ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2018

CONTENTS

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Individual quarter		Cumulative period	
		Current quarter ended 30.6.2018 RM'000	Current quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Revenue		16,998	2,593	26,426	10,514
Cost of goods sold		(13,180)	(1,946)	(21,850)	(9,102)
Gross profit		3,818	647	4,576	1,412
Other income		1,653	81	1,705	225
Administrative and general expenses		(3,278)	(777)	(7,062)	(3,054)
Finance costs		(68)	0	(68)	0
Profit/(Loss) before tax	24	2,125	(49)	(849)	(1,417)
Tax expense	17	(154)	(4)	(190)	(50)
Profit/(Loss) for the financial period/ year		1,971	(53)	(1,039)	(1,467)
Other comprehensive income for the financial period/year		0	0	0	0
Total comprehensive income for the financial period/year		1,971	(53)	(1,039)	(1,467)
Profit/(Loss) for the financial period/year attributable to:-					
- Owners of the Company		1,171	(51)	(1,837)	(1,462)
- Non-controlling interests		800	(2)	798	(5)
		1,971	(53)	(1,039)	(1,467)
Total comprehensive income for the financial period/year attributable to:-					
- Owners of the Company		1,171	(51)	(1,837)	(1,462)
- Non-controlling interests		800	(2)	798	(5)
		1,971	(53)	(1,039)	(1,467)
Earnings/(Loss) per share:-	23				
- Basic (sen)		0.36	(0.09)	(1.47)	(2.52)
- Diluted (sen)		0.29	(0.09)	(1.47)	(2.52)

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2017.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	30.6.2018 (Unaudited) RM'000	30.6.2017 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	44,486	2,175
Goodwill	17,147	0
	61,633	2,175
CURRENT ASSETS		
Inventories	9,567	880
Receivables	20,318	3,182
Prepayments	672	4
Current tax assets	2,102	7
Cash and cash equivalents	23,705	3,716
	56,364	7,789
CURRENT LIABILITIES		
Payables	14,849	3,483
Loans and borrowings - secured	2,019	0
Financial liabilities at fair value through profit or loss	324	0
Provisions	1,007	3,545
Advance payments from customers	8,661	0
Current tax liabilities	48	172
	26,908	7,200
NET CURRENT ASSETS	29,456	589
NON-CURRENT LIABILITIES		
Loans and borrowings - secured	6,101	0
Deferred tax liabilities	5,050	0
	11,151	0
NET ASSETS	79,938	2,764
EQUITY		
Share capital	49,352	60,597
Warrant reserve	8,818	0
Accumulated losses	(2,222)	(57,385)
Equity attributable to owners of the Company	55,948	3,212
Non-controlling interests	23,990	(448)
TOTAL EQUITY	79,938	2,764
Net assets per ordinary share attributable to owners of the Company (sen)	9.70	5.30

ASIA KNIGHT BERHAD
(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

		Non-distributable					
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 July 2017	60,597	0	0	(57,385)	3,212	(448)	2,764
Capital reduction	(57,000)	0	0	57,000	0	0	0
Issue of shares	47,359	0	9,128	0	56,487	0	56,487
Share issue transaction costs	(1,604)	0	(310)	0	(1,914)	0	(1,914)
Total transactions with owners	45,755	0	8,818	0	54,573	0	54,573
Acquisition of subsidiaries	0	0	0	0	0	23,640	23,640
(Loss)/Profit (representing total comprehensive income) for the financial year	0	0	0	(1,837)	(1,837)	798	(1,039)
Balance at 30 June 2018	49,352	0	8,818	(2,222)	55,948	23,990	79,938
Balance at 1 July 2016	58,133	2,464	0	(55,923)	4,674	(443)	4,231
Loss (representing total comprehensive income) for the financial year	0	0	0	(1,462)	(1,462)	(5)	(1,467)
Transfer of share premium upon abolition of par value	2,464	(2,464)	0	0	0	0	0
Balance at 30 June 2017	60,597	0	0	(57,385)	3,212	(448)	2,764

