

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013
(The figures have not been audited)

	Note	Quarter ended 31.12.13 RM'000	Quarter ended 31.12.12 RM'000	Year to date 31.12.13 RM'000	Year to date 31.12.12 RM'000
Revenue	17	34,915	36,450	79,492	118,775
Operating expenses		(33,137)	(35,059)	(76,015)	(114,749)
Other income		161	200	721	568
Operating profit		<u>1,939</u>	<u>1,591</u>	<u>4,198</u>	<u>4,594</u>
Finance costs		(526)	(1,070)	(2,334)	(3,371)
Profit after finance costs		1,413	521	1,864	1,223
Share of profit/(loss) from associate companies		(91)	(38)	(14)	(14)
Profit before taxation	18	<u>1,322</u>	<u>483</u>	<u>1,850</u>	<u>1,209</u>
Taxation	19	(198)	4	(224)	186
Profit for the period		<u>1,124</u>	<u>487</u>	<u>1,626</u>	<u>1,395</u>
Other comprehensive income					
Foreign currency translation differences on foreign operations		(1)	(11)	(3)	(40)
Total comprehensive income for the period		<u>1,123</u>	<u>476</u>	<u>1,623</u>	<u>1,355</u>
Attributable to :					
Owners of the Parent		1,128	437	1,593	1,155
Non-controlling interests		(4)	50	33	240
Profit for the period		<u>1,124</u>	<u>487</u>	<u>1,626</u>	<u>1,395</u>
Attributable to :					
Owners of the Parent		1,127	426	1,590	1,115
Non-controlling interests		(4)	50	33	240
Total comprehensive income for the period		<u>1,123</u>	<u>476</u>	<u>1,623</u>	<u>1,355</u>
Earnings per share attributable to owners of the parent					
- Basic (sen)	25	<u>0.41</u>	<u>0.32</u>	<u>0.58</u>	<u>0.83</u>
Diluted earnings per share (sen)	25	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013
(The figures have not been audited)

		As At 31.12.13 RM'000	(Audited) As At 31.03.13 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		45,743	50,470
Investment in associates		3,040	2,425
Deferred tax assets		3,350	3,350
		<u>52,133</u>	<u>56,245</u>
Current assets			
Inventories		44,895	42,920
Trade receivables		29,977	28,469
Other receivables, deposits and prepayments		3,364	3,416
Tax recoverable		30	102
Cash and bank balances	21	9,618	12,457
		<u>87,884</u>	<u>87,364</u>
TOTAL ASSETS		<u>140,017</u>	<u>143,609</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		55,350	69,188
Foreign currency translation reserve		(19)	(16)
Warrant reserve		9,801	-
Retained profits / (accumulated losses)	23	8,667	(24,638)
		<u>73,799</u>	<u>44,534</u>
Non-controlling interest		124	91
Total equity		<u>73,923</u>	<u>44,625</u>
Non-current liabilities			
Borrowings	24	3,289	19,294
Deferred tax liabilities		1,793	1,670
		<u>5,082</u>	<u>20,964</u>
Current liabilities			
Trade payables		9,411	11,863
Other payables and accruals		8,697	4,304
Provision for claim		-	1,127
Borrowings	24	42,832	60,726
Provision for taxation		72	-
		<u>61,012</u>	<u>78,020</u>
Total liabilities		<u>66,094</u>	<u>98,984</u>
TOTAL EQUITY AND LIABILITIES		<u>140,017</u>	<u>143,609</u>
Net assets per share attributable to owners of the Parent (RM)		0.27	0.32

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013
(The figures have not been audited)

