

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Individual quarter		Cumulative period	
		Current quarter ended 30.9.2018 RM'000	Corresponding preceding quarter ended 30.9.2017 RM'000	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
Revenue		24,618	3,536	24,618	3,536
Cost of goods sold		(18,078)	(3,112)	(18,078)	(3,112)
Gross profit		6,540	424	6,540	424
Other income		669	23	669	23
Administrative and general expenses		(3,529)	(947)	(3,529)	(947)
Finance costs		(97)	0	(97)	0
Profit/(Loss) before tax	23	3,583	(500)	3,583	(500)
Tax expense	17	(984)	0	(984)	0
Profit/(Loss) for the financial period		2,599	(500)	2,599	(500)
Other comprehensive income for the financial period		0	0	0	0
Total comprehensive income for the financial period		2,599	(500)	2,599	(500)
Profit/(Loss) for the financial period attributable to:-					
- Owners of the Company		1,271	(499)	1,271	(499)
- Non-controlling interests		1,328	(1)	1,328	(1)
		2,599	(500)	2,599	(500)
Total comprehensive income for the financial period attributable to:-					
- Owners of the Company		1,271	(499)	1,271	(499)
- Non-controlling interests		1,328	(1)	1,328	(1)
		2,599	(500)	2,599	(500)
Earnings/(Loss) per share:-	22				
- Basic (sen)		0.22	(0.86)	0.22	(0.86)
- Diluted (sen)		0.22	(0.86)	0.22	(0.86)

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 2018.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	30.9.2018 (Unaudited) RM'000	30.6.2018 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	44,008	44,486
Goodwill	17,147	17,147
	<u>61,155</u>	<u>61,633</u>
CURRENT ASSETS		
Inventories	8,244	9,567
Receivables	14,240	20,318
Prepayments	1,209	672
Current tax assets	1,310	2,103
Cash and cash equivalents	27,966	23,705
	<u>52,969</u>	<u>56,365</u>
CURRENT LIABILITIES		
Payables	12,432	14,849
Loans and borrowings - secured	1,913	2,019
Financial liabilities at fair value through profit or loss	11	324
Provisions	1,007	1,007
Contract liabilities	4,861	8,661
Current tax liabilities	43	43
	<u>20,267</u>	<u>26,903</u>
NET CURRENT ASSETS	32,702	29,462
NON-CURRENT LIABILITIES		
Payables	801	0
Loans and borrowings - secured	5,463	6,101
Deferred tax liabilities	5,050	5,050
	<u>11,314</u>	<u>11,151</u>
NET ASSETS	82,543	79,944
EQUITY		
Share capital	49,352	49,352
Warrant reserve	8,818	8,818
Accumulated losses	(945)	(2,216)
Equity attributable to owners of the Company	<u>57,225</u>	<u>55,954</u>
Non-controlling interests	25,318	23,990
TOTAL EQUITY	82,543	79,944
Net assets per ordinary share attributable to owners of the Company (sen)	<u>9.92</u>	<u>9.70</u>

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 2018.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	Share capital RM'000	Non-distributable 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 2018	49,352	8,818	(2,216)	55,954	23,990	79,944
Profit (representing total comprehensive income) for the financial period	0	0	1,271	1,271	1,328	2,599
Balance at 30 September 2018	<u>49,352</u>	<u>8,818</u>	<u>(945)</u>	<u>57,225</u>	<u>25,318</u>	<u>82,543</u>
Balance at 1 July 2017	60,597	0	(57,385)	3,212	(448)	2,764
Loss (representing total comprehensive income) for the financial period	0	0	(499)	(499)	(1)	(500)
Balance at 30 September 2017	<u>60,597</u>	<u>0</u>	<u>(57,884)</u>	<u>2,713</u>	<u>(449)</u>	<u>2,264</u>

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 2018.

