

APFT BERHAD

Company's No.: 886873-T
(Incorporated in Malaysia)

Quarterly Report on Results for The Quarter Ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	15 MONTHS TO DATE ENDED	PRECEDING 15 MONTHS CORRESPONDING PERIOD ENDED
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Operating revenue	3,749	12,862	27,534	N/A
Cost of services	(5,166)	(10,158)	(36,481)	N/A
Gross (loss)/profit	(1,417)	2,704	(8,947)	-
Other income	(1,517)	64	739	N/A
Administrative expenses	2,206	(5,123)	(11,318)	N/A
Marketing expenses	(68)	(82)	(221)	N/A
Other operating expenses	521	(23)	(3,507)	N/A
Finance costs	(334)	(320)	(2,056)	N/A
Share of loss in an associate	44	(2)	(24)	N/A
Loss before taxation	(565)	(2,782)	(25,334)	-
Tax income / (expenses)	1	-	13	N/A
Net loss for the period	(564)	(2,782)	(25,321)	N/A
Other comprehensive income	(25)	-	13	N/A
Total comprehensive loss	(589)	(2,782)	(25,308)	N/A
Net (loss)/profit attributable to:				
Owners of the Company	(237)	(1,869)	(18,322)	N/A
Non-controlling interests	(327)	(913)	(6,999)	N/A
Net loss for the financial period	(564)	(2,782)	(25,321)	N/A
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(252)	(1,869)	(18,314)	N/A
Non-controlling interests	(337)	(913)	(6,994)	N/A
Total comprehensive loss for the financial period	(589)	(2,782)	(25,308)	N/A
Weighted average no. of ordinary shares in issue ('000)	429,132	346,292	429,132	N/A
Loss per share (sen)				
(a) Basic	(0.06)	(0.54)	(4.27)	N/A

Notes:

- The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.
- The Group has changed the financial year end from 31 March 2016 to 31 July 2016, there were no comparative financial information available for the 15 months financial period ended 30 June 2016.

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Quarterly Report on Results for the Quarter Ended 30 June 2016 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.06.2016 RM'000	AUDITED AS AT 31.3.2015 RM'000
ASSETS		
Non-current assets		
<i>Property, plant and equipment</i>	35,207	41,324
<i>Investment in an associate company</i>	1,599	1,623
<i>Goodwill on consolidation</i>	21,306	21,306
<i>Deferred cost</i>	276	506
<i>Fixed deposits</i>	112	678
Total non-current assets	<u>58,500</u>	<u>65,437</u>
Current assets		
<i>Inventories</i>	539	1,479
<i>Amount due from contract customers</i>	18,588	10,753
<i>Trade receivables</i>	9,397	14,686
<i>Other receivables</i>	7,731	3,256
<i>Tax recoverable</i>	85	729
<i>Cash and bank balances</i>	611	1,988
Total current assets	<u>36,951</u>	<u>32,891</u>
Total assets	<u>95,451</u>	<u>98,328</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
<i>Share capital</i>	86,867	63,041
<i>Share premium</i>	15,627	15,478
<i>Merger deficit</i>	(21,000)	(21,000)
<i>Warrant reserve</i>	19,233	19,233
<i>Discount on shares</i>	(19,233)	(19,233)
<i>Translation reserve</i>	(1)	(9)
<i>Accumulated losses</i>	(46,255)	(27,932)
	<u>35,238</u>	<u>29,578</u>
<i>Non-controlling interests</i>	(3,542)	3,452
Total equity	<u>31,696</u>	<u>33,030</u>
Non-current liabilities		
<i>Borrowings</i>	-	5,437
<i>Hire purchase creditors</i>	-	1,182
<i>Deferred tax liability</i>	-	134
<i>Employee benefits</i>	-	34
Total non-current liabilities	<u>-</u>	<u>6,787</u>
Current liabilities		
<i>Trade payables</i>	18,632	16,135
<i>Other payables</i>	22,130	9,616
<i>Amount due to an associate company</i>	1,190	1,146
<i>Amount due to non-controlling interests</i>	3,384	3,335
<i>Amount due to Director</i>	6,666	20,247
<i>Deferred income</i>	2,005	2,496
<i>Borrowings</i>	6,441	2,237
<i>Hire purchase creditors</i>	696	1,285
<i>Tax payable</i>	415	-
<i>Bank overdraft</i>	2,027	2,014
Total current liabilities	<u>63,586</u>	<u>58,511</u>
Total liabilities	<u>63,586</u>	<u>65,298</u>
Total liabilities and equity	<u>95,282</u>	<u>98,328</u>
Number of ordinary shares in issue ('000)	434,333	315203

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.

