

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)

	Note	Quarter ended 31.03.17 RM'000	Quarter ended 31.03.16 RM'000 (#)	Year to date 31.03.17 RM'000	Year to date 31.03.16 RM'000 (#)
Revenue	17	19,436	23,950	94,435	78,641
Operating expenses		(26,074)	(27,193)	(102,882)	(81,121)
Other income		221	86	993	812
Fair value gain on investment properties		2,800	-	2,800	-
Operating loss		<u>(3,617)</u>	<u>(3,157)</u>	<u>(4,654)</u>	<u>(1,668)</u>
Finance costs		(295)	(559)	(1,628)	(2,118)
Loss after finance costs		(3,912)	(3,716)	(6,282)	(3,786)
Share of results of associates		427	555	1,685	1,492
Loss before taxation	18	<u>(3,485)</u>	<u>(3,161)</u>	<u>(4,597)</u>	<u>(2,294)</u>
Taxation	19	390	447	606	81
Loss for the period		<u>(3,095)</u>	<u>(2,714)</u>	<u>(3,991)</u>	<u>(2,213)</u>
Other comprehensive loss					
Foreign currency translation differences on foreign operations		(150)	6	(24)	17
Realisation of revaluation surplus upon depreciation		60	60	142	142
Transfer from realisation of revaluation surplus to retained profits		(60)	(60)	(142)	(142)
Total comprehensive loss for the period		<u>(3,245)</u>	<u>(2,708)</u>	<u>(4,015)</u>	<u>(2,196)</u>
Attributable to :					
Owners of the Parent		(3,158)	(2,683)	(3,989)	(2,179)
Non-controlling interests		63	(31)	(2)	(34)
Loss for the period		<u>(3,095)</u>	<u>(2,714)</u>	<u>(3,991)</u>	<u>(2,213)</u>
Attributable to :					
Owners of the Parent		(3,308)	(2,677)	(4,013)	(2,162)
Non-controlling interests		63	(31)	(2)	(34)
Total comprehensive loss for the period		<u>(3,245)</u>	<u>(2,708)</u>	<u>(4,015)</u>	<u>(2,196)</u>
Loss per share attributable to owners of the parent					
- Basic (sen)	25	<u>(1.14)</u>	<u>(0.97)</u>	<u>(1.44)</u>	<u>(0.79)</u>
- Diluted (sen)	25	<u>(1.12)</u>	<u>(0.97)</u>	<u>(1.35)</u>	<u>(0.79)</u>

Notes:

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2016.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 MARCH 2017
(The figures have not been audited)

		As At 31.03.17 RM'000	Restated As At 31.03.16 RM'000
	Note		
ASSETS			
Non-current assets			
Land held for development		2,087	-
Property, plant and equipment		47,093	49,416
Investment properties		28,800	26,000
Goodwill		95	-
Investment in associates		7,742	6,057
Deferred tax assets		2,731	2,153
		<u>88,548</u>	<u>83,626</u>
Current assets			
Inventories		42,159	39,065
Trade receivables		20,556	32,610
Other receivables, deposits and prepayments		10,846	8,169
Tax recoverable		81	14
Cash and bank balances	21	6,268	7,032
		<u>79,910</u>	<u>86,890</u>
TOTAL ASSETS		<u>168,458</u>	<u>170,516</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		55,350	55,350
Foreign currency translation reserve		(55)	(31)
Revaluation reserve		13,332	13,474
Capital reserve		(28)	(28)
Warrant reserve		8,367	8,367
Retained profits	23	21,001	24,848
		<u>97,967</u>	<u>101,980</u>
Non-controlling interest		558	433
Total equity		<u>98,525</u>	<u>102,413</u>
Non-current liabilities			
Borrowings	24	1,720	1,023
Deferred tax liabilities		4,288	4,372
		<u>6,008</u>	<u>5,395</u>
Current liabilities			
Trade payables		14,718	10,596
Other payables and accruals		19,763	12,184
Amount due to directors		132	-
Borrowings	24	29,304	39,889
Tax Payable		8	39
		<u>63,925</u>	<u>62,708</u>
Total liabilities		<u>69,933</u>	<u>68,103</u>
TOTAL EQUITY AND LIABILITIES		<u>168,458</u>	<u>170,516</u>
Net assets per share attributable to owners of the Parent (RM)		0.35	0.37

