

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	Note	Quarter ended 30.09.17 RM'000	Quarter ended 30.09.16 RM'000	Year to date 30.09.17 RM'000	Year to date 30.09.16 RM'000
Revenue	17	26,626	26,394	55,952	52,939
Operating expenses		(24,450)	(26,122)	(65,514)	(52,357)
Other income		546	201	16,403	537
<b>Operating income</b>		<u>2,722</u>	<u>473</u>	<u>6,841</u>	<u>1,119</u>
Finance costs		(353)	(438)	(719)	(955)
Profit after finance costs		2,369	35	6,122	164
Share of results of associates		(1)	350	93	614
<b>Profit before taxation</b>	18	<u>2,368</u>	<u>385</u>	<u>6,215</u>	<u>778</u>
Taxation	19	-	(127)	(687)	(211)
<b>Profit for the period</b>		<u>2,368</u>	<u>258</u>	<u>5,528</u>	<u>567</u>
<b>Other comprehensive income</b>					
Foreign currency translation differences on foreign operations		(12)	8	(85)	18
Realisation of revaluation surplus upon:					
- Depreciation		36	27	71	197
- Property, plant and equipment written off		-	-	10	-
Transfer from realisation of revaluation surplus to retained profits		(36)	(27)	(81)	(197)
<b>Total comprehensive income for the period</b>		<u>2,356</u>	<u>266</u>	<u>5,443</u>	<u>585</u>
Attributable to :					
Owners of the Parent		2,380	311	5,503	611
Non-controlling interests		(12)	(53)	25	(44)
<b>Profit for the period</b>		<u>2,368</u>	<u>258</u>	<u>5,528</u>	<u>567</u>
Attributable to :					
Owners of the Parent		2,368	319	5,418	629
Non-controlling interests		(12)	(53)	25	(44)
<b>Total comprehensive income for the period</b>		<u>2,356</u>	<u>266</u>	<u>5,443</u>	<u>585</u>
<b>Earnings per share attributable to owners of the parent</b>					
- Basic (sen)	25	<u>0.86</u>	<u>0.11</u>	<u>1.99</u>	<u>0.22</u>
- Diluted (sen)	25	<u>0.80</u>	<u>0.11</u>	<u>1.74</u>	<u>0.22</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 2017 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 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

		(Audited)
	As At	As At
	30.09.17	31.03.17
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Land held for development	884	884
Property, plant and equipment	45,336	47,064
Investment properties	28,800	28,800
Investment in associates	606	7,734
Deferred tax assets	2,007	2,607
	<u>77,633</u>	<u>87,089</u>
<b>Current assets</b>		
Inventories	30,337	42,163
Property development cost	1,392	1,392
Trade receivables	25,178	20,557
Other receivables, deposits and prepayments	17,277	9,869
Tax recoverable	147	81
Cash and bank balances	21 16,292	6,269
	<u>90,623</u>	<u>80,331</u>
<b>TOTAL ASSETS</b>	<b><u>168,256</u></b>	<b><u>167,420</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	55,600	55,350
Foreign currency translation reserve	(142)	(57)
Revaluation reserve	13,250	13,332
Capital reserve	(28)	(28)
Warrant reserve	8,292	8,367
Retained profits	23 26,587	20,927
	<u>103,559</u>	<u>97,891</u>
Non-controlling interest	515	652
<b>Total equity</b>	<u>104,074</u>	<u>98,543</u>
<b>Non-current liabilities</b>		
Borrowings	24 1,563	1,721
Deferred tax liabilities	4,198	4,200
	<u>5,761</u>	<u>5,921</u>
<b>Current liabilities</b>		
Trade payables	14,918	14,719
Other payables and accruals	15,505	18,926
Borrowings	24 27,998	29,303
Tax Payable	-	8
	<u>58,421</u>	<u>62,956</u>
<b>Total liabilities</b>	<u>64,182</u>	<u>68,877</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>168,256</u></b>	<b><u>167,420</u></b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>	0.37	0.35

