in Note 33(v) of the financial statements, the factory building is to be demolished pursuant to the Sale and Purchase Agreement of the Company’s leasehold lands. The estimate for the cost of demolition has not been provided and the Directors are also of the view that building materials recovered from the demolition can be recycled and reused for valuable consideration.*
- (d) The trade receivables of the Group (Note 11) comprise balances past due amounting to RM2,105,181 which have not been impaired as the Directors are of the view that the balances are recoverable.*
- (e) As stated in Note 19, during the financial period the Directors had arranged to extend the repayment of the banker’s acceptances pending the redemption of the properties and full settlement of the balances due to the bank. We have been unable to verify the banking arrangements.*

- A3. The business operation of the Group is not affected by any seasonal or cyclical factors.
- A4. Save for the corporate proposals as disclosed in Section B8 below, 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 31-3-2015.
- A7. Dividend paid during the period ended 31-3-2015 - Nil

- A8. Segment information for the relevant financial period-to-date.

	Revenue	Profit/(Loss) Before taxation	Assets Employed
Industry segment	RM'000	RM'000	RM'000
Manufacturing (particleboards)	-	(17,187)	2,743
Manufacturing (plastic parts)	6,434	(368)	5,643
Hotel operation	1,886	(249)	19,154
Trading	-	(463)	48
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	8,320	(18,267)	27,588
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Information on the Group's operation by geographical segments has not been presented as the Group operates principally in Malaysia.

- 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  
Save for the litigation as disclosed in Section B11 below, 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 2015

B1. Review of performance

The Group incurred loss before tax of RM1.832 million in the current quarter compared to the Group loss before tax of RM0.703 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.367 million against the revenue of RM1.955 million in preceding year corresponding quarter. The loss during the current quarter is mainly due to insufficient revenue to cover fixed overhead costs.

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

During the current quarter, the Group generated revenue of RM2.367 million and incurred loss before tax of RM1.832 million compared to the revenue of RM2.997 million and loss before tax of RM14.996 million in the immediate preceding quarter.

The higher loss during the immediate preceding quarter was mainly due to impairment of assets relating to the manufacturing of particleboards business of RM15.5 million.

B3. Prospect of the Group

The prospect of the Group may improve with the contribution of manufacturing of plastic parts business from T-Venture Industries (M) Sdn Bhd.

The Company is an Affected Listed Issuer pursuant to Paragraph 2.1(d) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as the Company Auditors have expressed disclaimer opinion in the Company's latest audited financial statements for the 18 months financial period ended 30 June 2014. The Company has a timeframe of 12 months from the date of the first announcement on 31 October 2014 to submit its restructuring plan to regularise its financial condition ("Restructuring Plan"). The Restructuring Plan may comprise a capital reduction exercise, fund raising exercise, disposal of assets, acquisition of assets and/or expansion of existing business. The necessary announcement will be made in due course. The shareholders of the Company have on 29 May 2015 approved the disposal of Citiview Hotel.

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 31-3-2015

	RM'000
(i) at cost less allowance for diminution in value	6
(ii) at market value	10

## ASIA KNIGHT BERHAD (71024 T)

### B8. The status of corporate proposals

#### Disposal of Hotel

On 3 March 2015, the Company announced that Citiview Hotel Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with E-Red Hotel Sdn Bhd for the proposed disposal of all that freehold land held under Geran 10609 and Geran 10610, Lot 267 and Lot 268, both of Bandar Kuantan, Daerah Kuantan, Negeri Pahang together with hotel premises erected thereon, bearing postal address Lot 113, Seksyen 19, Jalan Haji Abdul Aziz, 25000 Kuantan, Pahang for a total cash consideration of RM17,000,000.

A circular to shareholders was issued on 12 May 2015 and the shareholders of the Company have approved the disposal at an Extraordinary General Meeting held on 29 May 2015.