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						Total	Non-controlling interests	Total Equity
	-----Non-Distributable-----			Distributable					
	Share Capital	Warrant Reserve	Exchange Translation Reserve	Other Reserve	Revaluation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
			(#)			(#)		(#)	
<u>12 months period ended 31 March 2016</u>									
Balance at 1 April 2015	55,350	8,367	(48)	14	13,616	7,368	84,667	134	84,801
Changes in accounting policy *	-	-	-	-	-	19,517	19,517	-	19,517
Restated balance at 1 April 2015	55,350	8,367	(48)	14	13,616	26,885	104,184	134	104,318
Total comprehensive loss for the period	-	-	17	(42)	(142)	(2,037)	(2,204)	299	(1,905)
Profit for the period	-	-	-	-	-	(2,179)	(2,179)	(34)	(2,213)
Foreign currency translation reserve	-	-	17	-	-	-	17	-	17
Transfer of realisation of revaluation reserve to retained profits	-	-	-	-	(142)	142	-	-	-
Effect of acquisition of subsidiary	-	-	-	-	-	-	-	311	311
Acquisition of non-controlling interests	-	-	-	-	-	-	-	27	27
Premium paid on acquisition of non-controlling interest	-	-	-	(42)	-	-	(42)	-	(42)
Dividends paid	-	-	-	-	-	-	-	(5)	(5)
Balance at 31 March 2016	55,350	8,367	(31)	(28)	13,474	24,848	101,980	433	102,413

Notes:

* The Company has changed the valuation method of its investment properties from cost to fair value model during the financial year 31 March 2017. The change in valuation method constitutes a change in accounting policy and is applied retrospectively. This fair value gain on investment properties were from two plots of industrial land in Johor Bahru which were revalued by independent firm of professional valuer in 2014 for valuation of RM26.0 million.

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2016.

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)

	-----Attributable to Owners of the Parent-----						Total	Non-controlling interests	Total Equity
	-----Non-Distributable-----			Distributable					
	Share Capital	Warrant Reserve	Exchange Translation Reserve	Other Reserve	Revaluation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months period ended 31 March 2017</u>									
Balance at 1 April 2016	55,350	8,367	(31)	(28)	13,474	5,331	82,463	433	82,896
Changes in accounting policy *	-	-	-	-	-	19,517	19,517	-	19,517
Restated balance at 1 April 2016	55,350	8,367	(31)	(28)	13,474	24,848	101,980	433	102,413
Total comprehensive loss for the period	-	-	(24)	-	(142)	(3,847)	(4,013)	125	(3,888)
Profit for the period	-	-	-	-	-	(3,989)	(3,989)	(2)	(3,991)
Foreign currency translation reserve	-	-	(24)	-	-	-	(24)	-	(24)
Transfer of realisation of revaluation reserve to retained profits	-	-	-	-	(142)	142	-	-	-
Revaluation surplus on lands and buildings	-	-	-	-	-	-	-	-	-
Effect on acquisition of subsidiaries	-	-	-	-	-	-	-	127	127
Balance at 31 March 2017	55,350	8,367	(55)	(28)	13,332	21,001	97,967	558	98,525

Notes:

* The Company has changed the valuation method of its investment properties from cost to fair value model during the financial year 31 March 2017. The change in valuation method constitutes a change in accounting policy and is applied retrospectively. This fair value gain on investment properties were from two plots of industrial land in Johor Bahru which were revalued by independent firm of professional valuer in 2014 for valuation of RM26.0 million.

