

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018
 (The figures have not been audited)

		Quarter ended 30.09.18 RM'000	Quarter ended 30.09.17 RM'000	Year to date 30.09.18 RM'000	Year to date 30.09.17 RM'000
Revenue	17	39,089	26,626	82,788	55,952
Operating expenses		(38,559)	(24,450)	(80,034)	(65,514)
Other income		315	546	622	16,403
Operating income		<u>845</u>	<u>2,722</u>	<u>3,376</u>	<u>6,841</u>
Finance costs		(276)	(353)	(554)	(719)
Profit after finance costs		569	2,369	2,822	6,122
Share of results of associates		-	(1)	-	93
Profit before taxation	18	<u>569</u>	<u>2,368</u>	<u>2,822</u>	<u>6,215</u>
Taxation	19	(50)	-	(522)	(687)
Profit for the period		<u>519</u>	<u>2,368</u>	<u>2,300</u>	<u>5,528</u>
Other comprehensive income					
Foreign currency translation differences on foreign operations		-	(12)	(1)	(85)
Realisation of revaluation surplus upon:					
- Depreciation		35	36	71	71
- Property, plant and equipment written off		-	-	-	10
Transfer from realisation of revaluation surplus to retained profits		(35)	(36)	(71)	(81)
Total comprehensive income for the period		<u>519</u>	<u>2,356</u>	<u>2,299</u>	<u>5,443</u>
Attributable to :					
Owners of the Parent		530	2,380	2,321	5,503
Non-controlling interests		(11)	(12)	(21)	25
Profit for the period		<u>519</u>	<u>2,368</u>	<u>2,300</u>	<u>5,528</u>
Attributable to :					
Owners of the Parent		530	2,368	2,320	5,418
Non-controlling interests		(11)	(12)	(21)	25
Total comprehensive income for the period		<u>519</u>	<u>2,356</u>	<u>2,299</u>	<u>5,443</u>
Earnings per share attributable to owners of the parent					
- Basic (sen)	24	<u>0.18</u>	<u>0.86</u>	<u>0.78</u>	<u>1.99</u>
- Diluted (sen)	24	<u>0.17</u>	<u>0.80</u>	<u>0.69</u>	<u>1.74</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018
(The figures have not been audited)

		As At 30.09.18 RM'000	(Audited) As At 31.03.18 RM'000
	Note		
ASSETS			
Non-current assets			
Land held for development		884	884
Property, plant and equipment		42,544	43,685
Investment properties		28,800	28,800
Investment in associates		-	-
Deferred tax assets		4,558	4,558
		<u>76,786</u>	<u>77,927</u>
Current assets			
Inventories		21,983	32,368
Property development cost		17,622	19,407
Trade receivables		50,925	44,704
Other receivables, deposits and prepayments		7,718	11,713
Tax recoverable		43	207
Fixed deposit with licensed banks		107	107
Cash and bank balances	21	6,560	8,573
		<u>104,958</u>	<u>117,079</u>
TOTAL ASSETS		<u>181,744</u>	<u>195,006</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		62,449	62,449
Foreign currency translation reserve		176	177
Revaluation reserve		13,109	13,180
Capital reserve		(28)	(28)
Warrant reserve		7,740	7,740
Retained profits		32,404	30,012
		<u>115,850</u>	<u>113,530</u>
Non-controlling interest		387	408
Total equity		<u>116,237</u>	<u>113,938</u>
Non-current liabilities			
Borrowings	23	1,135	1,337
Deferred tax liabilities		5,143	5,142
		<u>6,278</u>	<u>6,479</u>
Current liabilities			
Trade payables		23,689	36,177
Other payables and accruals		12,328	14,908
Borrowings	23	21,681	22,375
Tax Payable		1,531	1,129
		<u>59,229</u>	<u>74,589</u>
Total liabilities		<u>65,507</u>	<u>81,068</u>
TOTAL EQUITY AND LIABILITIES		<u>181,744</u>	<u>195,006</u>
Net assets per share attributable to owners of the Parent (RM)		0.39	0.38

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
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 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018
 (The figures have not been audited)

	-----Attributable to Owners of the Parent-----						Total RM'000	Non-controlling interests RM'000	Total RM'000
	-----Non-Distributable-----			Distributable					
	Share Capital RM'000	Warrant Reserve RM'000	Foreign Currency Translation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings 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	325	(75)	(85)	-	(81)	5,584	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	325	(75)	-	-	-	-	250	-	250
Disposal of a subsidiary	-	-	-	-	-	-	-	(162)	(162)
Balance at 30 September 2017	55,675	8,292	(142)	(28)	13,250	26,512	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.