### B9. The Group borrowings

	RM'000
(a) Short term borrowings	Nil
(b) Long term borrowings	Nil

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

### B11. Material Litigation

- (a) Tenaga Nasional Berhad ("Plaintiff") has commenced legal proceeding against AKnight at the Shah Alam High Court under suit no. 22NCVC-594-09/2013. The Plaintiff's Statement of Claim and the Writ of Summons served on AKnight are dated 22 August 2013 and 13 September 2013 respectively. The Plaintiff alleged that an inspection conducted on 29 September 2010 on the meter installation in AKnight's premise at Kawasan Perindustrian Batu 3, Jalan Gambang, 25150 Kuantan, Pahang has revealed the existence of perturbation to the meter installation, which resulted in malfunction of AKnight's meter and its failure to record accurate reading in consistence with the electricity supplied at each material time.

In its Statement of Claim, the Plaintiff claims for amongst others, the amount of RM1,642,803.57 (being the aggregate of the alleged total revenue loss of RM1,637,556.11 and operation cost of RM5,247.46 in respect of the alleged unrecorded electricity power usage for the period approximately from 28 September 2008 to 29 September 2010), as well as interests and costs.

The Court has fixed the next hearing dates on 13 July 2015 to 14 July 2015.

The Directors are of the opinion that the Company will succeed in refuting the claim as the cause of the claim is remote.

- (b) Polytainer Industries Sdn Bhd ("PISB" or "Plaintiff") has commenced a suit against an employee of T-Venture ("D1") and T-Venture ("D2") (D1 and D2 are hereinafter collectively referred to as the "Defendants") at the High Court of Malaya at Shah Alam, Selangor vide Suit No. 22NCVC-153-02/2013, making allegations on amongst others, infringement of the Plaintiff's copyright in the design drawings and/or artistic works of its Polytrak® Jerrycan ("Polytrak® Jerrycan Drawings") by the Jerrycans produced by D2 ("Infringing Jerrycans"), and the Defendants' conspiracies (to use the Plaintiff's Polytrak® Jerrycan Drawings and other confidential information/ trade secrets without its consent and to injure the Plaintiff by unlawful means) and alleged further or in the alternative that the Defendants were joint tort-feasors .

The Defendants have filed their defence and a counter claim seeking for a declaration to invalidate the alleged copyright of PISB.

The Plaintiff has obtained judgement against the Defendants on 10 December 2014 and the Defendants appealed to Court of Appeal. Subsequently, the matter has been resolved amicably on the following terms:

- (i) that the Defendants have amended the design of their jerrycan. The new design is substantially dissimilar to the Plaintiff's drawings;
- (ii) that the Defendants remitted the sum of RM182,000 as global settlement sum ie. RM82,000 being costs awarded by the Court and RM100,000 as agreed damages: and
- (iii) that the parties shall withdraw all their respective pending applications and appeal with no liberty to file afresh and no order as to costs.

Save as above, neither the Company nor any of its subsidiary companies is involved in any material litigation as at the latest practicable date, which has a material effect on the financial position of the Group.

The Directors have on a prudent basis made a general provision of RM1.50 million for the litigations.



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### 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 in the current quarter and cumulative quarter attributable to equity holders of the parent by the number of 58,132,908 ordinary shares in issue for the current quarter and for the cumulative quarter as at 31 March 2015.

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.

### B14. Disclosure of realized and unrealized profits and losses

	31.3.2015	30.6.2014
	RM'000	RM'000
Total Accumulated losses of Asia Knight Group		
- Realised	(109,488)	(91,220)
- Unrealised	29,307	29,307
	-----	-----
	(80,181)	(61,913)
Less : Consolidation adjustment	32,595	32,595
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	(47,586)	(29,318)
	=====	=====

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

Additional Disclosure	Current Quarter	Year to-date
	RM'000	RM'000
(a) Depreciation	207	681
(b) Interest expenses	-	164
(c) Provision of doubtful debts	4	452
(d) Impairment of assets/written off	7	15,544
(e) Foreign exchange loss	-	4
(f) Reversal on impairment loss/written off on trade receivables	(34)	(34)
(g) General provision for contingent liabilities	-	1,500

BY ORDER OF THE BOARD

SEE TECK WAH  
Chairman

Date : 29 May 2015