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)

	Year to date 31.03.17 RM'000	Year to date 31.03.16 RM'000 (#)
Loss before taxation	(4,597)	(2,294)
Adjustments for :		
Bad debts recovered	-	(2)
Bargain purchase on investment in subsidiaries	-	(79)
Depreciation	3,856	4,244
Fair value gain on investment properties	(2,800)	-
Gain on disposal of property, plant and equipment	(695)	(222)
Impairment loss on receivables	1,411	39
Impairment loss on property, plant & equipment	227	109
Interest expense	1,628	2,118
Interest income	(69)	(41)
Inventories written down	3,776	2,649
Property, plant and equipment written off	61	122
Reversal of impairment loss on receivables	(13)	(10)
Share of results of associates	(1,685)	(1,492)
Unrealised gain on foreign exchange	296	(83)
Operating profit before changes in working capital	<u>1,396</u>	<u>5,058</u>
Changes in working capital		
Changes in development cost	(126)	-
Changes in inventories	(6,871)	(5,756)
Changes in trade and other receivables	8,022	6,330
Changes in trade and other payables	10,895	3,486
Interest paid	(1,628)	(2,118)
Interest received	4	5
Income tax refunded	41	378
Income tax paid	(195)	(255)
Net cash flows from operating activities	<u>11,538</u>	<u>7,128</u>
Investing activities		
Investment in subsidiaries	-	(15)
Net cash outflow arising from acquisition of subsidiaries ⁽¹⁾	45	(121)
Interest received	66	36
Proceeds from disposal of property, plant and equipment	1,310	544
Purchase of property, plant and equipment	(1,982)	(638)
Net cash flows used in investing activities	<u>(561)</u>	<u>(194)</u>
Financing activities		
Dividend paid	-	(5)
Placement of fixed deposits	(34)	(100)
Payment of finance lease	(847)	(1,902)
Repayment of banker acceptance	(10,319)	(1,574)
Repayment of term loan	(20)	-
Repayment to directors	(533)	-
Net cash flows used in financing activities	<u>(11,753)</u>	<u>(3,581)</u>
Net (decrease) / increase in cash and cash equivalents	(776)	3,353
Effects of changes in exchange rates	28	7
Cash and cash equivalents at beginning of the period	6,882	3,522
Cash and cash equivalents at end of the period	<u>6,134</u>	<u>6,882</u>
Represented by :		
Cash and cash equivalents	6,134	6,932
Bank overdrafts	-	(50)
	<u>6,134</u>	<u>6,882</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

Notes to Consolidated Statement of Cash Flows

Acquisition of subsidiaries, net of cash acquired

During the financial year, the fair values of net assets of subsidiaries acquired were as follows:

	Year to date 31.03.17 RM'000	Year to date 31.03.16 RM'000
(1) Land held for development	1,961	-
Property, plant and equipment	-	19
Inventories	-	3,250
Receivables	-	4,589
Cash and bank balances	303	1,352
Payables	(1,974)	(5,841)
Net tangible assets	290	3,369
Fair value of previously held equity interest in BKGM & BK Sepadu	-	(1,506)
Bargain purchase on consolidation recognised in profit and loss	-	(79)
Fair value of non-controlling interest at acquisition date	(127)	(311)
Goodwill arising from acquisition	95	-
Purchase consideration settled in cash	258	1,473
Less: Cash acquired	(303)	(1,352)
Net cash outflow arising from acquisition of subsidiaries	(45)	121

Notes :

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2016.

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

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 2016. 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 2016 except for changes in accounting policy as mentioned in Note 10. 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 2018
MFRS 16	Leases	1 January 2019
Admendment to MFRS 1	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
Admendment to MFRS 2	Share-based Payments	1 January 2018
Admendment to MFRS 12	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2017
Amendment to MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be confirmed
Amendment to MFRS 15	Clarification of Revenue from Contracts with Customers	1 January 2018
Admendment to MFRS 107	Disclosure Initiatives	1 January 2017
Admendment to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Admendment to MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
Admendment to MFRS 140	Transfer of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2016 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. Dividend

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 since the last audited financial statements for the financial year ended 31 March 2016.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

10. Valuation of Investment Properties

The values captured are based upon a valuation exercise carried out by independent firms of professional valuer. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. This was in line with our policy upon adoption of MFRS 140, that investment properties are revalued at regular intervals of at least once every year.