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2017.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(849)	(1,417)
Adjustments for:-			
Depreciation of property, plant and equipment		972	379
Gain on disposal of property, plant and equipment		(13)	(6)
Impairment loss on receivables		11	7
Interest expense		68	0
Interest income		(103)	(160)
Inventories written down		408	0
Property, plant and equipment written off		30	1
Unrealised gain on foreign exchange		(365)	(28)
Unrealised loss on financial instruments at fair value through profit or loss		291	0
Waiver of debts		(42)	0
Operating profit/(loss) before working capital changes		408	(1,224)
Changes in:-			
Inventories		245	(539)
Receivables and prepayments		4,619	(325)
Payables and advance payments		7,861	251
Provisions		(895)	(57)
Financial instruments at fair value through profit or loss		3	0
Cash generated from/(absorbed by) operations		12,241	(1,894)
Tax paid		(607)	(779)
Tax refunded		2	0
Net cash from/(used in) operating activities		11,636	(2,673)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	9	(26,955)	0
Interest received		103	160
Proceeds from disposal of property, plant and equipment		13	6
Purchase of property, plant and equipment		(300)	(701)
Net cash used in investing activities		(27,139)	(535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(68)	0
Issue of shares		34,881	0
Placement of cash and cash equivalents pledged as security (net)		(17)	0
Repayment of hire purchase obligations		(86)	0
Repayment of term loans		(260)	0
Share issue transaction costs paid		(1,914)	0
Net cash from financing activities		32,536	0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (cont'd)

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Exchange of foreign rate changes on cash and cash equivalents	(42)	28
Net increase/(decrease) in cash and cash equivalents	16,991	(3,180)
Cash and cash equivalents brought forward	3,716	6,896
Cash and cash equivalents carried forward	20,707	3,716
Analysis of cash and cash equivalents:-		
- Highly liquid investments	9,893	194
- Term deposits	2,141	2,572
- Cash and bank balances	11,671	950
	23,705	3,716
Less: Cash and cash equivalents pledged	(2,998)	0
	20,707	3,716

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING

1. BASIS OF PREPARATION

The interim financial report have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017.

The significant accounting policies and method of computation adopted in the interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2017 except for the adoption of the following MFRSs:-

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 12 *Disclosure of Interests in Other Entities* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group.

The Group has not applied the following MFRSs which have been issued as at the end of 30 June 2018 period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 *Financial Instruments*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 16 *Leases*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 3 *Previously Held Interest in a Joint Operation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019

1. BASIS OF PREPARATION (cont'd)

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	1 January 2018
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
Amendments to MFRS 11 *Previously Held Interest in a Joint Operation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 15 *Clarifications to MFRS 15* Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 112 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123 *Borrowing Costs Eligible for Capitalisation* (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 *Investments in Associates and Joint Ventures* (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)	1 January 2018
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Group except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9, which replaces MFRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Group) relate to the classification and measurement of financial assets. Under MFRS 9:-

(i) Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Group.

(ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Group.

1. BASIS OF PREPARATION (cont'd)

MFRS 9 *Financial Instruments* (cont'd)

The Group will apply the new requirements of MFRS 9 from 1 July 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15, which replaces MFRS 111 *Construction Contracts*, MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the current practice of recognising revenue from the sale of goods based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.

The Group will apply the new requirements of MFRS 15 from 1 July 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

MFRS 16 *Leases*

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group will apply the new requirements of MFRS 16 from 1 July 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

2. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group were not materially affected by any seasonal or cyclical factor.

3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Save for the regularisation plan as disclosed in Note 18, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current interim period.

4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial year.

5. DEBT AND EQUITY SECURITIES

In May 2018, the Company issued:-

(i) renounceable rights issue of 348,797,448 new ordinary shares together with 174,398,724 free detachable warrants on the basis of 6 rights shares together with 3 free warrants for every 1 existing ordinary share in issue; and

(ii) 170,000,000 new ordinary shares as part of the purchase consideration for the acquisition of 60% equity interest in Rapid Growth Technology Sdn. Bhd.

Save as disclosed above, there were no other issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current interim period.

6. DIVIDENDS PAID

No dividend was paid during the current interim period.

7. SEGMENTAL INFORMATION

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of moulded plastic products.