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	-----Attributable to Owners of the Parent-----					Retained Profits	Total	Non-controlling interests	Total Equity
	-----Non-Distributable-----		Distributable						
	Share Capital	Warrant Reserve	Exchange Translation Reserve	Other Reserve	Revaluation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months period ended 30 September 2016</u>									
Balance at 1 April 2016	55,350	8,367	(31)	(28)	13,474	24,803	101,935	433	102,368
Total comprehensive income for the period	-	-	18	-	(197)	808	629	83	712
Profit for the period	-	-	-	-	-	611	611	(44)	567
Foreign currency translation reserve	-	-	18	-	-	-	18	-	18
Transfer of realisation of revaluation reserve to retained profits upon depreciation	-	-	-	-	(197)	197	-	-	-
Effect of acquisition of subsidiary	-	-	-	-	-	-	-	127	127
Balance at 30 September 2016	<u>55,350</u>	<u>8,367</u>	<u>(13)</u>	<u>(28)</u>	<u>13,277</u>	<u>25,611</u>	<u>102,564</u>	<u>516</u>	<u>103,080</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	-----Attributable to Owners of the Parent-----					Retained Profits	Total	Non-controlling interests	Total Equity
	-----Non-Distributable-----		Distributable						
	Share Capital	Warrant Reserve	Exchange Translation Reserve	Other Reserve	Revaluation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months period ended 30 September 2017</u>									
Balance at 1 April 2017	55,350	8,367	(57)	(28)	13,331	20,928	97,891	652	98,543
Total comprehensive income for the period	250	(75)	(85)	-	(81)	5,659	5,668	(137)	5,531
Profit for the period	-	-	-	-	-	5,503	5,503	25	5,528
Foreign currency translation reserve	-	-	(85)	-	-	-	(85)	-	(85)
Transfer of realisation of revaluation reserve to retained profits upon:									
- Depreciation	-	-	-	-	-	71	71	-	71
- Property, plant and equipment written off	-	-	-	-	-	10	10	-	10
Revaluation surplus on lands and buildings	-	-	-	-	(81)	-	(81)	-	(81)
Arising from conversion of warrants	250	-	-	-	-	-	250	-	250
Transfer within reserve for warrants exercised	-	(75)	-	-	-	75	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(162)	(162)
Balance at 30 September 2017	55,600	8,292	(142)	(28)	13,250	26,587	103,559	515	104,074

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	Year to date 30.09.17 RM'000	Year to date 30.09.16 RM'000
Profit before taxation	6,215	778
Adjustments for :		
Depreciation	1,704	1,980
Gain on disposal of investment in a subsidiary	(4)	
Gain on disposal of investment in an associate	(15,050)	-
Gain on disposal of property, plant and equipment	(352)	(389)
Interest expense	719	955
Interest income	(201)	(21)
Inventories written down	11,360	-
Impairment loss on investment in an associate	271	-
Property, plant and equipment written off	104	-
Reversal of impairment loss on receivables	(126)	(5)
Share of results of associates	(93)	(614)
Unrealised gain on foreign exchange	(413)	(2)
Operating profit before changes in working capital	<u>4,134</u>	<u>2,682</u>
Changes in working capital		
Changes in development cost	-	(4)
Changes in inventories	467	(6,108)
Changes in trade and other receivables	(12,569)	10,213
Changes in trade and other payables	(1,698)	1,827
Interest paid	(719)	(955)
Interest received	186	2
Income tax paid	(66)	(86)
Net cash flows (used in)/from operating activities	<u>(10,265)</u>	<u>7,571</u>
Investing activities		
Net cash inflow arising from acquisition of subsidiaries <sup>(1)</sup>	-	45
Net cash outflow arising from disposal of a subsidiary <sup>(2)</sup>	(704)	-
Interest received	15	19
Proceeds from disposal of investment in an associate	22,000	-
Proceeds from disposal of property, plant and equipment	725	776
Purchase of property, plant and equipment	(453)	(104)
Net cash flows from investing activities	<u>21,583</u>	<u>736</u>
Financing activities		
Proceeds from warrants exercised	250	-
Withdrawal/(Placement) of fixed deposits	31	(33)
Payment of finance lease	(202)	(457)
Repayment of banker acceptance	(1,250)	(8,036)
Repayment of term loan	(11)	(9)
Repayment to directors	-	(543)
Net cash flows used in financing activities	<u>(1,182)</u>	<u>(9,078)</u>
Net increase/(decrease) in cash and cash equivalents	10,136	(771)
Effects of changes in exchange rates	(82)	18
Cash and cash equivalents at beginning of the period	6,135	6,882
Cash and cash equivalents at end of the period	<u><u>16,189</u></u>	<u><u>6,129</u></u>
Represented by :		
Cash and cash equivalents	16,189	6,129
Bank overdrafts	-	-
	<u><u>16,189</u></u>	<u><u>6,129</u></u>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**(The figures have not been audited)**