	----Attributable to Owners of the Parent----						Total Equity RM'000
	Share Capital RM'000	Non-Distributable		Distributable		Non-controlling interests RM'000	
		Exchange Translation Reserve RM'000	Warrant Reserve RM'000	Retained Profits / (Accumulated Losses) RM'000	Total RM'000		
<u>9 months period ended 31 December 2012</u>							
Balance at 1 April 2012 (as restated)	69,188	5	-	(17,756)	51,437	10,941	62,378
Total comprehensive income for the period	-	(40)	-	1,155	1,115	240	1,355
At 31 December 2012	<u>69,188</u>	<u>(35)</u>	<u>-</u>	<u>(16,601)</u>	<u>52,552</u>	<u>11,181</u>	<u>63,733</u>
<u>9 months period ended 31 December 2013</u>							
Balance at 1 April 2013	69,188	(16)	-	(24,638)	44,534	91	44,625
Total comprehensive income for the period	-	(3)	-	1,593	1,590	33	1,623
Capital reduction	(41,513)	-	-	41,513	-	-	-
Warrant reserve	-	-	9,801	(9,801)	-	-	-
Share issued pursuant to rights issue exercise	27,675	-	-	-	27,675	-	27,675
At 31 December 2013	<u>55,350</u>	<u>(19)</u>	<u>9,801</u>	<u>8,667</u>	<u>73,799</u>	<u>124</u>	<u>73,923</u>

Notes:

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013
(The figures have not been audited)

	Year to date 31.12.13 RM'000	Year to date 31.12.12 RM'000
Profit before taxation	1,850	1,209
Adjustments for :		
Amortisation of IMTN issuance expenses	-	74
Bad debts	8	-
Depreciation	3,416	4,032
Fair value (gain)/loss on derivative financial instrument	-	(15)
(Gain)/Loss on disposal of property, plant and equipment	(78)	(170)
Impairment loss on receivables	10	200
Interest expense	2,334	3,371
Interest income	(163)	(100)
Property, plant and equipment written off	-	1
Share of results of associates	14	14
Unrealised gain on foreign exchange	-	(18)
Operating profit before changes in working capital	<u>7,391</u>	<u>8,598</u>
Changes in working capital		
Changes in inventories	(1,975)	1,399
Changes in trade and other receivables	(1,359)	(3,251)
Changes in trade and other payables	745	7,049
Interest paid	(2,334)	(3,371)
Interest received	69	6
Income tax refund	137	265
Income tax paid	(94)	(536)
Net cash flows from operating activities	<u>2,580</u>	<u>10,159</u>
Investing activities		
Interest received	94	94
Proceeds from disposal of property, plant and equipment	2,693	2,926
Investment in an associate company	(675)	(600)
Purchase of property, plant and equipment	(1,305)	(2,342)
Net cash flows used in investing activities	<u>807</u>	<u>78</u>
Financing activities		
Withdrawal/(placement) of short-term deposits	-	737
Repayment of borrowings	(34,439)	(38,472)
Proceed from rights issue	27,675	-
Proceeds from borrowings	541	26,080
Net cash flows used in financing activities	<u>(6,223)</u>	<u>(11,655)</u>
Net (decrease)/increase in cash and cash equivalents	(2,836)	(1,418)
Effects of changes in exchange rates	(3)	(37)
Cash and cash equivalents at beginning of the period	12,457	12,350
Cash and cash equivalents at end of the period	<u>9,618</u>	<u>10,895</u>
Represented by :		
Cash and cash equivalents	9,618	11,961
Bank overdrafts	-	(1,066)
	<u>9,618</u>	<u>10,895</u>

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2013

1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 : Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2013. The explanatory notes attached to these interim financial statements provide an explanation of event and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group in preparing the interim financial statements were consistent with those adopted in the annual audited financial statements for the year ended 31 March 2013. At the date of authorization of these financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

		<u>Effective Date</u>
MFRS 9	Financial Instruments	1 January 2015
Amendments to MFRS 10	Consolidated Financial Statements : Investment entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Investment Entities	1 January 2014
Amendments to MFRS 127	Consolidated and Separate Financial Statement : Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2013 was not qualified.

4. Seasonality or Cyclicity

The Group's performance was not significantly affected by any seasonal or cyclical factor for the financial period under review.

5. Exceptional Items

There were no exceptional items for the financial period under review.

6. Estimates

There were no material changes in the estimates for the financial period under review.

7. Issuance or Repayment of Debt/Equity Securities

There were no issuance of debt/equity securities for the financial period under review.

8. Dividends

No dividend was declared or paid for the financial period under review.

9. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment for the financial period under review.