ASIA KNIGHT BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	3,583	(500)
Adjustments for:-		
Depreciation of property, plant and equipment	940	99
Gain on disposal of property, plant and equipment	(59)	0
Interest expense	97	0
Interest income	(179)	(20)
Unrealised gain on foreign exchange	(99)	0
Unrealised loss on financial instruments at fair value through profit or loss	11	0
Operating profit/(loss) before working capital changes	4,294	(421)
Changes in:-		
Inventories	1,323	241
Receivables and prepayments	5,630	(741)
Payables and contract liabilities	(5,418)	(157)
Financial instruments at fair value through profit or loss	(324)	0
Cash generated from/(absorbed by) operations	5,505	(1,078)
Tax paid	(668)	0
Tax refunded	477	1
Net cash from/(used in) operating activities	5,314	(1,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	179	20
Proceeds from disposal of property, plant and equipment	325	0
Purchase of property, plant and equipment	(728)	(62)
Net cash used in investing activities	(224)	(42)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(97)	0
Placement of cash and cash equivalents pledged as security (net)	(26)	0
Repayment of hire purchase obligations	(353)	0
Repayment of term loans	(391)	0
Net cash used in financing activities	(867)	0
Effect of exchange rate changes on cash and cash equivalents	12	0
Net increase/(decrease) in cash and cash equivalents	4,235	(1,119)
Cash and cash equivalents brought forward	20,707	3,716
Cash and cash equivalents carried forward	24,942	2,597

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 2018.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
Analysis of cash and cash equivalents:-		
- Highly liquid investments	20,242	0
- Term deposits	2,257	1,433
- Cash and bank balances	5,467	1,164
	<hr/>	<hr/>
	27,966	2,597
Less: Cash and cash equivalents pledged	(3,024)	0
	<hr/>	<hr/>
	24,942	2,597
	<hr/>	<hr/>

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 2018.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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 2018.

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 2018 except for the adoption of the following MFRSs:-

<u>MFRS (Issued as at the end of the reporting period)</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 9 <i>Financial Instruments</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15 <i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 128 <i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018

The adoption of the above MFRSs did 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. The adoption of the new guidance did not significantly affect the existing classification and measurement of financial assets of the Group.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

1. BASIS OF PREPARATION (cont'd)

MFRS 9 Financial Instruments (cont'd)

- (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. The additional impairment losses using the new impairment model were not material to the Group.

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. The adoption of the new revenue recognition model did not significantly affect the previous 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 has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective:-

<u>MFRS (Issued as at the end of the reporting period)</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i> (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
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:-

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

1. BASIS OF PREPARATION (cont'd)

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

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

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 plastic parts and products.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

7. SEGMENTAL INFORMATION (cont'd)

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 30.9.2018 RM'000	Corresponding preceding quarter ended 30.9.2017 RM'000	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
Malaysia	2,748	3,169	2,748	3,169
Other Asian Countries	497	367	497	367
United States of America	17,556	0	17,556	0
Switzerland	3,661	0	3,661	0
Others	156	0	156	0
	<u>24,618</u>	<u>3,536</u>	<u>24,618</u>	<u>3,536</u>

8. CONTRACTUAL COMMITMENT

	30.9.2018 RM'000
Purchase of property, plant and equipment	<u>456</u>

9. CHANGES IN COMPOSITION

There were no significant changes in the composition of the Group during the current quarter under review.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

There were no material events subsequent to 30 September 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.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

13. FINANCIAL INSTRUMENTS

Derivatives

30.9.2018
RM'000

Derivatives classified as held for trading, at fair value 11

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 September 2018, the Group had contracts with financial institutions due within 1 year to buy RM2,476,000 and sell USD600,000 at contractual forward rates.

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.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)

Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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 30.9.2018 RM'000	Corresponding preceding quarter ended 30.9.2017 RM'000	Variance		Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	24,618	3,536	21,082	596%	24,618	3,536	21,082	596%
Profit/(Loss) before tax	3,583	(500)	4,083	nm	3,583	(500)	4,083	nm
Profit/(Loss) for the financial period	2,599	(500)	3,099	nm	2,599	(500)	3,099	nm
Profit/(Loss) attributable to owners of the Company	1,271	(499)	1,770	nm	1,271	(499)	1,770	nm
	<i>nm</i>	<i>not meaningful</i>						

Current quarter (Q1'19) vs Corresponding Preceding Quarter (Q1'18) / Current Cumulative Period (3M YTD'19) vs Corresponding Preceding Cumulative Period (3M YTD'18)

For the current financial year-to-date, the Group recorded revenue of RM24.62 million and Profit Before Tax ("PBT") of RM3.58 million.

Increase in revenue for the current financial period-to-date, which representing an increase by RM21.08 million as compared to RM3.54 million recorded in the 3M YTD'18, was mainly attributable to revenue contributed by a 60%-owned subsidiary, Rapid Growth Technology Sdn. Bhd. ("RGT"). The revenue contributed by RGT amounted to RM21.56 million for Q1'19.

The Group recorded PBT of RM3.58 million for the 3M YTD'19 compared to Loss Before Tax of RM0.50 million recorded in the 3M YTD'18. The Company turned into profit position was mainly due to the PBT contributed by RGT.