**Notes to Consolidated Statement of Cash Flows**

**Net cash outflow arising from acquisition of subsidiaries**

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

	Year to date 30.09.17 RM'000	Year to date 30.09.16 RM'000
(1) Land held for development	-	1,961
Cash and bank balances	-	303
Payables	-	(1,974)
Net tangible assets	-	290
Fair value of non-controlling interest at acquisition date	-	(127)
Goodwill arising from acquisition	-	95
Purchase consideration settled in cash	-	258
Less: Cash acquired	-	(303)
Net cash outflow arising from acquisition of subsidiaries	-	(45)

**Net cash inflow arising from disposal of a subsidiary**

During the financial year, the fair values of net assets of subsidiary disposed of was as follows:

(2) Other receivables	576	-
Cash and bank balances	951	-
Trade and other payables	(1,020)	-
Current tax liabilities	(89)	-
Non-controlling interest	(162)	-
Carrying amount of net assets disposed of	256	-
Transfer from foreign exchange translation reserve	(13)	-
	243	-
Add: Gain on disposal of investment in a subsidiary	4	-
Consideration received, satisfied in cash	247	-
Less: Cash and bank balances of subsidiary disposed of	(951)	-
Net cash outflow arising from the disposal of a subsidiary	(704)	-

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the Interim Financial Statements for the second quarter ended 30 September 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 2017. 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 2017. 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
Amendment to MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 15	Clarification of Revenue from Contracts with Customers	1 January 2018
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 2017 was not subject to any qualification.

**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 except for :-

Issuance of 1,250,000 new ordinary shares pursuant to the conversion of Warrants 2013/2023 at an exercise price of RM0.20 per ordinary share for cash.

**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 2017.

**Notes to the Interim Financial Statements for the second quarter ended 30 September 2017**

**10. Valuation of Investment Properties**

There were no changes in the valuation of investment properties since the last audited financial statements for the financial year ended 31 March 2017.

**11. Changes in the Composition of the Group**

Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), a wholly-owned subsidiary of the Company had on 24 July 2017 entered into Share Transfer Agreement with Kouseke Abe, a director of Boon Koon Japan Co., Ltd ("BKJ") to dispose off its entire 60% equity interest in BKJ for a cash consideration of Japanese Yen Six Million and Five Hundred Thousand (or equivalent to RM247,000) ("Disposal"). The Disposal completed on 26 July 2017 and following to this completion, BKJ ceased to be a 60% subsidiary of BKVI.

**12. Contingent Liabilities**

Corporate guarantee extended by the Company 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 30.09.17 RM'000	As At 31.03.17 RM'000
- Limit	<u>47,280</u>	<u>47,410</u>
- Utilised	<u>28,774</u>	<u>30,154</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**

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

Multiple Proposals

The Company had on 29 June 2017 announced that the Company is proposing to undertake the followings:-

i) Proposed Joint Development

The proposed joint development via the joint development agreement dated 29 June 2017 between Platinum Eminent Sdn Bhd, a wholly-owned subsidiary of Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn Bhd) and BKG Development Sdn Bhd, a wholly-owned subsidiary of the Company for the implementation and completion of a commercial development project comprising inter-alia two (2) blocks of twenty-nine (29) storeys each with a total of 752 units of service apartments, a podium block comprising thirteen (13) retail units of shoplots, one (1) basement carpark and eight (8) storey carpark on a piece of leasehold land held under HS(D) 316525, PT 6551, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor bearing postal address of Jalan PJS 5/28B, PJS 5, Petaling Jaya, Selangor ("Proposed Joint Development");

Subsequently, the Company and Platinum Eminent Sdn Bhd had on 22 August 2017 entered into a supplemental joint development agreement to clarify the rights of the Existing Chargee as stated in the Joint Development Agreement.

ii) Proposed Diversification

The proposed diversification of the existing business of the Company into the property development business segment; and



**Notes to the Interim Financial Statements for the second quarter ended 30 September 2017**

iii) Proposed Special Issue of Shares

The proposed special issue of shares up to 55,300,000 new ordinary shares in the Company to independent third party investor(s) to be identified at an issue price to be determined at a later date.