Geographical Information

The Group operates principally in Malaysia and generates revenue from the following geographical locations of customers:-

	Individual quarter		Cumulative period	
	Current quarter ended 30.6.2018 RM'000	Current quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Malaysia	1,006	2,268	10,434	9,044
Other Asian Countries	1,573	325	1,573	1,470
United States of America	12,012	0	12,012	0
Europe	2,257	0	2,257	0
Others	150	0	150	0
	16,998	2,593	26,426	10,514

8. CONTRACTUAL COMMITMENT

	30.6.2018 RM'000
Purchase of property, plant and equipment	686

9. CHANGES IN COMPOSITION

As part of the Regularisation Plan as disclosed in Note 18, the Board of Directors of Asia Knight Berhad had on 14 August 2017 entered in to a Share Sale Agreement ("Agreement") with Hor Lim Chee, Ng Choon Keat, Tan Song Chai, Lim Seat Hoe and Tan Ann Chee (collectively, the "Vendors") in relation to the acquisition of 9,000,000 ordinary shares representing 60% equity interests in Rapid Growth Technology Sdn. Bhd. ("RGT") for a total purchase consideration of RM48,000,000, subject to the terms and conditions in the Agreement ("Acquisition").

The Company had on 22 May 2018 announced that the terms and conditions in the Agreement has been fulfilled and the purchase consideration has been paid, marking the completion of the Acquisition. Following the completion of the Acquisition, RGT became a 60% owned subsidiary of Asia Knight Berhad.

RGT is principally engaged in the manufacture and sale of air freshener dispenser and plastic parts. Acquisition of RGT represents a strategic investment for the Company to enhance its competitiveness in the plastics manufacturing industry.

The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed are as follows:-

	RM'000
Property, plant and equipment	43,013
Inventories	9,340
Trade and other receivables	20,979
Prepayments	1,007
Current tax assets	1,634
Cash and cash equivalents	7,026
Trade and other payables	(10,524)
Loans and borrowings	(8,466)
Financial liabilities at fair value through profit or loss	(30)
Deferred tax liabilities	(4,880)
Net assets	59,099
Non-controlling interests	(23,640)
Share of net assets acquired	35,459
Fair value of consideration transferred	(52,606)
Goodwill	(17,147)

Since the acquisition date, RGT contributed revenue and profit of RM14.49 million and RM1.80 million respectively in the current interim period. Had the acquisition date been 1 July 2017, management estimates that the Group's revenue and loss for the financial year would have been approximately RM87.09 million and RM9.25 million respectively.

9. CHANGES IN COMPOSITION (cont'd)

The effects of the acquisition on the consolidated statement of cash flows are as follows:-

	RM'000
Purchase consideration settled in cash and cash equivalents	31,000
Cash and cash equivalents acquired, net of those pledged	(4,045)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	26,955

Save for the above, there were no other material events subsequent to 30 June 2018 that have not been reflected in this interim financial report.

10. CONTINGENCIES

There were no significant changes in contingent assets or liabilities since 30 June 2018.

11. SUBSEQUENT EVENTS

There were no material events subsequent to 30 June 2018 that have not been reflected in this interim financial report.

12. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the current interim period.

13. FINANCIAL INSTRUMENTS

Derivatives

	2018 RM'000	2017 RM'000
Derivatives classified as held for trading, at fair value	324	0

Forward foreign exchange contracts were entered into by subsidiary in currency other than its functional currency in order to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2018, the Group had contracts with financial institutions due within 1 year to buy RM12,204,000 (2017 : NIL) and sell USD3,098,000 (2017 : NIL) at contractual forward rates.

13. FINANCIAL INSTRUMENTS (cont'd)

Fair Value Changes of Financial Liabilities

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(iii) Level 3 - unobservable inputs for the asset or liability.

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair value of forward exchange contract is measured using present value technique by discounting the difference between contractual forward price and observable current market forward price using risk-free interest rate (i.e. Level 2).

There were no transfers between levels of fair value hierarchy during the current interim period.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. REVIEW OF PERFORMANCE

	Individual quarter				Cumulative period			
	Current quarter ended 30.6.2018	Current quarter ended 30.6.2017	Variance		Current year-to-date ended 30.6.2018	Corresponding preceding year-to-date ended 30.6.2017	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	16,998	2,593	14,405	556%	26,426	10,514	15,912	151%
Profit/(Loss) before tax	2,125	(49)	2,174	nm	(849)	(1,417)	568	nm
Profit/(Loss) for the financial period/year	1,971	(53)	2,024	nm	(1,039)	(1,467)	428	nm
Profit/(Loss) attributable to owners of the Company	1,171	(51)	1,222	nm	(1,837)	(1,462)	(375)	nm

nm *not meaningful*

Current Quarter vs Corresponding Preceding Quarter

The Group recorded revenue of RM17.00 million; representing an increase by RM14.41 million as compared to corresponding preceding quarter. The Company turned into profit before tax ("PBT") position of RM2.13 million in the current quarter as compared to RM0.05 million loss before tax ("LBT") in the corresponding preceding quarter.