The Group has changed the financial year end from 31 March 2016 to 31 July 2016, there were no comparative financial information available for the 15 months financial period ended 30 June 2016.

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Quarterly Report on Results for the Quarter Ended 30 June 2016 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	15 MONTHS TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.06.2016 RM'000	30.06.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(25,334)	N/A
Adjustments for:		
Depreciation	5,609	N/A
Interest income	(32)	N/A
Interest expenses	2,146	N/A
Share of loss of an associate	24	N/A
Property, plant and equipment written off	913	N/A
Unrealised gain on foreign exchange	(11)	N/A
Amortisation of deferred costs	175	N/A
Deferred cost written off	55	N/A
Bad Debts written off	517	N/A
Impairment loss on receivables	948	N/A
Impairment loss no longer required for receivables	(415)	N/A
Provision for employee benefit	1	N/A
Operating (loss)/profit before working capital changes	(15,404)	N/A
Changes in working capital:		
Inventories	936	N/A
Contract customers	(7,835)	N/A
Receivables	(232)	N/A
Payables	15,013	N/A
Deferred income	(482)	N/A
Non-controlling interests	58	N/A
Director	(14,501)	N/A
Cash (used in)/generated from operations	(22,447)	N/A
Interest income	32	N/A
Interest paid	(1,226)	N/A
Tax paid	(161)	N/A
Tax refund	1,232	N/A
Net cash (used in)/ from operating activities	(22,570)	N/A
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(406)	N/A
Net cash used in investing activity	(406)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(665)	N/A
Repayment of hire purchase creditors	(1,771)	N/A
Net proceeds from issuance of shares	23,976	N/A
Associate	45	N/A
Net cash from financing activities	21,585	N/A
CASH AND CASH EQUIVALENTS		
Net decrease	(1,391)	N/A
Effect of forex translation difference	1	N/A
Brought forward	(26)	N/A
Carried forward	(1,416)	N/A

Notes :

- The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 and the accompanying notes attached to this interim financial report.
- The Group has changed the financial year end from 31 March 2016 to 31 July 2016, there were no comparative financial information available for the 15 months financial period ended 30 June 2016.

APFT BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Group	← Attributable to owners of the Company →						Distributable			
	Non-distributable						Unappropriated profits/ losses			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Discount on shares RM'000	Merger deficit RM'000	Translation reserve RM'000	(Accumulated) losses RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
Balance at 30 April 2014	61,746	15,615	19,233	(19,233)	(21,000)	-	(5,880)	50,481	3,186	53,667
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	-	187	187
Loss for the financial year	-	-	-	-	-	-	(22,052)	(22,052)	86	(21,966)
Other comprehensive income for the financial year	-	-	-	-	-	(9)	-	(9)	(7)	(16)
Total comprehensive loss for the financial year	-	-	-	-	-	(9)	(22,052)	(22,061)	79	(21,982)
Transactions with owners of the Company:										
Issuance of shares, net of shares issuance expenses	1,295	(137)	-	-	-	-	-	1,158	-	1,158
	1,295	(137)	-	-	-	-	-	1,158	-	1,158
Balance at 31 March 2015	63,041	15,478	19,233	(19,233)	(21,000)	(9)	(27,932)	29,578	3,452	33,030
Loss for the financial year	-	-	-	-	-	-	(18,323)	(18,323)	(6,999)	(25,322)
Other comprehensive income for the financial year	-	-	-	-	-	8	-	8	5	13
Total comprehensive loss for the financial year	-	-	-	-	-	8	(18,323)	(18,315)	(6,994)	(25,309)
Transactions with owners of the Company:										
Issuance of shares, net of shares issuance expenses	23,826	149	-	-	-	-	-	23,975	-	23,975
	23,826	149	-	-	-	-	-	23,975	-	23,975
Balance at 31 March 2016	86,867	15,627	19,233	(19,233)	(21,000)	(1)	(46,255)	35,238	(3,542)	31,696

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015.

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A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards 134 (MFRS134): "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board. For periods up to and including the financial year ended 31 March 2015, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2015.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2013. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for the accounting periods beginning on or after 1 April 2015. The adoption of these standards, amendments and interpretations have not resulted in any material impacts to these interim financial statements.

A2 Change in accounting policies

The significant accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the year ended 31 March 2015 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 April 2015.