CHIN HIN GROUP PROPERTY BERHAD ("CHGP")
(formerly known as BOON KOON GROUP BERHAD)
 Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018
 (The figures have not been audited)

	Attributable to Owners of the Parent						Total	Non-controlling interests	Total
	Non-Distributable			Distributable					
	Share Capital	Warrant Reserve	Foreign Currency Translation Reserve	Other Reserve	Revaluation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>6 months period ended 30 September 2018</u>									
Balance at 1 April 2018	62,449	7,740	177	(28)	13,180	30,012	113,530	408	113,938
Total comprehensive income for the period	-	-	(1)	-	(71)	2,392	2,320	(21)	2,299
Profit for the period	-	-	-	-	-	2,321	2,321	(21)	2,300
Foreign currency translation reserve	-	-	(1)	-	-	-	(1)	-	(1)
Transfer of realisation of revaluation reserve to retained profits upon:									
- Depreciation	-	-	-	-	-	71	71	-	71
Revaluation surplus on lands and buildings	-	-	-	-	(71)	-	(71)	-	(71)
Balance at 30 September 2018	62,449	7,740	176	(28)	13,109	32,404	115,850	387	116,237

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018
 (The figures have not been audited)

	Year to date 30.09.18 RM'000	Year to date 30.09.17 RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,822	6,215
Adjustments for :		
Depreciation	1,176	1,704
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	(73)	(352)
Interest expense	554	719
Interest income	(39)	(201)
Inventories written down	-	11,360
Impairment loss on investment in an associate	-	271
Property, plant and equipment written off	4	104
Reversal of impairment loss on receivables	(8)	(126)
Share of results of associates	-	(93)
Unrealised loss/(gain) on foreign exchange	331	(413)
Operating profit before changes in working capital	<u>4,767</u>	<u>4,134</u>
Changes in working capital		
Changes in property development cost	1,785	-
Changes in inventories	10,385	467
Changes in trade and other receivables	(2,167)	(12,569)
Changes in trade and other payables	(15,456)	(1,698)
Interest paid	(554)	(719)
Interest received	8	186
Income tax paid	(49)	(66)
Income tax refund	93	-
Net cash flows used in operating activities	<u>(1,188)</u>	<u>(10,265)</u>
Cash Flows From Investing Activities		
Net cash outflow arising from disposal of a subsidiary ⁽¹⁾	-	(704)
Interest received	31	15
Proceeds from disposal of investment in an associate	-	22,000
Proceeds from disposal of property, plant and equipment	74	725
Purchase of property, plant and equipment	(40)	(453)
Net cash flows from investing activities	<u>65</u>	<u>21,583</u>
Cash Flows From Financing Activities		
Proceeds from warrants exercised	-	250
Withdrawal of fixed deposits	-	31
Repayment of finance lease payables	(277)	(202)
Repayment of banker acceptances	(607)	(1,250)
Repayment of term loans	(11)	(11)
Net cash flows used in financing activities	<u>(895)</u>	<u>(1,182)</u>
Net (decrease)/increase in cash and cash equivalents	(2,018)	10,136
Effects of changes in exchange rates	5	(82)
Cash and cash equivalents at beginning of the period	8,573	6,135
Cash and cash equivalents at end of the period	<u>6,560</u>	<u>16,189</u>
Cash and cash equivalents at end of the financial year comprises:		
Cash and bank balances	6,560	16,189
Fixed deposit with licensed banks	107	103
	<u>6,667</u>	<u>16,292</u>
Less: Fixed deposit pledged with licensed banks	(107)	(103)
	<u>6,560</u>	<u>16,189</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018
 (The figures have not been audited)

Notes to Consolidated Statement of Cash Flows

Net cash outflow arising from disposal of a subsidiary

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

	Year to date 30.09.18 RM'000	Year to date 30.09.17 RM'000
(1) 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

1. Basis of Preparation

The interim financial statements 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 statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial report.

2. Changes in Accounting Policies

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2018, except for the adoption of standards and interpretations that are mandatory for the Group for the financial period beginning on or after 1 January 2018:-

MFRS 9	Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities
Amendments to MFRS 2	Share-based Payments
Amendments to MFRS 140	Investment Properties - Classification on Change In Use
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014 - 2016 Cycle	Amendments to MFRS 1
	Amendments to MFRS 128

The adoption of these new MFRSs, amendments and IC Interpretations did not have any material impact on the interim financial report of the Group except for the following:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when all effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The Group and the Company have performed an impact assessment of all three aspects of MFRS 9. This assessment is based on the currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company for the financial year 2019 when the Group and the Company adopt MFRS 9.