During the current quarter, the Company changed its accounting policy from cost model to fair value model as permitted by Malaysian Financial Reporting Standards 140 : Investment Properties. On 31 March 2017, the Company carried out revaluation on its two plots of industrial land in Johor Bahru for a total valuation of RM28.80 million. This resulted in revaluation surpluses of RM2.80 million (before deferred tax effects) which were recognised as fair value gain on investment properties in Condensed Consolidated Statements of Comprehensive Income and a retrospective adjustment of RM20.50 million (before deferred tax effects) being fair value gain taken directly into the retained profits of the Company.

11. Changes in the Composition of the Group

- (i) BKG Development Sdn. Bhd. (Company No. 1070270-M)("BKGD"), a wholly-owned subsidiary of the Company had on 5 April 2016 entered into a share purchase agreement ("SPA") with Dato' Goh Boon Koon and Mr Goh Boon Leong, for the acquisition of 100,000 ordinary shares of RM1.00 each in BKHS Capital Sdn. Bhd. (Company No. 966615-K) ("BKHS"), for a total cash consideration of Ringgit Malaysia One Hundred And Fifty Thousand (RM150,000.00) only as follows :-

Name of Vendors	Number of Ordinary Shares of RM1.00 each	Consideration RM
Dato' Goh Boon Koon	50,000	75,000.00
Goh Boon Leong	50,000	75,000.00

BKHS is a private limited company incorporated in Malaysia and having its registered office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang. BKHS's principal activity is to carry on the business of property development. Upon completion of the acquisition, BKGD will own 50% equity interest in BKHS.

The above acquisition is to complement the growth plan of the Group in property development business.

- (ii) Boon Koon Vehicles Industries Sdn Bhd, a wholly-owned subsidiary of the Company has on 14 April 2016 subscribed three hundred (300) units of common shares, representing 60% equity interest in Boon Koon Japan Co., Ltd ("BK Japan") for a total cash consideration of Japanese Yen Three Million, approximately Ringgit Malaysia One Hundred Seven Thousand and Five Hundred (RM107,500.00) only.

BK Japan was incorporated in Japan on 7 March 2016 and its principal activities are sourcing and trading of used components and spare parts of commercial vehicles and the provision of related services.

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 31.03.17 RM'000	As At 31.03.16 RM'000
- Limit	<u>47,410</u>	<u>48,021</u>
- Utilised	<u>30,154</u>	<u>40,779</u>

13. Capital Commitments

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

14. Profit Forecast Variance

Not applicable.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

15. Corporate Proposals

There were no corporate proposals announced but yet to be completed by the Group for the financial period under review except for :-

(i) Proposed Disposal of Shares

Boon Koon Capital Sdn. Bhd ("BKC" or "Vendor"), a wholly-owned subsidiary of the Company had on 13 December 2016 entered into a share purchase agreement ("SPA") with Hitachi Capital Asia Pte. Ltd ("HCAP" or "Purchaser") in relation to the disposal of its remaining 3,750,000 ordinary shares of RM1.00 each, representing 25% equity interest in Hitachi Capital Malaysia Sdn. Bhd. ("HCM") for a total cash consideration of RM22 million.

The Proposed Disposal of Shares has been approved by the shareholders of the Company at an Extraordinary General Meeting convened on 31 March 2017.

The Company had on 4 May 2017 announced that the Proposed Disposal of Shares has been completed.