A3 Auditor's report

The auditor's report on the preceding audited financial statements of the Group for the financial year ended 31 March 2015 was not subject to any qualification.

A4 Seasonal or cyclical factor

The Group's business does not experience any material seasonality.

A5 Unusual items affecting financial statements

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A6 Material changes in estimates

There were no changes in estimates that have a material effect on the current quarter results.

A7 Debts and equity securities

There was no issuance, cancellation, repurchases, resale nor repayment of equity securities or debt securities during the current financial quarter under review except for the corporate proposals as disclosed in B8(a).

A8 Dividend paid

There were no dividends paid by the Company since the last financial year.

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A9 Operating segment

Operating segments are components in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of flight education and training, mechanical engineering works and services and maintenance training services as its operating segments.

Period ended 30 June 2016	Flight education and training	Mechanical engineering works and services	Maintenance Training Services	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from						
External customers	17,578	8,158	1,354	444	-	27,534
Inter-segment revenue	-	-	1,431.00	2,370	(3,801)	-
Total revenue	<u>17,578</u>	<u>8,158</u>	<u>2,785</u>	<u>2,814</u>	<u>(3,801)</u>	<u>27,534</u>
Segmented result	(5,998)	(13,282)	(1,405)	(3,264)	(1,409)	(25,358)
Share of result of an associate	-	-	-	-	-	24
Loss before taxation						(25,334)
Net loss for the financial year						<u>(25,334)</u>
Segment assets	<u>48,809</u>	<u>26,147</u>	<u>2,806</u>	<u>200,871</u>	<u>(183,182)</u>	<u>95,451</u>

Notes:

There is no geographical segmental information as the Group operates principally in Malaysia and the result of oversea operation is immaterial.

A10 Valuation of aircraft, property, plant and equipment

Aircraft, property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment losses. No valuation of aircraft, property, plant and equipment was undertaken during the current quarter under review.

A11 Material events subsequent to the end of the quarter

Save as disclosed in B8, there were no material events subsequent to the current financial quarter ended 30 June 2016 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Company

Except on the internal Group Restructuring announces on 16 March 2016, there were no changes in the composition of the Group during the current quarter under review.

A13 Contingent liabilities

Contingent liabilities of the Group as at 30 June 2016 is RM6.846 million for corporate guarantee granted to subsidiary company.

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A14 Capital commitments

Non-cancellable lease commitments of the Group as at 30 June 2016 are as follows:

	AS AT 30.06.2016 RM'000	AS AT 30.06.2015 RM'000
Current		
- within one year	421	421
Non-current		
- between one (1) and two (2) years	421	421
- between two (2) and five (5) years		140
	<u>842</u>	<u>982</u>

A15 Significant related party transaction

The Group had entered into the following transaction during the current financial quarter with a Director of the Company:-

Transaction	Current financial quarter RM'000	Current financial year to-date RM'000
Interest paid to a Director	97	921

The above interest paid to a Director is charged based on interest rate of 8.35% per annum on the monthly weighted average balance due to the Director.

A16 Change of financial year end

On 31 May 2016 the company had announced to Bursa Malaysia Securities Berhad that the company had changed its financial year end from 31 March 2016 to 31 July 2016. Accordingly, the next audited financial statement of the Group and the Company shall be for a period of 16 months, make up from 1 April 2015 to 31 July 2016.

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B EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

For the quarter ended 30 June 2016, APFT Berhad and its subsidiaries ("APFT Group" or "Group") generated revenue of RM3.749 million and loss before taxation ("LBT") of RM0.565 million as compared to revenue of RM12.862 million and loss before taxation of RM2.782 million in the preceding year corresponding quarter ended 30 June 2015 respectively. The decrease in revenue by RM9.113 million for the current financial quarter under review as compared to the preceding year corresponding quarter was mainly due to decrease in contribution from PT Technic (M) Sdn Bhd ("PTTSB"). The loss before tax of RM0.565 million was mainly due to decrease in revenue.

Pursuant to the change of financial year from 31 March 2016 to 31 July 2016, no comparative figures are presented.

B2 Variation of results against preceding quarter

The Group registered a revenue of RM3.749 million for the current quarter under review representing a decrease of RM91.13 million from the RM12.862 million in the preceding quarter. The Group's loss before tax was RM3.769 million for the current quarter under review as compared to loss before tax of RM6.755 million in the preceding quarter.

The decrease in revenue is mainly due to an decrease from flight education and training segment while the increased in loss before tax is mainly due to the decrease in revenue.

