

ASIA KNIGHT BERHAD (71024 T)

Interim Financial report on the consolidated results for the first quarter of the financial period ended 30 September 2015 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-9-2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2014 RM'000	CURRENT YEAR QUARTER 30-9-2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2014 RM'000
Revenue	2,330	2,956	2,330	2,956
Cost of sales	(2,099)	(3,388)	(2,099)	(3,388)
Operating expenses	(533)	(1,004)	(533)	(1,004)
Other Operating Income/(loss)	98	43	98	43
Profit/(loss) from operations	(204)	(1,393)	(204)	(1,393)
Finance cost	-	(46)	-	(46)
Profit/(loss) before taxation	(204)	(1,439)	(204)	(1,439)
Taxation	-	-	-	-
Results from operating activities, net of tax	(204)	(1,439)	(204)	(1,439)
Loss after tax from discontinued activity	(33)	-	(33)	-
Profit/(loss) for the period	(237)	(1,439)	(237)	(1,439)
Attributable to:				
Equity holders of the parent	(237)	(1,439)	(237)	(1,439)
Non-controlling interest	-	-	-	-
	(237)	(1,439)	(237)	(1,439)
Earning/(loss) per share (sen)				
Basic	(0.4)	(2.5)	(0.4)	(2.5)
Diluted	(0.4)	(2.5)	(0.4)	(2.5)

The Condensed Consolidated Income Statement should be read in conjunction with the annual Financial Statements for the financial year ended 30 June 2015.

ASIA KNIGHT BERHAD (71024 T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	As At End Of Current Quarter 30-9-2015 RM'000 (Unaudited)	As At Preceding Financial Year Ended 30-6-2015 RM'000 (Audited)
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ASSETS		
Non-current assets		
Property , plant and equipment	2,199	2,220
Current assets		
Inventories	368	590
Trade receivables	2,058	1,791
Other receivables	878	1,048
Tax recoverable	187	149
Cash and bank balances	1,397	1,064
Fixed Deposit with licensed bank	308	592
	5,196	5,234
Assets held for sale - Property, plant and equipment	17,000	17,000
	-----	-----
TOTAL ASSETS	24,395	24,454
	=====	=====
EQUITY AND LIABILITIES		
Equity – attributable to equity holders of the parent		
Share capital	58,133	58,133
Capital reserve	2,503	2,503
Accumulated loss	(53,834)	(53,597)
	-----	-----
	6,802	7,039
	-----	-----
Non-current liabilities		
Deferred taxation	1,130	1,130
Current liabilities		
Trade payables	1,868	2,095
Other payables, accruals and provisions	14,535	14,127
Provision for taxation	60	63
	16,463	16,285
Total Liabilities	17,593	17,415
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TOTAL EQUITY AND LIABILITIES	24,395	24,454
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.12	0.12

The Condensed Consolidated Balance Sheet should be read in conjunction with the annual Financial Report for the financial year ended 30 June 2015.

ASIA KNIGHT BERHAD (71024 T)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 3 MTHS PERIOD ENDED 30-9-2015