Increase in revenue for the current quarter was mainly attributable to revenue contributed by newly acquired subsidiary; RGT. Total revenue contribution from RGT since the date of acquisition was RM14.49 million.

Current Cumulative Period vs Corresponding Preceding Cumulative Period

For the current financial year-to-date, the Group recorded revenue of RM26.43 million and LBT of RM0.85 million respectively.

Increase in revenue for the current financial year-to-date, which representing increase by RM15.91 million as compared to revenue of RM10.51 million recorded in the corresponding preceding cumulative period, was mainly attributable to revenue contributed by newly acquired subsidiary; RGT amounted to RM14.49 million since the date of acquisition.

The Group recorded LBT of RM0.85 million for the current financial year-to-date, representing a decrease of RM0.57 million as compared to LBT of RM1.42 million recorded in the corresponding preceding cumulative period. The decrease in LBT was mainly due to the PBT contributed by RGT amounted to RM2.34 million and partially offset against increase in professional fees incurred in relation to the regularisation plan.

14. REVIEW OF PERFORMANCE (cont'd)

Current quarter vs Immediate Preceding Quarter

For the current quarter under review, the Group recorded revenue of RM17.00 million and PBT of RM2.13 million respectively.

The increase in revenue for the current quarter, which representing an increase of RM14.15 million as compared to revenue of RM2.85 million recorded in the immediate preceding quarter ended 31 March 2018, was mainly attributable to the revenue contributed by newly acquired subsidiary; RGT. Total revenue contribution from RGT since the date of acquisition was RM14.49 million.

The Group recorded PBT of RM2.13 million for the current quarter, representing an increase of RM2.49 million as compared to LBT of RM0.36 million recorded in the immediate preceding quarter. The Group has turned from loss before tax to profit before tax in the current quarter was mainly due to PBT contributed by RGT of RM2.34 million and partially offset against increase in professional fees incurred in relation to the regularisation plan.

15. COMMENTARY ON PROSPECT

The plastics industry is increasingly influenced by consumer preferences and buying patterns. Heightening awareness for the environment and its preservation is leading to a generation of consumers that favour green and sustainable products. Environmentally friendly plastic products are becoming prominent choices, whereby these products are reusable, recyclable, easily bio-degradable, consume less resources, and/or emit less greenhouse gasses.

The prospects for the plastics industry in Malaysia are favourable as plastics is expected to continue being a material of choice for a variety of consumer and industrial applications, as it is relatively low cost and easy to manufacture, versatile and is waterproof. It is anticipated that demand for plastics will continue to be driven by increased external demand by the end-user markets which it serves, including building and construction, consumer appliances, electrical and electronics, food preparation and service, healthcare, packaging, pharmaceuticals, sanitation as well as transportation, and will also grow in tandem with greater consumer spending both globally and within the country.

The prospect of the global plastics industry is expected to remain positive. The positive outlook for plastic products can be largely attributed to the diversity of application of plastics due to its unique properties leading to greater demand from multiple industries. The rapid technological advancements in increasing or improving the already unique properties of plastics will further drive demand for plastic products.

The Group is expected to improve further with the completion of the rights issue and the acquisition of RGT in May 2018, in light of the growing demand for companies to provide value-added services or the plastic products to Malaysia and global markets. RGT has a track record of approximately 20 years in the manufacturing of moulded plastic products. Its continued success in securing multinational corporations as its customers is evidence of its reputation as a reliable plastic injection moulded/manufacturing service provider.

16. PROFIT FORECAST

The Group did not issue any profit forecast in any form of public documentation and announcement.

17. TAX EXPENSE

	Individual quarter		Cumulative period	
	Current quarter ended 30.6.2018 RM'000	Current quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Tax based on results for the financial period/year:-				
- Current tax	421	38	421	38
- Deferred tax	157	0	157	0
	578	38	578	38
Tax under/(over) provided in prior year:-				
- Current tax	1	(34)	37	12
- Real property gains tax	(438)	0	(438)	0
- Deferred tax	13	0	13	0
	154	4	190	50

The effective tax rates for the current quarter are higher than the statutory tax rate mainly due to some non-deductible expenses of a subsidiary.

The effective tax rates for the cumulative period are higher than the statutory tax rate mainly due to the losses of certain subsidiaries cannot be set off against taxable profits made by other subsidiary.

