

ASIA KNIGHT BERHAD (71024 T)

Interim Financial report on the consolidated results for the first quarter of the financial period ended 30 September 2016 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-9-2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2015 RM'000	CURRENT YEAR QUARTER 30-9-2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-9-2015 RM'000
Revenue	2,521	2,330	2,521	2,330
Cost of sales	(2,232)	(2,099)	(2,232)	(2,099)
Operating expenses	(585)	(533)	(585)	(533)
Other operating income	53	98	53	98
	-----	-----	-----	-----
Loss from operations	(243)	(204)	(243)	(204)
Finance cost	-	-	-	-
	-----	-----	-----	-----
Loss before taxation	(243)	(204)	(243)	(204)
Tax expenses	-	-	-	-
	-----	-----	-----	-----
Loss after taxation	(243)	(204)	(243)	(204)
Loss after tax from discontinued activity	-	(33)	-	(33)
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Total comprehensive loss for the period	(243)	(237)	(243)	(237)
	=====	=====	=====	=====
Attributable to:				
Equity holders of the parent	(243)	(237)	(243)	(237)
Non-controlling interest	-	-	-	-
	-----	-----	-----	-----
Loss after taxation	(243)	(237)	(243)	(237)
	=====	=====	=====	=====
Loss per share (sen)				
Basic	(0.4)	(0.4)	(0.4)	(0.4)
Diluted	(0.4)	(0.4)	(0.4)	(0.4)

The Condensed Consolidated Income Statement should be read in conjunction with the annual Financial Statements for the financial year ended 30 June 2016.

ASIA KNIGHT BERHAD (71024 T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	As At End of Current Quarter 30-9-2016 RM'000 (Unaudited)	As At Preceding Financial Year Ended 30-6-2016 RM'000 (Audited)
ASSETS	-----	-----
Non-current assets		
Property, plant and equipment	1,932	1,853
Current assets		
Inventories	345	341
Trade receivables	2,689	2,614
Other receivables	259	255
Tax recoverable	7	7
Cash and bank balances	1,101	992
Fixed Deposit with licensed bank	5,432	5,904
	9,833	10,113
	-----	-----
Total assets	11,765	11,966
	=====	=====
EQUITY AND LIABILITIES		
Equity – attributable to equity holders of the parent		
Share capital	58,133	58,133
Capital reserve	2,464	2,464
Accumulated loss	(56,165)	(55,922)
	-----	-----
Shareholders' equity	4,432	4,675
Non-controlling interests	(444)	(444)
	-----	-----
Total equity	3,988	4,231
	=====	=====
Non-current liabilities	-	-
Current liabilities		
Trade payables	2,413	2,416
Other payables, accruals and provisions	4,464	4,418
Tax liabilities	900	901
	7,777	7,735
	-----	-----
Total liabilities	7,777	7,735
	-----	-----
TOTAL EQUITY AND LIABILITIES	11,765	11,966
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.08	0.08

The Condensed Consolidated Balance Sheet should be read in conjunction with the annual Financial Report for the financial year ended 30 June 2016.

ASIA KNIGHT BERHAD (71024 T)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 3 MONTHS PERIOD ENDED 30-9-2016

	Period Ended 30-9-2016 RM'000 (Unaudited)	FYE 30-6-2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(243)	(1,422)
Add : Loss before taxation from discontinued operation	-	(1,047)
Adjustment for:	(243)	(2,469)
Depreciation	91	414
Interest income	(54)	(123)
Bad debts written off	-	100
(Gain)/Loss on disposal of property, plant and equipment	-	(30)
Gain on foreign exchange - unrealised	-	(7)
Provision for liabilities	-	157
Provision for retrenchment benefits	-	82
Stocks written off	-	35
Reversal of provision for liabilities	-	(768)
	(206)	(2,609)
(Increase)/decrease in inventories	(4)	214
(Increase)/decrease in trade and other receivables	(79)	(124)
Increase/(decrease) in trade and other payables	42	(8,859)
Cash generated from operations	(247)	(11,378)
Net income tax paid	-	(489)
Net cash from operating activities	(247)	(11,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(170)	(46)
Proceeds from disposal of property, plant and equipment	-	30
Interest received/Pledged deposit	54	208
Proceeds from disposal of assets held for sale	-	17,000
Net cash used in investing activities	(116)	17,192
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	(363)	5,325
Effect on foreign exchange	-	-
Cash and cash equivalents at beginning of period	6,896	1,571
Cash and cash equivalents at end of period	6,533	6,896
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit	5,432	5,904
Cash and bank balances	1,101	992
	6,533	6,896