B3 Prospects

The Flight Training Academy has been focusing on Helicopter Training and currently is training BOMBA cadets. There is possibility of getting other agencies to send their staff to train in the helicopter licence program.

The contract with MOE for the Diploma Vocational Malaysia (DVM) is ongoing and we were given additional students for year 2016 and can expect more in 2017. The SKM programs have been given approval by the HRDF to conduct courses under the 1M GRIP and the marketing for this program has started.

Maintenance Training Academy has been conducting training for a client in Abu Dhabi and the client has requested to send their students to us for the EASA CAT A program.

With the Government's "Transformasi" program in education to go towards TVET we have been identified as a partner and collaborator in Aviation training with our University partners.

B4 Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	15 MONTHS TO DATE ENDED	PRECEDING 15 MONTHS CORRESPONDING PERIOD ENDED
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Income tax				
Estimated tax (receivable)/payable for current period	(13)	-	(13)	NA
	(13)	-	(13)	-

A subsidiary of the Company namely Asia Pacific Flight Training Sdn Bhd ("APFTSB") was granted Investment Tax Allowance under Section 27G of the Promotion of Investment Act, 1986, which allows APFTSB to deduct 100% of qualifying capital expenditure incurred for 10 years from its statutory income (without 70% restriction) pursuant to Section 29H of the Promotion of Investment Act, 1986. The effective period of the Tax Allowance is from 12 January 2006 to 11 January 2016.

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B6 Sales of unquoted investments and/or properties

The company had disposed of 44% of the investment in associate during current financial period and the expected date of completion is end of September 2016.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current quarter and current financial period to-date.

B8 (a) Status of corporate proposals

The following corporate proposals were announced by the Company to Bursa Malaysia Securities Berhad ("Bursa Securities"):-

- 1) Proposed private placement of up to 118,110,000 new ordinary shares of RM0.20 each in APFT (APFT Shares or Shares) (Placement Shares), representing up to approximately 30% of the issued and paid-up share capital of APFT (Proposed Private Placement).

The first tranche of private placement comprising 10,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 1 April 2015. These shares were listed on 2 April 2015.

The second tranche of private placement comprising 10,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 5 April 2015. These shares were listed on 6 April 2015.

The third tranche of private placement comprising 2,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 26 April 2015. These shares were listed on 27 April 2015.

The fourth tranche of private placement comprising 8,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 27 April 2015. These shares were listed on 28 April 2015.

The fifth tranche of private placement comprising 3,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 7 May 2015. These shares were listed on 8 May 2015.

The sixth tranche of private placement comprising 10,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 8 June 2015. These shares were listed on 9 June 2015.

The seventh tranche of private placement comprising 10,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 13 July 2015. These shares were listed on 14 July 2015.

The eighth tranche of private placement comprising 17,000,000 ordinary shares of RM0.20 each at an issue price of RM0.20 per share were allotted and issued on 30 July 2015. These shares were listed on 31 July 2015.

The ninth tranche of private placement comprising 4,250,000 ordinary shares of RM0.20 each at an issue price of RM0.205 per share were allotted and issued on 13 August 2015. These shares were listed on 14 August 2015.

The tenth tranche of private placement comprising 1,250,000 ordinary shares of RM0.20 each at an issue price of RM0.210 per share were allotted and issued on 19 August 2015. These shares were listed on 20 August 2015.

The eleventh tranche of private placement comprising 3,000,000 ordinary shares of RM0.20 each at an issue price of RM0.210 per share were allotted and issued on 7 September 2015. These shares were listed on 8 September 2015.

The twelfth tranche of private placement comprising 5,000,000 ordinary shares of RM0.20 each at an issue price of RM0.200 per share were allotted and issued on 25 September 2015. These shares were listed on 28 September 2015.

The thirteenth tranche of private placement comprising 3,000,000 ordinary shares of RM0.20 each at an issue price of RM0.200 per share were allotted and issued on 30 September 2015. These shares were listed on 1 October 2015.

The fourteenth tranche of private placement comprising 8,060,000 ordinary shares of RM0.20 each at an issue price of RM0.200 per share were allotted and issued on 27 October 2015. These shares were listed on 28 October 2015.

The listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on 26 August 2014 and approved during our EGM on 17 September 2014.

- 2) Proposed settlement of debts owing to Dato' Faruk Bin Othman via the issuance of 24,570,024 new ordinary shares of RM0.20 each in APFT Berhad at an issue price of RM0.2035 per settlement share (Proposed Capitalisation).