ASIA KNIGHT BERHAD

(Incorporated in Malaysia)
Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

14. REVIEW OF PERFORMANCE (cont'd)

Current quarter (Q1'19) vs Immediate Preceding Quarter (Q4'18)

	Current quarter ended 30.9.2018 RM'000	Immediate preceding quarter ended 30.6.2018 RM'000	Variance	
			RM'000	%
Revenue	24,618	16,998	7,620	45%
Profit before tax	3,583	2,125	1,458	69%
Profit for the financial period	2,599	1,977	622	31%
Profit attributable to owners of the Company	1,271	1,177	94	8%

For the current financial year-to-date, the Group recorded revenue of RM24.62 million and PBT of RM3.58 million as compared to revenue of RM17.00 million and PBT of RM2.13 million in Q4'18.

The increase in revenue and PBT for Q1'19, which representing an increase of RM7.62 million and RM1.46 million respectively was mainly attributable to revenue and PBT contributed by RGT.

15. COMMENTARY ON PROSPECT

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 in light of the growing demand for companies to provide value-added services or the plastic products to Malaysia and global markets.

16. PROFIT FORECAST

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

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Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

17. TAX EXPENSE

	Individual quarter		Cumulative period	
	Current quarter ended 30.9.2018 RM'000	Corresponding preceding quarter ended 30.9.2017 RM'000	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
Tax based on results for the financial period:-				
- Current tax	862	0	862	0
- Deferred tax	172	0	172	0
	<u>1,034</u>	<u>0</u>	<u>1,034</u>	<u>0</u>
Tax overprovided in prior period:-				
- Current tax	(50)	0	(50)	0
	<u>984</u>	<u>0</u>	<u>984</u>	<u>0</u>

The effective tax rates are higher than the statutory tax rate mainly due to some non-deductible expenses of a subsidiary as well as losses of certain subsidiaries cannot be set off against taxable profits made by other subsidiary.

18. STATUS OF CORPORATE PROPOSALS

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

19. 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	294	908	1,202
- Term loans	1,619	4,555	6,174
	<u>1,913</u>	<u>5,463</u>	<u>7,376</u>

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Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

20. 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.

Subsequent to the reporting period, Asia Knight agreed with TNB to settle the total sum of RM1,980,000 which include the cost, interest thereon and allocator cost (“Settlement Sum”). The Settlement Sum will be paid in the following manner:-

- a. RM500,000 as initial payment to be paid on 15 October 2018;
- b. The balance of RM1,480,000 to be paid in 24 monthly instalments consisting of 23 equal instalments of RM61,666 and 1 final instalment of RM61,682 starting from 15 November 2018 to 15 October 2020.

The initial payment of RM500,000 was made on 15 October 2018.

The Settlement Sum has been fully accounted for in the financial statements of the Group.

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.

21. DIVIDEND

The Board does not propose any dividend during the current quarter.

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Company No: 71024-T

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

22. EARNINGS/(LOSS) PER SHARE

	Individual quarter		Cumulative period	
	Current quarter ended 30.9.2018	Corresponding preceding quarter ended 30.9.2017	Current period-to-date ended 30.9.2018	Corresponding preceding period-to-date ended 30.9.2017
Profit/(Loss) attributable to owners of the Company (RM'000)	1,271	(499)	1,271	(499)
Weighted average number of ordinary shares in issue ('000)	576,930	58,133	576,930	58,133
Earnings/(Loss) per share:-				
- Basic (sen)	0.22	(0.86)	0.22	(0.86)
- Diluted (sen)	0.22	(0.86)	0.22	(0.86)

** The diluted earnings/(loss) per share equals the basic earnings/(loss) per share as there were no dilutive potential ordinary shares during the financial quarter

23. PROFIT/(LOSS) BEFORE TAX

	Individual quarter		Cumulative period	
	Current quarter ended 30.9.2018 RM'000	Corresponding preceding quarter ended 30.9.2017 RM'000	Current period-to-date ended 30.9.2018 RM'000	Corresponding preceding period-to-date ended 30.9.2017 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	940	99	940	99
Gain on disposal of property, plant and equipment	(59)	0	(59)	0
Gain on financial instruments at fair value through profit or loss	313	0	313	0
Interest expense	97	0	97	0
Interest income	(179)	(20)	(179)	(20)
Loss/(Gain) on foreign exchange:-				
- Realised	279	26	279	26
- Unrealised	(99)	0	(99)	0

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.