16. Related Party Transactions

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

	Quarter ended 31.03.17 RM'000	Year to date 31.03.17 RM'000
Rental expense paid to other related party*	(18)	(144)
Rental expense to a person connected to a director of the Company	(29)	(116)
Hire purchase interest paid to an associate	(6)	(30)
Handling charges received from associate companies	1	4

* 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 and bodyworks	Manufacturing and trading of rebuilt and new commercial vehicles, bodyworks and their related services
(b)	Rental and fleet management services	Rental of commercial vehicles and forklift, provision of fleet management and other related services
(c)	Other Segment	Investment holding and the provision of management services

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

	Quarter ended 31.03.17 RM'000	Quarter ended 31.12.16 RM'000	Quarter ended 31.03.16 RM'000 (#) Restated	Year to date 31.03.17 RM'000	Year to date 31.03.16 RM'000 (#) Restated
Revenue					
(a) Commercial vehicles and bodyworks	18,337	20,581	22,161	88,798	71,336
(b) Rental and fleet management services	1,445	1,482	1,672	5,989	7,290
(c) Other Segment	339	370	260	2,108	835
	<u>20,121</u>	<u>22,433</u>	<u>24,093</u>	<u>96,895</u>	<u>79,461</u>
Less : Elimination	(685)	(373)	(143)	(2,460)	(820)
Total	<u>19,436</u>	<u>22,060</u>	<u>23,950</u>	<u>94,435</u>	<u>78,641</u>
Loss before taxation					
(a) Commercial vehicles and bodyworks	(5,441)	(1,923)	(2,860)	(6,617)	(887)
(b) Rental and fleet management services	(1,004)	(17)	(396)	(1,135)	(718)
(c) Other Segment	2,537	(265)	(543)	2,303	(2,280)
	<u>(3,908)</u>	<u>(2,205)</u>	<u>(3,799)</u>	<u>(5,449)</u>	<u>(3,885)</u>
Less : Elimination	(4)	(329)	83	(833)	99
	<u>(3,912)</u>	<u>(2,534)</u>	<u>(3,716)</u>	<u>(6,282)</u>	<u>(3,786)</u>
Share of results of associates	427	644	555	1,685	1,492
Total	<u>(3,485)</u>	<u>(1,890)</u>	<u>(3,161)</u>	<u>(4,597)</u>	<u>(2,294)</u>

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM18.34 million, a decrease of 17.26% compared to RM22.16 million in the previous year's corresponding quarter. The lower revenue was mainly due to lower demand in rebuilt commercial vehicles in the current quarter. Loss before taxation in the current quarter was RM5.44 million, an increase of RM2.58 million compared to loss before taxation of RM2.86 million in the previous year's corresponding quarter. The loss before taxation was mainly due to lower profit margin and inventories written down increased by RM1.08 million as well as higher impairment loss on receivables of RM1.16 million for rebuilt commercial vehicles incurred in the current quarter as compared to previous year's corresponding quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.45 million, a decrease of RM0.22 million compared to RM1.67 million in previous year's corresponding quarter. The lower revenue was mainly due to weaker demand in the current quarter. Loss before taxation in the current quarter was RM1.00 million, an increase of RM0.60 million compared to RM0.40 million in the previous year's corresponding quarter. The higher loss before taxation was mainly attributed to lower revenue, higher impairment loss on receivables and impairment loss on forklift assets of RM0.21 million and RM0.12 million respectively incurred in the current quarter as compared to previous year's corresponding quarter.

(c) Other Segment refers to BKG company level operations. Revenue for the current quarter was RM0.34 million, an increase of RM0.08 million compared to RM0.26 million in previous year's corresponding quarter. Profit before taxation in the current quarter was RM2.54 million, an increase of RM3.08 million as compared to loss before taxation of RM0.54 million in previous year's corresponding quarter. The profit before taxation was mainly attributable to the recognition of fair value gain on investment properties of RM2.80 million in the current quarter. The said fair value gain on investment properties were from the revaluation of two plots of industrial land in Johor Bahru which were performed by independent firm of professional valuer on 31 March 2017.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

Comparison with preceding quarter

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM18.34 million, a decrease of 10.90% compared to RM20.58 million in the preceding quarter. The lower revenue was mainly due to lower demand in rebuilt commercial vehicles. Loss before taxation in the current quarter was RM5.44 million, an increase of RM3.52 million compared to the loss before taxation of RM1.92 million in preceding quarter. The higher loss before taxation was mainly due to inventories written down of RM3.57 million and impairment loss on receivables of RM1.16 million for rebuilt commercial vehicles incurred in the current quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.45 million, a decrease of RM0.03 million compared to RM1.48 million in the preceding quarter. The lower revenue was mainly due to slightly weaker demand in the current quarter. Loss before taxation increased by RM0.99 million compared to the preceding quarter mainly due to inventories written down of RM0.28 million, impairment loss on receivables of RM0.24 million and impairment loss on forklift assets of RM0.23 million recorded in the current quarter.