10. Subsequent Events

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period under review except for the following:-

- a) The Company via its wholly owned subsidiary, Boon Koon Vehicles Industries Sdn Bhd had on 10 September 2013 and 23 September 2013 subscribed 45% equity interest equivalent to 45 and 674,955 ordinary shares of RM1.00 each in BKG Industries Sdn. Bhd. respectively, of which 675,000 ordinary shares of RM1.00 each have been issued and fully paid up. After the said shares subscription, BKG Industries Sdn Bhd became an associate company of Boon Koon Group Berhad.

The principal activities of BKG Industries Sdn Bhd are the constructing bodies of prime movers, lorries, trucks, etc and other related services.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2013

b) The Company had on 4 November 2013 acquired 100% equity interest equivalent to 2 ordinary shares of RM1.00 each in Boon Koon Service & Parts Sdn. Bhd. ("BKSP") from Mr. Thai King Tsin and Mr. Pook Kui Hoe for a total cash consideration of RM2.00. After the said acquisition, BKSP became a wholly-owned subsidiary company of Boon Koon Group Berhad.

The Company had on 8 November 2013 subscribed for additional 99,998 ordinary shares of RM1.00 each in BKSP, of which 99,998 ordinary shares of RM1.00 each have been issued and fully paid up.

The principal activities of Boon Koon Service & Parts Sdn Bhd are the provision of repair and maintenance services for forklifts, reach trucks, heavy machineries, commercial vehicles.

c) The Company had on 4 December 2013 acquired 100% equity interest equivalent to 2 ordinary shares of RM1.00 each in BKG Development Sdn. Bhd. ("BKGD") for a total cash consideration of RM2.00. After the said acquisition, BKGD became a subsidiary company of Boon Koon Group Berhad.

BKGD is presently dormant and its intended principal activities are property development, construction and property investment.

12. Contingent Liabilities

Corporate guarantee extended by the Group to banks and financial institutions for credit facilities granted to subsidiaries as at the end of current quarter under review were as follows :-

	As At 31.12.13 RM'000	As At 31.03.13 RM'000
- Limit	<u>51,969</u>	<u>56,261</u>
- Utilised	<u>45,653</u>	<u>53,582</u>

13. Capital Commitments

There were no outstanding capital commitments at the end of current quarter under review.

14. Profit Forecast Variance

Not applicable.

15. Corporate Proposals

Except for the following disclosure, there were no corporate proposals announced but yet to be completed by the Group for the financial period under review.

On 14 November 2013, the Board of Directors of BKG announced that the Company had fully utilised the proceeds of RM27,675,000 raised from the Rights Issue by way of issuance of 138,375,000 new ordinary shares of RM0.20 each at an issue price of RM0.20 each per share.

The total proceeds raised of RM27,675,000 have been fully utilised in the following manner :-

Purpose	Proposed Utilisation RM	Actual Utilisation RM	Intended Timeframe for utilisation from the date of listing of the Rights Shares ^(a) RM	Deviation	
				RM	%
Repayment of bank borrowings	25,000,000	25,000,000	Within 24 months	-	-
General working capital purposes ^(b)	1,175,000	1,241,419	Within 12 months	66,419 ^(c)	5.65
Expenses relating to the corporate exercise	1,500,000	1,433,581	Immediate	66,419 ^(c)	4.43
TOTAL	<u>27,675,000</u>	<u>27,675,000</u>			

Note:-

(a) The listing of and quotation for 138,375,000 new ordinary shares of RM0.20 each was completed on 10 July 2013.

(b) For the Group's day-to-day operations to support the existing business operations which include the purchase of raw materials.

(c) The amount allocated of RM1.50 million is based on the estimated cost for the corporate exercise and the excess amount was utilised for our general working capital.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2013

16. Related Party Transactions

There were no related party transactions during the current quarter under review except as follows :-

	Quarter ended 31.12.13 RM'000	Year to date 31.12.13 RM'000
Rental expense paid to other related party*	(24)	(24)
Operating expenses paid to an associate	(6)	(23)
Hire purchase interest paid to an associate	(39)	(141)
Purchase from an associate	(1,216)	(2,089)
Sales to associate companies	359	2,806
Rental received from associate companies	24	66
Handling charges received from an associate	10	36

* Being corporations in which certain directors of the Company have financial interest.