Subsequently, the listing application for the Proposed Special Issue of Shares was submitted to Bursa Malaysia Securities Berhad on 12 September 2017. On 3 October 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing and quotation of up to 55,350,000 new ordinary shares in Boon Koon to be issued pursuant to the Proposed Special Issue of Shares subject to the following conditions:

- (a) Boon Koon and its adviser for the Proposed Special Issue of Shares must fully comply with the relevant provisions under the Main Market Listing Requirements ("Main Market LR") pertaining to the implementation of the Proposed Special Issue of Shares;
- (b) The Proposed Special Issue of Shares to be implemented after the Proposed Joint Development and Proposed Diversification becoming unconditional;
- (c) Boon Koon and its adviser are to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposals prior to the listing and quotation of the new ordinary shares to be issued pursuant to the Proposed Special Issue of Shares;
- (d) M&A Securities Sdn. Bhd. is to furnish Bursa Securities with a confirmation that all approvals of relevant authorities have been obtained, together with a copy of all letters of approval from the relevant authorities;
- (e) Boon Koon and its adviser are to inform Bursa Securities upon the completion of the Proposed Special Issue of Shares;
- (f) M&A Securities Sdn. Bhd. is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Special Issue of Shares is completed; and
- (g) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders.

The shareholders had on 21 November 2017 approved all the above Multiple Proposals.

**16. Related Party Transactions**

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

	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000	Quarter ended 30.09.16 RM'000	Year to date 30.09.16 RM'000
Rental expense paid to other related party*	(16)	(52)	(42)	(84)
Rental expense to a person connected to a director of the Company	(27)	(56)	(26)	(58)
Hire purchase interest paid to an associate	-	(2)	(9)	(16)
Handling charges received from an associate	-	-	1	3

\* 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 second quarter ended 30 September 2017**

	Quarter ended 30.09.17 RM'000	Quarter ended 30.06.17 RM'000	Quarter ended 30.09.16 RM'000	Year to date 30.09.17 RM'000	Year to date 30.09.16 RM'000
<b>Revenue</b>					
(a) Commercial vehicles and bodyworks	25,203	27,905	24,888	53,108	49,880
(b) Rental and fleet management services	1,351	1,440	1,510	2,791	3,062
(c) Other Segment	269	284	958	553	1,399
	<u>26,823</u>	<u>29,629</u>	<u>27,356</u>	<u>56,452</u>	<u>54,341</u>
Less : Elimination	(197)	(303)	(962)	(500)	(1,402)
<b>Total</b>	<u>26,626</u>	<u>29,326</u>	<u>26,394</u>	<u>55,952</u>	<u>52,939</u>
<b>Profit before taxation</b>					
(a) Commercial vehicles and bodyworks	2,574	(10,813)	336	(8,239)	747
(b) Rental and fleet management services	38	70	(28)	108	(114)
(c) Other Segment	(239)	14,515	228	14,276	31
	<u>2,373</u>	<u>3,772</u>	<u>536</u>	<u>6,145</u>	<u>664</u>
Less : Elimination	(4)	(19)	(501)	(23)	(500)
	<u>2,369</u>	<u>3,753</u>	<u>35</u>	<u>6,122</u>	<u>164</u>
Share of results of associates	(1)	94	350	93	614
<b>Total</b>	<u>2,368</u>	<u>3,847</u>	<u>385</u>	<u>6,215</u>	<u>778</u>

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM25.20 million, a slight increase of 1.27% compared to RM24.89 million in the previous year's corresponding quarter. The higher revenue was mainly due to higher demand for rebuilt commercial vehicles in the current quarter. Profit before taxation in the current quarter was RM2.57 million, an increase of RM2.23 million compared to profit before taxation of RM0.34 million in the previous year's corresponding quarter. The higher profit before taxation was mainly due to lower operating expenses, higher realised and unrealised gain on foreign exchange and lower finance cost 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 RM1.35 million, a decrease of RM0.16 million compared to RM1.51 million in previous year's corresponding quarter. The lower revenue was mainly due to weaker demand in the current quarter. Profit before taxation in the current quarter was RM0.04 million, an increase of RM0.07 million compared to loss before taxation of RM0.03 million in the previous year's corresponding quarter. The profit before taxation was mainly attributed to lower administrative expenses incurred in the current quarter.

(c) Other Segment's revenue for the current quarter was RM0.27 million, a decrease of RM0.69 million compared to RM0.96 million in previous year's corresponding quarter. Loss before taxation in the current quarter was RM0.24 million, a decrease of RM0.47 million as compared to profit before taxation of RM0.23 million in previous year's corresponding quarter. The significant decrease in revenue and profit before taxation was mainly due to the Company received dividend income from a subsidiary amounting to RM0.50 million in previous year's corresponding quarter. The dividend income was eliminated in the group consolidated accounts.