(c) Other Segment refers to BKG company level operations. Revenue for the current quarter was RM0.34 million, a decrease of RM0.03 million compared to RM0.37 million in the preceding quarter. Profit before taxation in the current quarter was RM2.54 million, an increase of RM2.80 million as compared to loss before taxation of RM0.26 million in the preceding quarter. The higher profit before taxation was mainly due to the recognition of fair value gain on investment properties of RM2.80 million in the current quarter. The said fair value gain on investment properties were from the revaluation of two plots of industrial land in Johor Bahru which were performed by independent firm of professional valuer on 31 March 2017.

18. Loss before taxation

This was arrived at :

	Quarter ended 31.03.17 RM'000	Year to date 31.03.17 RM'000
After charging :		
Depreciation	914	3,856
Impairment loss on receivables	1,411	1,411
Impairment loss on property, plant and equipment	227	227
Inventories written down to net realisable value	3,776	3,776
Interest expenses	295	1,628
Property, plant and equipment written off	61	61
Realised (gain)/loss on foreign exchange	(58)	614
Rental of equipment	2	9
Rental of hostel	6	22
Rental of premises	90	398
Rental of vehicles	59	219
Unrealised loss on foreign exchange	265	296
And crediting :		
Interest income	40	69
Fair value gain on investment properties	2,800	2,800
Gain on disposal of property, plant and equipment	111	695
Rental income	29	111
Reversal of impairment loss on receivables	8	13

19. Taxation

	Quarter ended 31.03.17 RM'000	Year to date 31.03.17 RM'000
Malaysian taxation based on profit for the period:		
-Current tax	(44)	(49)
-Deferred tax	343	566
Over/(under) provision in prior years		
-Current tax	23	21
-Deferred tax	68	68
	<u>390</u>	<u>606</u>

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

20. Commentary of Prospects

The Group is cognisant of the challenging business and operational environment ahead and is devising a restructuring measure to reduce the cost base through improvement in its operating efficiencies and hence to increase its competitiveness. The Group is also actively looking for new business opportunities after the disposal of its 25% equity stake in Hitachi Capital Malaysia Sdn. Bhd. ("HCM") for a total cash consideration of RM22 million to strengthen its revenue base and profitability. The gain on disposal of HCM which is approximately RM15 million shall be reflected in the forthcoming financial quarter results. The Group is confident that it will consolidate its turnaround and return to profitable growth soon.

21. Cash and Bank Balances

	As At 31.03.17 RM'000	As At 31.03.16 RM'000
Cash and cash equivalents	6,134	6,932
Pledged fixed deposits with licensed bank	<u>134</u>	<u>100</u>
Cash and bank balances	<u>6,268</u>	<u>7,032</u>

22. Material Litigation

There were no material litigation for the financial period under review except for :

Boon Koon Vehicles Industries Sdn Bhd ("BKVI"), a wholly-owned subsidiary of the Company had on 22 January 2016 received a writ of summon and statement of claim from Dato' Seri Kasmi Bin Mat Arsat ("the Plaintiff") for a claim amounting to RM2,238,000.00 ("The Suit").

BKVI through its legal counsel has entered defence on the case and has also filed for an application to strike off the claim. The matter has been fixed for case management on 13 June 2016.

The Company had on 17 June 2016 announced that the Plaintiff had on 16 June 2016 withdrawn the Suit against BKVI.

Further to the announcement dated 8 April 2016 and 17 June 2016, the Company had on 6 April 2017 announced that BKVI on 3 April 2017 been served a sealed copy of the Amended Writ of Summons and Amended Statement of Claim both dated 13 March 2017 from Messrs. Krish Maniam & Co., the solicitor acting for the Plaintiff. The same plaintiff has previously filed a similar suit against the Company but has withdrawn the suit as announced on 17 June 2016.