18. STATUS OF CORPORATE PROPOSALS

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's previous 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 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 ("PN 17 status").

The Company had on 14 August 2017 announced the regularisation plan to rectify its PN17 status. The regularisation plan entailed the followings:-

(i) Reduction of the Company's share capital pursuant to Section 116 of the Companies Act, 2016 ("Capital Reduction");

18. STATUS OF CORPORATE PROPOSALS (cont'd)

(ii) Renounceable rights issue of 348,797,448 new ordinary shares together with 174,398,724 free detachable warrants on the basis of 6 rights shares together with 3 free warrants for every 1 existing ordinary shares held on an entitlement date ("Rights Issue with Warrants); and

(i) Acquisition of 9,000,000 ordinary shares in RGT (representing 60% equity interest) for a purchase consideration of RM48.0 million to be satisfied via issuance of 170,000,000 shares ("Consideration Shares") at an issue price of RM0.10 per Consideration Shares and cash payment of RM31.0 million.

The regularisation plan was approved by Bursa Malaysia Securities Berhad on 23 November 2017 and by shareholders at an extraordinary general meeting of the Company on 17 January 2018.

The High Court of Malaya at Kuala Lumpur had on 19 March 2018 granted an order confirming the Capital Reduction and the sealed order was then lodged with the Registrar of Companies on 26 March 2018, following which the Capital Reduction became effective and was deemed completed.

The listing and quotation of 348,797,448 rights shares and 174,398,724 warrants were completed on 21 May 2018. On the same date, 170,000,000 Consideration Shares has been granted listing and quotation. The regularisation plan had been completed on 22 May 2018 following the cash payment of RM31.0 million was made to Vendors on that day.

There were no corporate proposals announced but not completed as at the date of this unaudited interim financial report.

19. UTILISATION OF PROCEEDS FROM RIGHTS ISSUE

Pursuant to Circular to Shareholders in relation to the regularisation plan dated 22 December 2017, the status of utilisation of the proceeds raised from the Rights Issue with Warrants amounting to RM34.88 million up to 30 June 2018 is as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Deviation RM'000	Estimated timeframe for utilisation from completion of Rights Issue
To part finance the Purchase Consideration	31,000	(31,000)	-	-	Immediate
Working capital	1,380	(1,380)	-	-	Within 12 months
Corporate exercise expenses in relation to regularisation plan	2,500	(2,500)	-	-	Immediate
	34,880	(34,880)	-	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular to Shareholders of the Company dated 22 December 2017.

20. BORROWINGS

The Group's loans and borrowings as at end of the reporting period were as follows:-

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:-			
- Hire purchase	420	1,135	1,555
- Term loans	1,599	4,966	6,565
	2,019	6,101	8,120

21. CHANGES IN MATERIAL LITIGATION

Tenaga Nasional Berhad ("TNB") vs Asia Knight

TNB has filed an action against Asia Knight at the Shah Alam High Court for RM1,642,803.57 as at 13 September 2013 being outstanding electricity bills as indicated in TNB's running account.

Asia Knight has made an application to transfer the proceeding to the Kuantan High Court and the Shah Alam High Court has granted the application on 7 January 2014. The Kuantan High Court has conducted trial and on 5 February 2016 dismissed TNB's claim with cost of RM40,000.00. TNB filed an appeal dated 29 February 2016 at the Court of Appeal at Putrajaya, appealing against the decision of the High Court. The appeal has been allowed by the Court of Appeal on 20 February 2017 and the High Court Order dated 5 February 2016 has been set aside.

In response to the above, Asia Knight filed an application for leave to appeal against decision of the Court of Appeal on 16 March 2017. The Federal Court had on 24 April 2018 dismissed our application for leave to appeal with cost of RM10,000 to be paid by Asia Knight. Consequently, the judgement of the Court of Appeal is affirmed whereby the Company is ordered to pay TNB the claim sum of RM1,642,803.57 together with interest of 5% per annum from date of judgement to date of settlement and cost of RM20,000. The cost, interest thereon and provision for the amount claimed had been made in our book. Asia Knight is currently appealing to TNB for 24 instalments to pay off the claim sum and the Company has not received response from TNB as of the date of this report.