	Period Ended 30-9-2015 RM'000 (Unaudited)	FYE 30-6-2015 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation from continuing operation	(204)	(23,264)
Add : Loss before taxation from discontinued operation	(33)	(1,372)
Adjustment for:	(237)	(24,636)
Depreciation	68	884
Interest expenses	-	164
Interest income	(5)	(1)
Impairment loss on receivables	-	448
Bad debts written off	-	3
Gain on disposal of assets held for sale	-	(2,357)
(Gain)/Loss on disposal of property, plant and equipment	(48)	10
Gain on disposal of quoted investment	-	(5)
Gain on foreign exchange - unrealised	-	(31)
Reversal of impairment loss on trade receivables	-	(5)
Reversal of waiver of amount owing to a related party	-	1,459
Property, plant and equipment written off	-	1
Impairment on property, plant and equipment	-	605
Assets held for sale written off	-	15,544
	(222)	(7,917)
Decrease in inventories	221	507
Increase/(decrease) in trade and other receivables	(135)	60
Increase in trade and other payables	179	1,965
Cash generated from operations	43	(5,385)
Interest paid	-	(164)
Net income tax paid	(1)	(61)
Net cash from operating activities	42	(5,610)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(47)	(70)
Proceeds from disposal of property, plant and equipment	48	438
Interest received	5	1
Proceeds from disposal of assets held for sale	-	11,893
Net cash used in investing activities	6	12,262
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of Banker's acceptance	-	(4,628)
Proceeds from disposal of quoted investment	-	11
Net cash used in financing activities	-	(4,617)
Net increase / (decrease) in cash and cash equivalents	48	2,035
Effect on foreign exchange	-	12
Cash and cash equivalents at beginning of period	1,657	(391)
Cash and cash equivalents at end of period	1,705	1,657
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit	308	592
Cash and bank balances	1,397	1,065
	1,705	1,657

The condensed consolidated cash flow statement should be read in conjunction with the annual Financial Report for the financial year ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3 MONTHS PERIOD ENDED 30-9-2015

<-- 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 01-07-2015	58,133	2,503	(53,597)	7,039	-	7,039
Loss for the period	-	-	(237)	(237)	-	(237)
Balance as at 30-9-2015	58,133	2,503	(53,834)	6,802	-	6,802

<-- 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	-	-	(24,278)	(24,278)	-	(24,278)
Balance as at 30-6-2015	58,133	2,503	(53,597)	7,039	-	7,039

The Condensed Consolidated Statement of changes in Equity should be read in conjunction with the annual Financial Report for the year ended 30 June 2015.

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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 financial year ended 30 June 2015. The unaudited interim financial statements include the adoption of new/revised/amendments to MFRS and IC Interpretation applicable to the Group. The adoption of the new/revised/amendments to MFRS and IC Interpretation does not have any material financial effect on the Group.

A2. The audited financial statements for the preceding financial year ended 30 June 2015 was not qualified. Notwithstanding this, the financial statements comprise the following emphasis of matter paragraph in the auditors’ report:

Without qualifying our opinion, we draw attention to Note 1.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred net losses of RM23,278,186 and RM13,471,280 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt the Group’s and the Company’s ability to continue as going concerns.

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 30-9-2015.

A7. Dividend paid during the period ended 30-9-2015 - Nil

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

	Revenue RM’000	Profit/(Loss) Before taxation RM’000	Assets Employed RM’000
Industry segment			
Manufacturing (particleboards)	-	(337)	393
Manufacturing (plastic parts)	2,330	135	5,707
Trading	-	(2)	6
	-----	-----	-----
	2,330	(204)	6,106
Discontinued activity -Hotel operation *	448	(33)	18,289
	-----	-----	-----
Total	2,778	(237)	24,395
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* The Company had on 3 March 2015 announced that Citiview Hotel Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the disposal of all that freehold land together with hotel premises. Hence, the result from the hotel operation division was classified under discontinued activity. The disposal was completed on 20 October 2015. Set out below was profit attributed to the discontinued hotel operation for reference purpose.

	3 months FYE 2016 (Unaudited) RM	FYE 30.6.2015 (Audited) RM
Revenue	448	2,489
Cost of sales	(356)	(2,062)
Operating expenses	(125)	(1,799)
	-----	-----
Profit/(loss) before taxation	(33)	(1,372)
Taxation	-	358
	-----	-----
Net Profit/(loss) for the period	(33)	(1,014)
	=====	=====

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 B12 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 30 September 2015

B1. Review of performance

The Group incurred loss before tax of RM204,000 in the current quarter compared to the loss before tax of RM1.439 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.330 million against the revenue of RM2.956 million in the preceding year corresponding quarter. The lower loss recorded in the current quarter was mainly due to lower depreciation charges and the improved performance of the manufacturing of plastic parts business.