Comparison with preceding quarter

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM25.20 million, a decrease of 9.68% compared to RM27.91 million in the preceding quarter. The lower revenue was mainly due to lesser demand for rebuilt commercial vehicles. Profit before taxation in the current quarter was RM2.57 million, an increase of RM13.38 million compared to the loss before taxation of RM10.81 million in preceding quarter. The profit before taxation was mainly due to none inventories written down incurred in the current quarter as compared to preceding quarter. As for preceding quarter, there were inventories written down of RM11.36 million. These written down were due to tightening in inventories impairment policy.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.35 million, a decrease of RM0.09 million compared to RM1.44 million in the preceding quarter. Profit before taxation in the current quarter was RM0.04 million, a decrease of RM0.03 million compared to the profit before taxation of RM0.07 million in the preceding quarter mainly due to lower gain on disposal of forklift assets incurred in the current quarter as compared to preceding quarter. The decrease is mitigated by the lower depreciation charged on forklifts incurred in the current quarter.

(c) Other Segment's revenue for the current quarter was RM0.27 million, a decrease of RM0.01 million compared to RM0.28 million in the preceding quarter. Loss before taxation in the current quarter was RM0.24 million, a decrease of RM14.76 million as compared to profit before taxation of RM14.52 million in the preceding quarter. The loss before taxation was mainly attributable to the one-off gain recognised for the disposal of investment in an associate, Hitachi Capital Malaysia Sdn Bhd of RM15.05 million in the preceding quarter. The said gain on disposal of investment in an associate was via Boon Koon Capital Sdn Bhd, a wholly-owned subsidiary of the Company.

**Notes to the Interim Financial Statements for the second quarter ended 30 September 2017**

**18. Profit before taxation**

This was arrived at :

	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000	Quarter ended 30.09.16 RM'000	Year to date 30.09.16 RM'000
After charging :				
Depreciation	816	1,704	980	1,980
Impairment loss on investment in an associate	-	271	-	-
Inventories written down to net realisable value	-	11,360	-	-
Interest expenses	353	719	438	955
Property, plant and equipment written off	6	104	-	-
Rental of equipment	-	-	5	5
Rental of hostel	5	11	7	14
Rental of premises	85	178	187	210
Rental of vehicles	20	69	41	83
And crediting :				
Interest income	98	201	8	21
Gain on disposal of property, plant and equipment	164	352	125	389
Gain on disposal of investment in a subsidiary	4	4	-	-
Gain on disposal of investment in an associate	-	15,050	-	-
Realised gain/(loss) on foreign exchange	146	320	(195)	(472)
Rental income	27	53	26	53
Reversal of impairment loss on receivables	-	126	5	5
Unrealised gain on foreign exchange	142	413	4	2

**19. Taxation**

	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000	Quarter ended 30.09.16 RM'000	Year to date 30.09.16 RM'000
Malaysian taxation based on profit for the period:				
-Current tax	-	(90)	(1)	(9)
-Deferred tax	-	(597)	(126)	(202)
Over/(under) provision in prior years				
-Current tax	-	-	-	-
-Deferred tax	-	-	-	-
	<u>-</u>	<u>(687)</u>	<u>(127)</u>	<u>(211)</u>

**20. Commentary of Prospects**

The Group expect the automotive market to remain challenging due to stiffen competition for the rebuilt commercial vehicles as a result of influx of more China commercial vehicles. However the company will continue looking for option available to undertake new dealership for commercial vehicle and to progressively expand the number of distributors and marketing arms around Malaysia, particularly in Johor and Kuala Lumpur. The demand for the rebuilt and brand new commercial vehicles is continuously growing in these states in view of various on-going and new mega infrastructure construction projects which are currently being implemented. Besides, the company will continuously improve its cost structure to improve its overall profitability level.

To mitigate the dependency of the Group on its existing core business, the shareholders had on 21 November 2017 approved the Joint Development and Diversification proposal as its strategy and expansion plans to evolve the Group's offering to include property development. The Group, via its wholly-owned subsidiary BKG Development Sdn Bhd is making its first foray into property development via the Joint Development with Platinum Eminent Sdn Bhd, a wholly-owned subsidiary of Aera Property Group Sdn Bhd to implement and complete a commercial development project comprising inter-alia two blocks of twenty nine storey each with a total of 752 units of service apartments, a podium block comprising thirteen retail units of shoplots, one basement carpark and eight storeys carparks on a piece of leasehold land located at Jalan PJS 5/28B, PJS 5, Petaling Jaya. This project is expected to start contribute to the company's earnings in the first quarter of 2018.