The claims pursuant to the Amended Writ of Summons and Amended Statement of Claim are as below:-

- (a) the sum of RM1,265,190.86;
- (b) general damages to be assessed by the Honourable Court;
- (c) interest at a rate of 4% per annum on RM2,238,000.00 from the date of filing of the writ of summons until the date of full settlement;
- (d) costs; and
- (e) further and/or other relief which the Honourable Court deems fit and appropriate.

The matter has been fixed for case management on 27 April 2017.

The claim was on an alleged outstanding sum owing by BKVI to the Plaintiff for negotiation works for securing of Approved Permit ("AP") for BKVI.

BKVI strongly denies this baseless, frivolous and vexatious claim.

BKVI is a major subsidiary of the Company.

The Company do not foresee any material financial and operation impact of the Amended Writ of Summons and Amended Statement of Claim on the Group as BKVI denies having entered into an agreement with Plaintiff as alleged.

The Amended Writ of Summons and Amended Statement of Claim is not expected to result in any losses.

The Company has referred the matter to its legal counsel for advice on all necessary and relevant actions available to BKVI.

Further to the announcement dated 6 April 2017, the Company had on 27 April 2017 announced that the court has allowed the Plaintiff's amendment to their statement of claim and has fixed the next case management on 12 May 2017 for the Plaintiff to serve the amended statement of claim on Defendant.

Further to the announcement dated 6 April 2017 and 27 April 2017, the Company had on 12 May 2017 announced that the court has fixed the matter for trial on 22 August 2017, 23 August 2017 and 24 August 2017.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

23. Realised and Unrealised Profits or Losses

The Group's total retained profits as at 31 March 2017 were as below:-

	As At 31.03.17 RM'000	As At 31.03.16 RM'000 Restated
Total retained profits		
- Realised	20,392	27,660
- Unrealised	<u>(1,837)</u>	<u>(2,198)</u>
	18,555	25,462
Total share of profits of associates		
- Realised	<u>2,112</u>	<u>996</u>
	20,667	26,458
Less: Consolidation adjustments	<u>334</u>	<u>(1,610)</u>
Total retained profits as per consolidated accounts	<u><u>21,001</u></u>	<u><u>24,848</u></u>

24. Group Borrowings and Debt Securities

Group borrowings as at 31 March 2017 were as below:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptance	28,804	-	28,804
Finance lease liabilities	477 *	-	477
Term loan	<u>23</u>	<u>-</u>	<u>23</u>
Sub-total	<u>29,304</u>	<u>-</u>	<u>29,304</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	869 *	-	869
Term loan	<u>851</u>	<u>-</u>	<u>851</u>
Sub-total	<u>1,720</u>	<u>-</u>	<u>1,720</u>
Total	<u><u>31,024</u></u>	<u><u>-</u></u>	<u><u>31,024</u></u>

* Included herein was an amount of RM0.262 million due to Hitachi Capital Malaysia Sdn. Bhd., an associate of the Group.

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2017

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

Basic loss per share

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

	Quarter ended 31.03.17	Year to date 31.03.17
Loss for the period attributable to the owners of the Parent (RM'000)	<u>(3,158)</u>	<u>(3,989)</u>
Weighted average number of ordinary shares in issue ('000 units)	<u>276,750</u>	<u>276,750</u>
Basic Loss Per Share (sen)	<u>(1.14)</u>	<u>(1.44)</u>

Diluted loss per share

Loss for the period attributable to the owners of the Parent (RM'000)	(3,158)	(3,989)
Weighted average number of ordinary shares in issue ('000 units)	276,750	276,750
Adjustment for dilutive effect of warrants ('000 units)	5,956	17,844
Weighted average number of shares assumed to be in issue ('000 units)	<u>282,706</u>	<u>294,594</u>
Diluted Loss Per Share (sen)	<u>(1.12)</u>	<u>(1.35)</u>

Date : 26 May 2017