The listing application in relation to the Proposed Capitalisation has been submitted to Bursa Securities on 23 July 2015 and approval granted on 5 August 2015. The exercise was completed on 28 September 2015.

- 3) Proposed Reduction of the issued and paid-up share capital of APFT Berhad via the cancellation of RM0.15 of the par value of every existing ordinary share of RM0.20 each to RM0.05 each Pursuant to Section 64 of Companies Act 1965 (Proposed Par Value Reduction)

The Proposed Par Value Reduction was approved by the shareholders at Extraordinary General Meeting held on 28 April 2016.

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The High Court of Malaya had on 23 June 2016 granted an order confirming the Par Value Reduction and the sealed order of the High Court of Malaya has been lodged with the Companies Commission of Malaysia on 11 July 2016, upon which the Par Value Reduction shall take effect and be deemed completed on the said date.

- 4) Disposal of Investment in PT. Trans Asia Pacific Aviation Training
On 18 May 2016 APFT Berhad entered into a Share Sale Agreement to dispose of 44% of the investment in associate during current financial period and the expected date of completion is end of September 2016.
- 5) A private placement of 43,000,000 Placement Shares at RM0.05 per share were allotted and issued on 29 July 2016. These shares were listed on 2 August 2016.

Save as disclosed above, there is no other corporate proposal announced or not completed by the Group as at the date of this report.

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B8 (b) Status of utilisation of proceeds of private placement

The status of utilisation of the proceeds from private placement as at 30 June 2016 are as follows:

Purpose	Proposed Utilisation RM'000	Estimated time frame for utilisation	Actual utilisation RM'000	Balance RM'000
Working capital requirements of the Group				
- Payment of salary	1,072	Within 12 months	1,098	(26)
- Payment of creditors	1,000	Within 12 months	909	91
- Maintenance of aircrafts	0	Within 12 months	0	-
- Repayment to Director advance	0	Within 12 months	0	-
Estimated expenses in relation to the Proposals	0	Within 1 month	0	-
Total	<u>2,072</u>		<u>2,007</u>	<u>65</u>

B9 Borrowings and debt securities

	AS AT 30.06.2016 RM'000	AS AT 31.03.2015 RM'000
Short term borrowings:		
Secured		
Hire purchase creditors	696	1,567
Term loans	6,441	1,938
	<u>7,137</u>	<u>3,505</u>
Long term borrowings:		
Secured		
Hire purchase creditors	-	480
Term loans	-	5,495
	<u>-</u>	<u>5,975</u>
	<u>7,137</u>	<u>9,480</u>

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B10 Notes to the statements of profit or loss and other comprehensive income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	15 MONTHS TO DATE ENDED	PRECEDING 15 MONTHS CORRESPONDING PERIOD ENDED
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Interest income	-	(13)	(32)	N/A
Rental income	(111)	-	(1,408)	N/A
Interest expenses				
- term loans	152	230	791	N/A
- hire purchase	40	24	129	N/A
- bank overdraft	-	43	167	N/A
- director	97	172	920	N/A
- other	-	22	-	N/A
Amortisation of deferred costs	44	38	175	N/A
Impairment loss on receivable	415	-	-	N/A
Impairment loss on receivables no longer required	(415)	-	-	N/A
Depreciation	918	1,312	5,923	N/A

There were no off balance sheet financial instruments as at the date of this report.

B11 Material litigations

Save as disclosed below, the Company and its subsidiary companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date of this report:-

- i) PT Technic (M) Sdn Bhd (PTTM), a 51% owned subsidiary company of APFT Berhad was served on 4 August 2015 with a Writ of Summons by Shamira Sdn Bhd (Plaintiff) whereby the Plaintiff alleges that PTTM owes a sum of RM783,527.30 to the Plaintiff being the outstanding payment as at 30 June 2015 for services rendered by the Plaintiff pursuant to a letter of award dated 16 April 2014.

Settlement has been agreed between both parties.

- ii) PTTM received a letter of demand dated 28 July 2015 from the solicitors of Saboleh Cemerlang Sdn Bhd alleging that a sum of RM478,529.64 is due and owing to Saboleh Cemerlang Sdn Bhd in respect of goods sold and delivered. Legal proceedings have yet to be initiated by Saboleh Cemerlang Sdn Bhd. Our Directors are of the view that there is a strong possibility for PTTM to amicably settle this matter. The estimated maximum exposure to liabilities is RM478,529.64 together with interest, if any, and legal costs.

The Plaintiff has officially withdraw the case on 20 January 2016.