Moving forward, the company will continuous on the lookout for more land banks in the central region and target to launch more mid-priced high rise properties and affordable homes in view that the demand for property in the Klang Valley is still strong.

**Notes to the Interim Financial Statements for the second quarter ended 30 September 2017**

**21. Cash and Bank Balances**

		As At 30.09.17 RM'000	As At 31.03.17 RM'000
Cash and cash equivalents	(#)	16,189	6,135
Pledged fixed deposits with licensed bank		103	134
Cash and bank balances		<u>16,292</u>	<u>6,269</u>

(#) Inclusive of short-term funds with licensed financial institutions.

**22. Material Litigation**

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

On 22 January 2016, Dato' Seri Kasmi Bin Mat Arsat ("Plaintiff") had served a writ of summon and statement of claim for a sum of RM2,238,000 to Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), a subsidiary of the Company for outstanding sum owing by BKVI for negotiation works for securing of Approved Permit for BKVI. On 17 June 2016, the Plaintiff had withdrawn his claim against the said subsidiary. However, the Plaintiff had on 13 March 2017 filed an amended writ of summon and statement of claim for the same reason above. On 27 April 2017, the High Court of Penang allowed the Plaintiff's amended statement of claim and trial dates have been fixed on 22 to 24 August 2017. The management of the said subsidiary is of the opinion that the Plaintiff is not entitled to any additional payments, save for allowances that were already paid/received by him between 2010 and 2011. On 27 October 2017, the High Court has ruled in favour of BKVI together with an order of cost of RM30,000.

**23. Realised and Unrealised Profits or Losses**

The Group's total retained profits as at 30 September 2017 were as below:-

		As At 30.09.17 RM'000	As At 31.03.17 RM'000
Total retained profits			
- Realised		29,426	20,105
- Unrealised		<u>(2,191)</u>	<u>(1,594)</u>
		27,235	18,511
Total share of profits of associates			
- Realised		<u>(71)</u>	2,103
		27,164	20,614
Less: Consolidation adjustments		<u>(577)</u>	313
Total retained profits as per consolidated accounts		<u>26,587</u>	<u>20,927</u>

**24. Group Borrowings and Debt Securities**

Group borrowings as at 30 September 2017 were as below:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptance	27,554	-	27,554
Finance lease liabilities	422	-	422
Term loan	22	-	22
Sub-total	<u>27,998</u>	<u>-</u>	<u>27,998</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	722	-	722
Term loan	841	-	841
Sub-total	<u>1,563</u>	<u>-</u>	<u>1,563</u>
Total	<u>29,561</u>	<u>-</u>	<u>29,561</u>

**Notes to the Interim Financial Statements for the second quarter ended 30 September 2017**

**25. Basis of Calculation of Basic and Diluted Earnings Per Share Attributable to Owners of the Parent**

**Basic Earnings Per Share**

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue as follows:

	Quarter ended 30.09.17	Year to date 30.09.17	Quarter ended 30.09.16	Year to date 30.09.16
Profit for the period attributable to the owners of the Parent (RM'000)	<u>2,380</u>	<u>5,503</u>	<u>311</u>	<u>611</u>
Weighted average number of ordinary shares in issue ('000 units)	<u>277,057</u>	<u>277,057</u>	<u>276,750</u>	<u>276,750</u>
Basic Earnings Per Share (sen)	<u>0.86</u>	<u>1.99</u>	<u>0.11</u>	<u>0.22</u>

**Diluted Earnings Per Share**

The diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of warrants as follows:

Profit for the period attributable to the owners of the Parent (RM'000)	<u>2,380</u>	<u>5,503</u>	<u>311</u>	<u>611</u>
Weighted average number of ordinary shares in issue ('000 units)	277,057	277,057	276,750	276,750
Adjustment for dilutive effect of warrants ('000 units)	<u>20,984</u>	<u>39,930</u>	<u>-</u>	<u>-</u>
Weighted average number of shares assumed to be in issue ('000 units)	<u>298,041</u>	<u>316,987</u>	<u>276,750</u>	<u>276,750</u>
Diluted Earnings Per Share (sen)	<u>0.80</u>	<u>1.74</u>	<u>0.11</u>	<u>0.22</u>

Date : 21 November 2017