

ASIA KNIGHT BERHAD (71024 T)

Interim Financial report on the consolidated results for the third quarter of the financial period ended 31 March 2017 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 9 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-3-2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-3-2016 RM'000	CURRENT YEAR QUARTER 31-3-2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-3-2016 RM'000
Revenue	2,959	2,567	7,921	7,624
Cost of sales	(2,806)	(2,234)	(7,156)	(6,797)
Operating expenses	(984)	(1,292)	(2,277)	(2,512)
Other operating income	49	30	144	168
	-----	-----	-----	-----
Loss from operations	(782)	(929)	(1,368)	(1,517)
Finance cost	-	-	-	-
	-----	-----	-----	-----
Loss before taxation	(782)	(929)	(1,368)	(1,517)
Tax expenses	(46)	-	(46)	-
	-----	-----	-----	-----
Loss after taxation	(828)	(929)	(1,414)	(1,517)
Loss after tax from discontinued activity	-	56	-	(312)
Other comprehensive income	-	-	-	-
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Total comprehensive loss for the period	(828)	(873)	(1,414)	(1,829)
	=====	=====	=====	=====
Attributable to:				
Equity holders of the parent	(826)	(873)	(1,411)	(1,829)
Non-controlling interest	(2)	-	(3)	-
	-----	-----	-----	-----
Loss after taxation	(828)	(873)	(1,414)	(1,829)
	=====	=====	=====	=====
Loss per share (sen)				
Basic	(1.4)	(1.5)	(2.4)	(3.1)
Diluted	(1.4)	(1.5)	(2.4)	(3.1)

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	As At End of Current Quarter 31-3-2017 RM'000 (Unaudited)	As At Preceding Financial Year Ended 30-6-2016 RM'000 (Audited)
ASSETS	-----	-----
Non-current assets		
Property, plant and equipment	2,231	1,853
Current assets		
Inventories	275	341
Trade receivables	2,913	2,614
Other receivables	283	255
Tax recoverable	7	7
Cash and bank balances	969	992
Fixed deposit with licensed banks	3,547	5,904
	7,994	10,113
	-----	-----
Total assets	10,225	11,966
	=====	=====
EQUITY AND LIABILITIES		
Equity – attributable to equity holders of the parent		
Share capital	60,597	58,133
Capital reserve	-	2,464
Accumulated loss	(57,333)	(55,922)
	-----	-----
Shareholders' equity	3,264	4,675
Non-controlling interests	(447)	(444)
	-----	-----
Total equity	2,817	4,231
	=====	=====
Non-current liabilities	-	-
Current liabilities		
Trade payables	2,239	2,416
Other payables, accruals and provisions	4,495	4,418
Tax liabilities	674	901
	7,408	7,735
Total liabilities	7,408	7,735
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TOTAL EQUITY AND LIABILITIES	10,225	11,966
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.06	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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 9 MONTHS PERIOD ENDED 31-3-
2017

	Period Ended 31-3-2017 RM'000 (Unaudited)	FYE 30-6-2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,368)	(1,422)
Add : Loss before taxation from discontinued operation	-	(1,047)
Adjustment for:	(1,368)	(2,469)
Depreciation	297	414
Interest income	(125)	(123)
Bad debts written off	-	100
(Gain)/Loss on disposal of property, plant and equipment	(2)	(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)
	(1,198)	(2,609)
(Increase)/decrease in inventories	66	214
(Increase)/decrease in trade and other receivables	(327)	(124)
Increase/(decrease) in trade and other payables	(100)	(8,859)
Cash generated from operations	(1,559)	(11,378)
Net income tax paid	(273)	(489)
Net cash from operating activities	(1,832)	(11,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(675)	(46)
Proceeds from disposal of property, plant and equipment	2	30
Interest received/Pledged deposit	125	208
Proceeds from disposal of assets held for sale	-	17,000
Net cash used in investing activities	(548)	17,192
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	(2,380)	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	4,516	6,896
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit	3,547	5,904
Cash and bank balances	969	992
	4,516	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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS PERIOD ENDED 31-3-2017

<-- 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	-	-	(1,411)	(1,411)	(3)	(1,414)
Transfer pursuant to S618(2) of CA 2016 *	2,464	(2,464)	-	-	-	-
Balance as at 31-3-2017	60,597	-	(57,333)	3,264	(447)	2,817

Note :

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of Share Capital.