- iii) In 2012, Asia Pacific Flight Training Academy Limited (APFTAL) filed a writ petition ("2012 Writ") againsts (1) the Union of India, (2) the Director General of Civil Aviation of India, (3) the Commissioner of Customs of India, (4) the Deputy Commissioner of Customs of India, and (5) the Assistant Commissioner of Customs of India (hereinafter collectively referred to as "Respondents") for not releasing the aircrafts, imported by APFTAL for purposes of their flight training purposes ("Aircraft"), with "nil" duty as being illegal, arbitrary and unconstitutional at the High Court of Judicature at Hyderabad, India ("HCJH"). Vide an order dated 10 March 2015, the HCJH ordered inter alia for the Respondents to dispose the said proceedings pursuant to the show cause notice dated 21 September 2012 issued by the 5th Respondent after granting opportunity to APFTAL to be heard and for the release of the Aircrafts by the acceptance of a bank guarantee amounting to Indian Rupee ("Rs.") 67,32,364 ("BG") (equivalent to approximately RM409,960.57 based on the exchange rate of Rs. 100: RM6.0894, being the middle rate quoted by Bank Negara Malaysia as at 5.00 p.m. on the 17 March 2016) to be furnished by APFTAL. APFTAL furnished the BG for the release of the Aircrafts and further challenged the show cause notice. On 11 June 2015, the Deputy Commissioner of Customs passed an order under the Customs Act 1962, rejecting the contentions of APFTAL on untenable grounds and holding that APFTAL is not entitled to the exemptions granted ("2015 Order"). APFTAL has filed an appeal to the Commissioner (Appeals), Customs to set aside the 2015 Order, and therefore exempting APFT from payment of the assessed duty amounting to Rs. 67,32,364 (equivalent to approximately RM409,960.57 based on the exchange rate of Rs. 100: RM6.0894, being the middle rate quoted by Bank Negara Malaysia as at 5.00 p.m. on the 17 March 2016) along with interests.

APFTAL had in June 2015 filed a writ petition W.P. No 17973 of 2015 againsts the Respondents challenging the action of the 4th Respondent for encashing the BG even before APFTAL could file an appeal or seek a stay of the 2015 Order. APFTAL is currently awaiting the hearing of the writ.

The Directors of APFTAL are of the view there is a possibility for the Respondents to restore the BG. The estimated maximum exposure to liabilities is interest, if any, and legal costs.

- iv) The Board of Directors of APFT Berhad announced that Asia Pacific Flight Training Sdn Bhd (APFTSB), an indirect wholly owned subsidiary of APFT Berhad, received a Notice of Appointment of Receiver and Manager (R&M) dated 24 August 2016 by Kuwait Finance House (Malaysia) Berhad.

APFTSB have already put into place a plan to fulfil its obligations to the creditor that appointed the R&M by disposing some of the assets in the Group as well as assets in the executive director's personal company. The funds that have been earmarked for payment from the assets disposal should be in by end of September. The group will cooperate with the R&M who will be monitoring the status of the said funds.

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B12 Dividends

No dividends have been declared in respect of the financial period under review.

B13 Loss per share

Basic

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	15 MONTHS TO DATE ENDED	PRECEDING 15 MONTHS CORRESPONDING PERIOD ENDED
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Net loss for the period attributable to ordinary shareholders of the Company (RM'000)	(237)	(1,869)	(18,322)	N/A
Weighted average number of ordinary shares in issue ('000)	429,132	346,292	429,132	N/A
Basic loss per share (sen)	<u>(0.06)</u>	<u>(0.54)</u>	<u>(4.27)</u>	<u>N/A</u>

Diluted

The diluted loss per share for the current quarter and current year to date was not presented as there is no potential dilutive ordinary share.

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B14 Realised and Unrealised Losses Disclosure

	AS AT 30.06.2016	AS AT 30.06.2015
	RM'000	RM'000
Total unappropriated losses of the Group and its subsidiaries		
- Realised	(44,836)	(32,569)
- Unrealised	(11)	(134)
Total group's unappropriated losses	<u>(44,847)</u>	<u>(32,703)</u>
Consolidation adjustment	(1,408)	2,902
Total group unappropriated losses	<u>(46,255)</u>	<u>(29,801)</u>

B15 Authorisation for issue

This interim financial report was duly reviewed by the Audit Committee and approved by the Board of Directors on 7 September 2016.

By Order of the Board

Tan Kok Aun
Company Secretary
Date : 7 September 2016