17. Detailed Analysis of Performance

Segmental information is presented in respect of the Group's business segments.

The Group comprises of the following main business segments :

- | | | |
|-----|---|--|
| (a) | Commercial vehicles, forklifts, heavy machineries and bodyworks | Manufacturing and trading of rebuilt commercial vehicles, reconditioned forklifts, heavy machineries and the manufacture of bodyworks and their related services |
| (b) | Rental and fleet management services | Rental of commercial vehicles, provision of fleet management and other related services |
| (c) | Other Segment | Investment holding and the provision of management services |

	Quarter ended 30.09.13 RM'000	Quarter ended 31.12.13 RM'000	Quarter ended 31.12.12 RM'000	Year to date 31.12.13 RM'000	Year to date 31.12.12 RM'000
Revenue					
(a) Commercial vehicles, forklifts, heavy machineries and bodyworks	22,850	33,020	36,585	73,026	113,582
(b) Rental and fleet management services	2,313	2,159	2,816	6,761	9,282
(c) Other Segment	316	194	555	823	1,659
	<u>25,479</u>	<u>35,373</u>	<u>39,956</u>	<u>80,610</u>	<u>124,523</u>
Less : Elimination	(387)	(458)	(3,506)	(1,118)	(5,748)
Total	<u>25,092</u>	<u>34,915</u>	<u>36,450</u>	<u>79,492</u>	<u>118,775</u>

Profit/(Loss) before taxation

(a) Commercial vehicles, forklifts, heavy machineries and bodyworks	1,599	3,655	1,182	6,093	4,895
(b) Rental and fleet management services	(47)	(53)	(211)	(170)	(317)
(c) Other Segment	(686)	(2,138)	(859)	(3,902)	(2,494)
	<u>866</u>	<u>1,464</u>	<u>112</u>	<u>2,021</u>	<u>2,084</u>
Less : Elimination	(118)	(51)	409	(157)	(861)
	<u>748</u>	<u>1,413</u>	<u>521</u>	<u>1,864</u>	<u>1,223</u>
Share of profit from associates	71	(91)	(38)	(14)	(14)
Total	<u>819</u>	<u>1,322</u>	<u>483</u>	<u>1,850</u>	<u>1,209</u>

Comparison with corresponding period in the previous year

(a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, total revenue for the current quarter was RM33.0 million, a decrease of 9.7% compared to RM36.6 million in the previous year's corresponding quarter. Despite the lower revenue, this segment managed to improve its profit before taxation by 209.2% mainly due to favorable sales mix and lower operational costs in the current quarter under review.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2013

(b) For rental and fleet management services segment, total revenue for the current quarter was RM2.2 million, a decrease of RM0.6 million as compared to RM2.8 million in the previous year's corresponding quarter. The decrease was mainly due to expiry of rental contracts for forklifts in the current quarter. This segment also managed to reduce its loss before taxation mainly due to lower provision for doubtful debts in BK Fleet Management Sdn Bhd as compared to the previous year's corresponding quarter.

(c) Other Segment refers to BKG company level operations. Total revenue for the current quarter was RM0.2 million, a decrease of RM0.4 million as compared to RM0.6 million in previous year's corresponding quarter. Loss before taxation increased mainly due to one-off charged out of rights issue expenses of approximately RM1.4 million in the current quarter.

Comparison with preceding quarter

(a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, total revenue for the current quarter was RM33.0 million, an increase of 44.5% compared to RM22.9 million in the preceding quarter. Higher revenue was mainly due to a higher demand for commercial vehicles towards the year end in the current quarter. Profit before taxation improved by 128.6%, mainly attributed to higher revenue generated and better profit margin in respect of favorable sales mix and lower operating costs as compared to the immediate preceding quarter.

(b) For rental and fleet management services segment, total revenue for the current quarter was RM2.2 million, a decrease of RM0.1 million as compared to RM2.3 million in the preceding quarter. The decrease was mainly due to expiry of rental contracts for forklifts in the current quarter. Loss before taxation increased mainly due to lower rental income in the current quarter under review.