T-Venture vs Menteri Kewangan Malaysia and Pengarah Kastam Negeri Selangor ("Selangor Customs") High Court; and Kerajaan Malaysia vs T-Venture, Wong Tze Peng, See Teck Wah, See Han Liong, Andrew Su Meng Kit and Ch'ng Huat Seng, Shah Alam Session Court

On 5 August 2015, T-Venture was served with two notices of demand from the Selangor Customs for the recovery of purported unpaid import duties and sales tax amounting to RM714,751.27 and RM273,804.52 respectively. On 25 August 2015, T-Venture appealed to the Director General of Customs against the said claim and on 7 September 2015, T-Venture was informed by the Selangor Customs that the import duty claim was revised to RM719,751.27 (instead of RM714,751.27). Subsequently on 2 December 2015, T-Venture was also informed by the Selangor Customs that the sales tax claim was revised to RM242,694.03 (instead of RM273,804.52).

21. CHANGES IN MATERIAL LITIGATION (cont'd)

Pursuant to the appeal dated 25 August 2015 to the Director General of Customs against the claims raised by the Selangor Customs we subsequently received a reply from the Ministry of Finance ("MOF") through its letter dated 13 April 2016 rejecting T-Venture's appeal. T-Venture on 31 May 2016 re-appealed the same to the MOF and was rejected vide their letter dated 15 August 2016 (received on 22 August 2016).

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 MOF in rejecting the appeal made by T-Venture against the claim raised by Selangor Customs in respect of import duties and sales tax. On 2 June 2017 the application for Judicial Review was heard and on 13 July 2017 the High Court delivered judgement and dismissed the application with costs. T-Venture has filed an appeal to the Court of Appeal against the decision of the High Court, however the appeal was later discontinued because the similar matter was heard and disposed at the Session Court in Shah Alam.

On 2 December 2016 (date of sealed copy), the Malaysia Government had filed a writ of action for the recovery of the duty/tax payable on the similar matter in the Session Court claiming RM709,783.29 and RM242,694.03 for the purported unpaid import duties and sales tax respectively and all the directors at the material time were named as defendants together with T-Venture. Provision for the amount claimed had been made in our book.

A trial at the Session Court on 6 February 2018, the Court has decided in favour of Kerajaan Malaysia. T-Venture had filed an appeal to the High Court against the decision of the Session Court. On 28 June 2018, T-Venture had decided not to continue with the appeal against the decision of the Session Court and had settled the above amount claimed and the sum of claim in June 2018.

Save as disclosed 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.

22. DIVIDEND

The Board does not propose any final dividend in respect of the financial year ended 30 June 2018.

23. EARNINGS/(LOSS) PER SHARE

	Individual quarter		Cumulative period	
	Current quarter ended 30.6.2018	Current quarter ended 30.6.2017	Current year-to-date ended 30.6.2018	Corresponding preceding year-to-date ended 30.6.2017
Profit/(Loss) attributable to owners of the Company (RM'000)	1,171	(51)	(1,837)	(1,462)
Weighted average number of ordinary shares in issue ('000)	326,083	58,133	124,927	58,133
Number of shares under warrant deemed to have been issued for no consideration ('000)	80,513	0	0	0
Weighted average number of shares for computing diluted earnings per share ('000)	406,596	58,133	124,927	58,133
Earnings/(Loss) per share:-				
- Basic (sen)	0.36	(0.09)	(1.47)	(2.52)
- Diluted (sen)	0.29	(0.09) **	(1.47) **	(2.52) **

** *The diluted loss per share equals the basic loss per share due to the anti-dilutive effect of the share options which has been ignored in calculating the diluted loss per share.*

24. PROFIT/(LOSS) BEFORE TAX

	Individual quarter		Cumulative period	
	Current quarter ended 30.6.2018 RM'000	Current quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	668	82	972	379
Gain on disposal of property, plant and equipment	(13)	(6)	(13)	(6)
Gain on foreign exchange:-				
- Realised	(644)	(20)	(600)	(9)
- Unrealised	(365)	0	(365)	(28)

24. PROFIT/(LOSS) BEFORE TAX (cont'd)

	Individual quarter		Cumulative period	
	Current quarter ended 30.6.2018 RM'000	Current quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Corresponding preceding year-to-date ended 30.6.2017 RM'000
Impairment loss on receivables	11	7	11	7
Interest expense	68	0	68	0
Interest income	(69)	(35)	(103)	(160)
Inventories written down	408	0	408	0
Loss on financial instruments at fair value through profit or loss	294	0	294	0
Property, plant and equipment written off	30	1	30	1

Save for the above, the other items as required under Paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.