The condensed consolidated cash flow statement should be read in conjunction with the annual Financial Report for the financial year ended 30 June 2016

ASIA KNIGHT BERHAD (71024 T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3 MONTHS PERIOD ENDED 30-9-2016

<-- 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 01-07-2016	58,133	2,464	(55,922)	4,675	(444)	4,231
Loss for the period	-	-	(243)	(243)	-	(243)
Balance as at 30-9-2016	58,133	2,464	(56,165)	4,432	(444)	3,988

<-- 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	2,464	(53,119)	7,478	(440)	7,038
Loss for the period	-	-	(2,803)	(2,803)	(4)	(2,807)
Balance as at 30-6-2016	58,133	2,464	(55,922)	4,675	(444)	4,231

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.

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 financial year ended 30 June 2016. 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 2016 was not qualified.

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 30-9-2016.

A7. Dividend paid during the period ended 30-9-2016 - Nil

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

	Revenue	Profit/(Loss)	Assets
	RM'000	Before taxation	Employed
		RM'000	RM'000
Industry segment			
Investment holdings	-	(213)	255
Manufacturing (plastic parts)	2,521	67	6,473
Dormant subsidiaries	-	(97)	5,037
	-----	-----	-----
Total	2,521	(243)	11,765
	-----	-----	-----

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 litigations as disclosed in Section B12 below and a corporate guarantee of RM2.00 million in favour of a supplier for provision of goods to our wholly-owned subsidiary company, 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

ASIA KNIGHT BERHAD (71024 T)

Part B: Additional information required by Bursa Securities Listing Requirements for Quarterly report ended 30 September 2016

B1. Review of performance

The Group recorded loss before tax of RM0.243 million in the current quarter compared to the loss before tax of RM0.204 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.521 million against the revenue of RM2.330 million in the preceding year corresponding quarter. The Group's financial performance for the current quarter is fairly consistent with the preceding year corresponding quarter.

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

During the current quarter, the Group recorded revenue of RM2.521 million and loss before tax of RM0.243 million compared to the revenue of RM2.628 million and profit before tax of RM0.095 million in the immediate preceding quarter. The profit recorded in the immediate preceding quarter was mainly due to reversal of provision for liabilities during the quarter.

B3. Prospect of the Group

The prospect of the Group is expected to 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.

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. Based on the Company's latest audited financial statements for the financial year ended 30 June 2015, the Company has also triggered Paragraph 2.1(a) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Bursa Malaysia Securities Berhad had on 14 March 2016 granted the Company an extension of time up to 30 June 2016 to submit a regularisation plan to the regulatory authorities. The application in relation to the Proposed Regularisation Plan had been submitted to Bursa Malaysia Securities Berhad for approval on 15 June 2016. However, the Company had on 7 October 2016 submitted a request to withdraw its application together with an application for an extension of time of up to four (4) months from 7 October 2016 to 6 February 2017 for the purpose of re-submission of application for the proposed regularisation plan.

Bursa Malaysia Securities Berhad had vide its letter dated 1 November 2016, granted the Company an extension of time up to 6 February 2017 to re-submit the relevant application(s) relating to the proposed regularisation plan to the relevant authorities.

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	-	-
	<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.

ASIA KNIGHT BERHAD (71024 T)

B8. The status of corporate proposals

Proposed Regularisation Plan

The Company had on 5 April 2016, 14 April 2016 and 15 June 2016 announced the proposed regularisation plan, including proposed capital reduction, proposed share premium reduction, proposed rights issue with warrants, proposed acquisition, 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 application in relation to the Proposed Regularisation Plan had been submitted to Bursa Malaysia Securities Berhad for approval on 15 June 2016. However, the Company had on 7 October 2016 submitted a request to withdraw its application together with an application for an extension of time of up to four (4) months from 7 October 2016 to 6 February 2017 for the purpose of re-submission of application for the proposed regularisation plan.