<-- 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 2016.

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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 2016. The unaudited interim financial statements include the adoption of the Companies Act 2016, new/revised/amendments to MFRS and IC Interpretation applicable to the Group. The adoption of the Companies Act 2016, 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 31-3-2017.

A7. Dividend paid during the period ended 31-3-2017 - Nil

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

	Revenue	Profit/(Loss) Before taxation	Assets Employed
	RM'000	RM'000	RM'000
Industry segment			
Investment holdings	-	(928)	398
Manufacturing (plastic parts)	7,921	106	6,391
Dormant subsidiaries	-	(546)	3,436
	-----	-----	-----
Total	7,921	(1,368)	10,225
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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 litigations 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 31 March 2017

B1. Review of performance

The Group recorded loss before tax of RM0.828 million in the current quarter compared to the loss before tax of RM0.873 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.959 million against the revenue of RM2.567 million in the preceding year corresponding quarter. The Group's financial performance for the current quarter was 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 RM2.959 million and loss before tax of RM0.828 million compared to the revenue of RM2.441 million and loss before tax of RM0.343 million in the immediate preceding quarter. The higher loss recorded in the current quarter was mainly due to higher cost of production attributed by increase in resin price, one-off staff compensation expenses and tax expenses.

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 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.

For further updates on the Company's status of regularisation plan, please refer to Note B8 below.

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	-	-
Under provision in prior year	(46)	(46)
	<u>(46)</u>	<u>(46)</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 proposal

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 regularisation plan.

The Company had on 24 May 2017 made an application to Bursa Malaysia Securities Berhad for an extension of time up to 15 August 2017 to submit the regularisation plan.

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

	Purpose	Proposed Utilisation RM'000	Amount received RM'000	Revised Amount (a) RM'000	Actual Utilisation @ 31.3.2017 RM'000	Revised Unutilised Amount @ 31.3.2017 RM'000	Revised Intended Timeframe for Utilisation
(i)	To acquire new business/assets to be identified	5,000	5,000	3,500	-	3,500(c)	Within 24 months from completion by 20/10/2017 (b)
(ii)	Working capital	11,000	11,000	12,500	12,500	-	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	1,000	-	Immediately Upon completion
	Total	17,000	17,000	17,000	13,500	3,500	

(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.

(c) Subsequent to the financial quarter ended 31 March 2017, the Board of Directors has resolved to vary the utilisation of proceeds by redeploying RM3.192 million which was earmarked for acquisition of new business/assets to working capital purpose. For further details, please refer to the announcement dated 26 May 2017.

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

- (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 and the Court of Appeal had on 20 February 2017 allowed the Plaintiff’s appeal with cost. Thereafter, AKnight filed an appeal to the Federal Court and the Federal Court had directed Tenaga Nasional Berhad to file in affidavit in reply by 25 April 2017 and further fixed 6 June 2017 for case management to update the Federal Court on the status of Ground of Judgment.

- (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, amongst others, an Order of certiorari to quash the decision of the Minister of Finance in rejecting the appeal made by T-Venture against the claim raised by Royal Malaysian Customs (“RMC”) in respect of import duty and sales tax. In the meantime, RMC had filed a writ action for the recovery of the duty / taxes on the similar matter in the Session Court.

The application for Judicial Review is fixed for hearing on 2 June 2017 at the Shah Alam High Court and the next case management of Session Court is fixed on 14 June 2017 pending disposal of the aforesaid Shah Alam High Court matter.

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 any 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 31 March 2017.

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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B15. Disclosure of realized and unrealized profits and losses

	31.12.2016	30.6.2016
	RM'000	RM'000
Total accumulated losses of Asia Knight Group		
- Realised	(103,097)	(101,693)
- Unrealised	-	7
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	(103,097)	(101,686)
Less : Consolidation adjustment	45,764	45,764
	-----	-----
Total Group accumulated losses	(57,333)	(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	(101)	(297)
(b) Interest income	42	125
(c) Foreign exchange gain/(loss)	5	17
(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	-	-
(i) Impairment of assets	-	-
(j) Gain/(loss) on derivatives	-	-
(k) Staff termination compensation	(158)	(197)

BY ORDER OF THE BOARD

SEE TECK WAH
Chairman

Date : 26 May 2017