

ASIA KNIGHT BERHAD (71024 T)

Interim Financial report on the consolidated results for the fourth quarter of the financial year ended 30 June 2017
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS FINANCIAL YEAR ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-6-2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-6-2016 RM'000	CURRENT YEAR QUARTER 30-6-2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-6-2016 RM'000
Revenue	2,593	2,628	10,514	10,252
Cost of sales	(2,270)	(1,778)	(9,426)	(8,576)
Operating expenses	(453)	(764)	(2,730)	(3,275)
Other operating income	81	9	225	177
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(Loss)/Profit from operations	(49)	95	(1,417)	(1,422)
Finance cost	-	-	-	-
	-----	-----	-----	-----
(Loss)/Profit before taxation	(49)	95	(1,417)	(1,422)
Tax expenses	(4)	-	(50)	-
	-----	-----	-----	-----
(Loss)/Profit after taxation	(53)	95	(1,467)	(1,422)
Loss after tax from discontinued activity	-	(1,074)	-	(1,386)
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Total comprehensive loss for the period	(53)	(979)	(1,467)	(2,808)
	=====	=====	=====	=====
Attributable to:				
Equity holders of the parent	(51)	(975)	(1,462)	(2,804)
Non-controlling interest	(2)	(4)	(5)	(4)
	-----	-----	-----	-----
Loss after taxation	(53)	(979)	(1,467)	(2,808)
	=====	=====	=====	=====
Loss per share (sen)				
Basic	(0.1)	(1.7)	(2.5)	(4.8)
Diluted	(0.1)	(1.7)	(2.5)	(4.8)

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 JUNE 2017**

	As At End of Current Quarter 30-6-2017 RM'000 (Unaudited)	As At Preceding Financial Year Ended 30-6-2016 RM'000 (Audited)
ASSETS	-----	-----
Non-current assets		
Property, plant and equipment	2,175	1,853
Current assets		
Inventories	880	341
Trade receivables	2,770	2,614
Other receivables	416	255
Tax recoverable	7	7
Cash and bank balances	950	992
Fixed deposit with licensed banks	2,766	5,904
	7,789	10,113
	-----	-----
Total assets	9,964	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	(57,384)	(55,922)
	-----	-----
Shareholders' equity	3,213	4,675
Non-controlling interests	(449)	(444)
	-----	-----
Total equity	2,764	4,231
	=====	=====
Non-current liabilities	-	-
Current liabilities		
Trade payables	2,728	2,416
Other payables, accruals and provisions	4,300	4,418
Tax liabilities	172	901
	7,200	7,735
	-----	-----
Total liabilities	7,200	7,735
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TOTAL EQUITY AND LIABILITIES	9,964	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.

ASIA KNIGHT BERHAD (71024 T)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 12 MONTHS YEAR ENDED 30-6-
2017

	Period Ended 30-6-2017 RM'000 (Unaudited)	FYE 30-6-2016 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,417)	(1,422)
Add : Loss before taxation from discontinued operation	-	(1,047)
Adjustment for:	(1,417)	(2,469)
Depreciation	379	414
Interest income	(160)	(123)
Bad debts written off	-	100
(Gain)/Loss on disposal of property, plant and equipment	(6)	(30)
Gain on foreign exchange - unrealised	(28)	(7)
Provision for liabilities	-	157
Provision for retrenchment benefits	-	82
Stocks written off	-	35
Reversal of provision for liabilities	-	(768)
	(1,232)	(2,609)
(Increase)/decrease in inventories	(539)	214
(Increase)/decrease in trade and other receivables	(317)	(124)
Increase/(decrease) in trade and other payables	222	(8,859)
Cash generated from operations	(1,866)	(11,378)
Net income tax paid	(779)	(489)
Net cash from operating activities	(2,645)	(11,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(701)	(46)
Proceeds from disposal of property, plant and equipment	6	30
Interest received/Pledged deposit	160	208
Proceeds from disposal of assets held for sale	-	17,000
Net cash used in investing activities	(535)	17,192
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	(3,180)	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	3,716	6,896
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit	2,766	5,904
Cash and bank balances	950	992
	3,716	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 12 MONTHS YEAR ENDED 30-6-2017

<-- 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	-	-	(1,462)	(1,462)	(5)	(1,467)
Transfer pursuant to S618(2) of CA 2016 *	2,464	(2,464)	-	-	-	-
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Balance as at 30-6-2017	60,597	-	(57,384)	3,213	(449)	2,764
	-----	-----	-----	-----	-----	-----

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
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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.

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 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 30-6-2017.

A7. Dividend paid during the period ended 30-6-2017 - Nil

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

	Revenue	Profit/(Loss)	Assets
	Before Taxation	Employed	
	RM'000	RM'000	RM'000
Industry segment			
Investment holdings	-	(1,291)	231
Manufacturing (moulded plastic products)	10,514	285	7,363
Dormant subsidiaries	-	(411)	2,370
	-----	-----	-----
Total	10,514	(1,417)	9,964
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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, save for the proposed regularisation plan as disclosed in Section B8 below, there are 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, 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. Capital Commitments

The Group has no material capital commitment in respect of property, plant and equipment as at the end of current quarter save for the purchase of mould of RM0.055 million.