Bursa Malaysia Securities Berhad had vide its letter dated 1 November 2016, granted the Company an extension of time up to 6 February 2017 to re-submit the relevant application(s) relating to the proposed regularisation plan to the relevant authorities.

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

	Purpose	Proposed Utilisation RM'000	Amount received RM'000	Actual Utilisation @ 30.9.2016 RM'000	Variation to Utilisation (a) RM'000	Revised Unutilised Amount @ 30.9.2016 RM'000	Revised Intended Timeframe for Utilisation
(i)	To acquire new business/assets to be identified	5,000	5,000	-	(1,500)	3,500	Within 24 months from completion by 20/10/2017 (b)
(ii)	Working capital	11,000	11,000	11,000	1,500	1,500	Within 24 months from completion by 20/10/2017 (b)
(iii)	Defray of estimated expenses in relation to the disposal	1,000	1,000	1,000	-	-	Immediately Upon completion
	Total	17,000	17,000	12,000	-	5,000	

(a) The Company had on 19 October 2016 announced the variation of utilization of proceeds, for further details, please refer to the said announcement.

(b) The disposal of Citiview Hotel was completed on 20 October 2015.

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.

ASIA KNIGHT BERHAD (71024 T)

B12. 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 (“Defendant”) 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 Kuantan High Court had on 2 February 2016 dismissed the Plaintiff’s claim with costs of RM40,000, after considering all the evidences given by the witnesses of the Plaintiff and Defendant, after reading submissions by both parties and further considering the facts and law of the matter.

Subsequently, the Plaintiff filed an appeal to the Court of Appeal and the next case management is set on 1 December 2016 for the parties to update the status of the appeal. The hearing of appeal is fixed on 20 February 2017.

- (b) T-Venture Industries (M) Sdn Bhd (“T-Venture”) had on 14 November 2016 filed an application for leave for judicial review to the Shah Alam High Court, seeking the following reliefs:
- (i) a certiorari order to quash the decision made by the Ministry of Finance vide its letter dated 15 August 2016 to reject T-Venture’s appeal application to remit the import duties and sales tax as demanded by Royal Malaysian Customs (“RMC”) vide its notices of demand dated 7 September 2015 and 2 December 2015 respectively pursuant to Section 17 of the Custom Act 1967 and Section 30 of the Sales Tax Act 1972;
 - (ii) a declaration that T-Venture as a manufacturer with sales tax licence is not accountable to pay the import duties and sales tax as demanded by RMC on taxable goods ie. jerry can which are manufactured by T-Venture using raw materials purchased locally whereby sales tax had been paid by T-Venture vide Borong CJP1 until November 2014;
 - (iii) an order that Ministry of Finance and RMC shall on hold all further proceedings/actions from the notices of demand issued by RMC dated 7 September 2015 and 2 December 2015 and the replied letter from Ministry of Finance dated 15 August 2016;
 - (iv) costs; and
 - (v) any other reliefs which the Honourable Court deems just and proper.

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. Dividends

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 2016.

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.

ASIA KNIGHT BERHAD (71024 T)

B15. Disclosure of realized and unrealized profits and losses

	30.9.2016	30.6.2016
	RM'000	RM'000
Total accumulated losses of Asia Knight Group		
- Realised	(101,929)	(101,693)
- Unrealised	-	7
	-----	-----
	(101,929)	(101,686)
Less : Consolidation adjustment	45,764	45,764
	-----	-----
Total Group accumulated losses	(56,165)	(55,922)
	=====	=====

B16. The following relevant amounts have been included in arriving at loss before tax:

Additional Disclosure	Current Quarter RM'000	Year to-date RM'000
(a) Depreciation	(91)	(91)
(b) Interest income	54	54
(c) Foreign exchange gain/(loss)	(1)	(1)
(d) Inventory written off	-	-
(e) Dividend income/Investment income	-	-
(f) Interest expenses	-	-
(g) Provision for and write off of receivables	-	-
(h) Gain/(loss) on disposal of investment/property	-	-

BY ORDER OF THE BOARD

SEE TECK WAH
Chairman

Date : 23 November 2016