(c) For Other Segment refer to BKG company level operations. Total revenue for current quarter was recorded at RM0.2 million, a decrease of RM0.1 million as compared to RM0.3 million in the preceding quarter. Loss before taxation increased from RM0.7 million in the preceding quarter to RM2.1 million in the current quarter, mainly due to one-off charged out of rights issue expenses of approximately RM1.4 million in the current quarter.

18. Profit Before Taxation

This was arrived at :

	Quarter ended 31.12.13 RM'000	Year to date 31.12.13 RM'000
After charging :		
Depreciation	1,084	3,416
Bad debts written off	-	8
Impairment loss on receivables	10	10
Interest expenses	526	2,334
Realised loss on foreign exchange	8	254
And crediting :		
Doubtful debts recovered	45	45
Bad debts recovered	2	170
Interest income	44	163
Gain/(loss) on disposal of property, plant and equipment	(16)	78

19. Taxation

	Quarter ended 31.12.13 RM'000	Year to date 31.12.13 RM'000
Malaysian taxation based on profit for the period:		
-Current tax	(195)	(216)
-Deferred tax	(3)	(8)
	<u>(198)</u>	<u>(224)</u>

The Group's effective tax rate for the current period and financial year to date is lower than statutory rate of tax applicable mainly due to utilisation of unabsorbed tax losses and capital allowance brought forward of certain subsidiaries.

20. Commentary of Prospects

Considering the prevailing economic condition, the Group foresees a competitive operating environment in the industries. To mitigate the higher operational costs, the Group shall continue to focus on enhancing its operational efficiency and strengthening its distribution network in the domestic and overseas market. Barring any unforeseen circumstances, the Board of Directors of BKG remains cautiously optimistic on the Group's performance for the financial year ending 31 March 2014.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2013

21. Cash and Bank Balances

	As At 31.12.13 RM'000	As At 31.03.13 RM'000
Cash and cash equivalents	<u>9,618</u>	<u>12,457</u>

22. Material Litigation

There were no material litigation for the financial period under review.

23. Realised and Unrealised Profits or Losses

The Group's total retained profits / (accumulated losses) as at 31 December 2013 were as follows:-

	As At 31.12.13 RM'000	As At 31.03.13 RM'000
Total retained profits/(accumulated losses)		
- Realised	8,221	(25,916)
- Unrealised	<u>1,570</u>	<u>2,219</u>
	9,791	(23,697)
Total share of gain/(loss) of associate companies		
- Realised	<u>(149)</u>	<u>(135)</u>
	9,642	(23,832)
Less: Consolidation adjustments	<u>(975)</u>	<u>(806)</u>
Total retained profits/(accumulated losses) as per consolidated accounts	<u>8,667</u>	<u>(24,638)</u>

24. Group Borrowings and Debt Securities

Group borrowings as at 31 December 2013 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptance / Trade loans	40,716	-	40,716
Finance lease liabilities	2,116 *	-	2,116
Term loan	-	-	-
Sub-total	<u>42,832</u>	<u>-</u>	<u>42,832</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	<u>3,289</u> *	<u>-</u>	<u>3,289</u>
Sub-total	<u>3,289</u>	<u>-</u>	<u>3,289</u>
Total	<u>46,121</u>	<u>-</u>	<u>46,121</u>

* Included herein was an amount of RM2.1 million due to First Peninsula Credit Sdn. Bhd., an associate of the Group.

25. Basis of Calculation of Earnings Per Share Attributable to Owners of the Parent

The basic earnings per share for the current quarter and cumulative year to date were computed as follows:

	Quarter ended 31.12.13	Year to date 31.12.13
Profit for the period attributable to the owners of the Parent (RM'000)	<u>1,128</u>	<u>1,593</u>
Weighted average number of ordinary shares of RM0.20 each in issue ('000 units)	<u>276,750</u>	<u>276,750</u>
Basic Profit Per Share based on weighted average number of ordinary shares of RM0.20 each in issue (sen)	<u>0.41</u>	<u>0.58</u>

Since the fair value of ordinary share is less than the warrant exercise price as at reporting date, any assumed exercise will be anti-dilutive and therefore the calculation of diluted Earnings Per Share was disregarded.

Date : 26 February 2014