A14. Recurrent Related Party Transaction

Rental of office charged by a related company, namely Pahangply Holdings Berhad amounted to RM16,801 during the current financial year to-date. See Teck Wah, See Han Liong and See Seng Hong are the Directors and shareholders of Asia Knight Berhad, are also the Directors and shareholders of Pahangply Holdings Berhad.

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Part B: Additional information required by Bursa Securities Listing Requirements for Quarterly report ended 30 June 2017

B1. Review of performance

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT	PRECEDING			CURRENT	PRECEDING		
	YEAR	YEAR			YEAR	YEAR		
	QUARTER	CORRES- PONDING			QUARTER	CORRES- PONDING		
	30-6-2017	30-6-2016			30-6-2017	30-6-2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,593	2,628	(35)	(1.33)	10,514	10,252	262	2.56
(Loss)/profit before taxation	(49)	95	(144)	(151.58)	(1,417)	(1,422)	5	0.35
Loss for the period	(53)	(979)	926	94.59	(1,467)	(2,808)	1,341	47.76
Profit attributable to equity holders of the Company	(51)	(975)	924	94.77	(1,462)	(2,804)	1,342	47.86

The Group recorded loss before tax of RM0.049 million in the current quarter compared to the profit before tax of RM0.095 million in the preceding year corresponding quarter. The revenue of the Group for the current quarter is RM2.593 million against the revenue of RM2.628 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. The higher loss for the preceding year corresponding quarter of RM0.979 million was mainly due to the recognition of deferred tax liabilities of RM0.959 million from the disposal of Citiview hotel.

As compared to the preceding year cumulative quarter, the Group recorded revenue of RM10.514 million for the current year cumulative quarter, with an increase of RM0.262 million or 2.56%. The marginal revenue growth was mainly driven by the increase in demand from our existing customers.

In terms of bottom-line performance, the Group recorded lower loss for the period of RM1.467 million for the current year cumulative quarter, as compared to loss for the period of RM2.808 million for the preceding year cumulative quarter. This was mainly due to the recognition of loss from discontinued operation of RM1.386 million in the preceding year cumulative quarter.

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

	INDIVIDUAL QUARTER		Variance	%
	CURRENT	IMMEDIATE		
	QUARTER	PRECEDING		
	30-6-2017	31-3-2017		
	RM'000	RM'000	RM'000	%
Revenue	2,593	2,959	(366)	(12.37)
Loss before taxation	(49)	(782)	733	93.73
Loss for the period	(53)	(828)	775	93.60
Profit attributable to equity holders of the parent	(51)	(826)	775	93.83

During the current quarter, the Group recorded revenue of RM2.593 million and loss before taxation of RM0.049 million as compared to the revenue of RM2.959 million and loss before taxation of RM0.782 million in the immediate preceding quarter. The lower loss recorded in the current quarter was mainly due to the improved performance of manufacturing of moulded plastic products and over-provision of staff compensation.

B3. Prospect of the Group

The prospect of the Group is expected to improve with the contribution from the manufacturing of moulded plastic products business of T-Venture Industries (M) Sdn Bhd and upon the completion of the new 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.

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	(38)	(38)
Under provision in prior year	34	(12)
	<u>(4)</u>	<u>(50)</u>

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

B7. There were no purchase and sales of quoted securities in 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. 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.

The Company had on 14 August 2017 announced the new proposed regularisation plan which comprises of proposed capital reduction, proposed rights issue with warrants and proposed acquisition. The application in respect of the new proposed regularisation plan was submitted to Bursa Malaysia Securities Berhad on 15 August 2017. The Company is currently awaiting the decision from Bursa Malaysia Securities Berhad.

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 @ 30.6.2017 RM'000	Revised Unutilised Amount @ 30.6.2017 RM'000	Revised Intended Timeframe for Utilisation
(i)	To acquire new business/assets to be identified	5,000	5,000	308	308	-	Within 24 months from completion by 20/10/2017 (b)
(ii)	Working capital	11,000	11,000	15,692	14,131	1,561	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	15,439	1,561	

(a) The Company had on 19 October 2016 and 26 May 2017 announced the variation of utilization of proceeds, for further details, please refer to the said announcements.

(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.

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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 has fixed 11 October 2017 for case management pending the grounds of judgement from the Court of Appeal.

- (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 High Court had on 13 July 2017 delivered judgement and dismissed the application for judicial review with costs. Subsequently, T-Venture had filed an appeal to the Court of Appeal and is currently awaiting for date of hearing.

The Session Court has yet to instruct for a defence to be filed pending the appeal to the Court of Appeal and also application for a stay of proceeding.

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 Company by the number of 58,132,908 ordinary shares in issue for the current quarter and for the cumulative quarter as at 30 June 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

	30.6.2017	30.6.2016
	RM'000	RM'000
Total accumulated losses of Asia Knight Group		
- Realised	(133,327)	(101,693)
- Unrealised	28	7
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	(133,299)	(101,686)
Less : Consolidation adjustment	75,915	45,764
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Total Group accumulated losses	(57,384)	(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	(82)	(379)
(b) Interest income	35	160
(c) Foreign exchange gain/(loss)	20	37
(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	-	-

BY ORDER OF THE BOARD

SEE TECK WAH
Chairman

Date : 22 August 2017