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

During the current quarter, the Group generated revenue of RM2.330 million and incurred loss before tax of RM204,000 compared to the revenue of RM1.604 million and loss before tax of RM5.260 million in the immediate preceding quarter.

The higher loss in the immediate preceding quarter was mainly due to one-off impairment of assets and provision for Customs duty.

B3. Prospect of the Group

The prospect of the Group may improve with the contribution from the manufacturing of plastic parts business of T-Venture Industries (M) Sdn Bhd and upon the completion of the proposed regularisation plan announced on 13 October 2015.

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 had on 13 October 2015 announced the proposed regularisation plan, including proposed capital reduction, proposed share premium reduction, proposed rights issue with warrants, proposed acquisition, proposed exemption, proposed placement, proposed employees' share option scheme, proposed increase in the authorised share capital and proposed amendments to the Memorandum and Articles of Association of the Company to regularise its financial position. The Company had on 16 October 2015 applied to Bursa Malaysia Securities Berhad to seek extension of time to submit its proposed regularisation plan and Bursa Malaysia Securities Berhad had on 18 November 2015 approved the extension of time until 29 February 2016 for the Company to submit its proposed regularisation plan.

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. There were no purchase and sales of quoted securities for the current quarter.

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B8. The status of corporate proposals

Disposal of Citiview 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. Our Board had on 31 July 2015 granted the purchaser the extension of time up to 2 September 2015 for the settlement of the balance purchase consideration of RM15.30 million subject to interest rate of 6% per annum calculated on a daily basis.

The disposal was completed on 20 October 2015.

Proposed Regularisation Plan

The Company had on 13 October 2015 announced the proposed regularisation plan, including proposed capital reduction, proposed share premium reduction, proposed rights issue with warrants, proposed acquisition, proposed exemption, proposed placement, proposed employees' share option scheme, proposed increase in the authorised share capital and proposed amendments to the Memorandum and Articles of Association of the Company to regularise its financial position. The Company had on 16 October 2015 applied to Bursa Malaysia Securities Berhad to seek extension of time to submit its proposed regularisation plan and Bursa Malaysia Securities Berhad had on 18 November 2015 approved the extension of time until 29 February 2016 for the Company to submit its proposed regularisation plan.

B9. Status of Utilisation of Proceeds from the Disposal of Citiview Hotel

	Purpose	Proposed Utilisation RM'000	Amount received @ 30.9.2015 RM'000	Actual Utilisation @ 30.9.2015 RM'000	Unutilised Amount @ 30.9.2015 RM'000	Intended Timeframe for utilisation	Deviation Amount RM/%
(i)	To acquire new business/assets to be identified	5,000				Within 12 months from completion	
(ii)	Working capital	11,000		784		Within 12 months from completion	
(iii)	Defray of estimated expenses in relation to the Disposal	1,000		1,000		Immediately Upon completion	
	Total	17,000	2,000	1,784	216		

B10. The Group borrowings

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

B11. There were no financial instruments with off balance sheet risk being transacted or contracted to the date of this report.

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B12. Material Litigation

Tenaga Nasional Berhad (“Plaintiff”) has commenced legal proceeding against AKnight. 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 clarification session on 3 December 2015.

The Directors have on a prudent basis made a general provision of RM1.643 million for the litigation.

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.

B13. Dividend

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

B14. 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 30 September 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.

B15. Disclosure of realized and unrealized profits and losses

	30.9.2015	30.6.2015
	RM’000	RM’000
Total Accumulated losses of Asia Knight Group		
- Realised	(129,257)	(129,020)
- Unrealised	29,705	29,705
	-----	-----
	(99,552)	(99,315)
Less : Consolidation adjustment	45,718	45,718
	-----	-----
	(53,834)	(53,597)
	=====	=====

B16. 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	68	68
(b) Interest income	5	5
(c) Foreign exchange gain	35	35

BY ORDER OF THE BOARD

SEE TECK WAH
Chairman

Date : 19 November 2015