Based on the analysis of the Group's and the Company's financial assets and financial liabilities as at 30 September 2018 on the basis of facts and circumstances that exist at that date, the Directors of the Group and of the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(a) Classification and measurement of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(a) Classification and measurement of financial assets (Cont'd)

Based on its assessment, the financial assets held by the Group and the Company as at 30 September 2018 will be reclassified to the following classifications:

Group	30 September 2018 RM'000	Existing classification under MFRS 139	New classification under MFRS 9
Financial assets			
Trade receivables	50,925	L&R	AC
Other receivables	7,718	L&R	AC
Fixed deposit with licensed banks	107	L&R	AC
Cash and bank balances	6,560	L&R	AC

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group and the Company will apply the lifetime expected credit losses on all trade and other receivables. The Group and the Company have determined that there will be no significant impact on the Group's and the Company's financial statements.

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

The Group and the Company are currently finalising the quantitative effects of applying the standard on the financial statements of the Group and of the Company.

(ii) MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2018 was not subject to any qualification.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

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 2018.

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 2018.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period under review.

12. Contingencies

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 30.09.18 RM'000	As At 31.03.18 RM'000
- Limit of guarantee	<u>32,287</u>	<u>32,539</u>
- Amount utilised	<u>22,192</u>	<u>23,011</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 second quarter ended 30 September 2018

15. Status of Corporate Proposals and Utilisation of Proceeds

A) Status of Corporate Proposals

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

Proposed Special Issue of Shares

On 29 June 2017, the Company announced a 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.

The shareholders had on 21 November 2017 approved the Proposal.

On 16 March 2018, the Company had submitted an application to Bursa Securities to seek an extension of time of six (6) months up to 2 October 2018 to complete the implementation of the Special Issue of Shares and the said application was approved by Bursa Securities on 22 March 2018.

On 27 March 2018, the first tranche of Special Issue of Shares comprised of 10,000,000 new ordinary shares of the Company has been issued and allotted to the independent third party at an issued price of RM0.44 each. On the same day, the 10,000,000 new ordinary shares were listed on Bursa Securities.

On 14 September 2018, the Company had submitted an application to Bursa Securities to seek an extension of time to complete the implementation of Special Issue of Shares and the said application was approved by Bursa Securities on 3 October 2018 with an extension of 5 months from 3 October 2018 until 2 March 2019.

B) Utilisation of Proceeds from Special Issue of Shares

As at 30 September 2018, the total proceeds of RM4.4 million raised from the first tranche of Special Issue of Shares has been utilised by the Company as follows:

	RM'000	Estimated timeframe for utilisation from the listing date
Proceeds raised from first tranche of Special Issue of Shares	4,400	-
Participation fee pursuant to the Joint Venture Agreement dated 29 June 2017 entered with Platinum Eminent Sdn Bhd for the proposed joint development. #	(3,899)	Within one (1) month
Future property developments projects	-	Within twenty four (24) months
Payment of the relevant expenses incurred for Special Issue of Shares	(501)	Within one (1) month
Balance Unutilised	-	

To reimburse partially the internal fund used for payment of participation fee of RM10 million.

16. Related Party Transactions

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

	Quarter ended 30.09.18 RM'000	Year to date 30.09.18 RM'000	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000
Rental expense paid to other related party*	(26)	(37)	(16)	(52)
Rental income received from other related party*	5	9	-	-
Sales to other related party*	2,661	17,310	-	-
Purchases from other related party*	(2,323)	(14,664)	-	-
Road tax and insurance paid to other related party*	(2)	(29)	-	-
Purchases from a person connected to a director of the Company	(136)	(338)	-	-
Rental expense paid to a person connected to a director of the Company	(4)	(8)	(27)	(56)
Hire purchase interest paid to an associate	-	-	-	(2)

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

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

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)	Property development	Property development activities
(d)	Other Segment	Investment holding and the provision of management services

	Quarter ended 30.09.18 RM'000	Quarter ended 30.06.18 RM'000	Quarter ended 30.09.17 RM'000	Year to date 30.09.18 RM'000	Year to date 30.09.17 RM'000
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Revenue

(a)	Commercial vehicles and bodyworks	35,412	28,051	25,203	63,463	53,108
(b)	Rental and fleet management services	1,013	1,108	1,351	2,121	2,791
(c)	Property development	2,661	14,529	-	17,190	-
(d)	Other Segment	176	182	269	358	553
		<u>39,262</u>	<u>43,870</u>	<u>26,823</u>	<u>83,132</u>	<u>56,452</u>
	Less : Elimination	<u>(173)</u>	<u>(171)</u>	<u>(197)</u>	<u>(344)</u>	<u>(500)</u>
	Total	<u><u>39,089</u></u>	<u><u>43,699</u></u>	<u><u>26,626</u></u>	<u><u>82,788</u></u>	<u><u>55,952</u></u>

Profit before taxation

(a)	Commercial vehicles and bodyworks	909	907	2,574	1,816	(8,239)
(b)	Rental and fleet management services	(1)	(280)	38	(281)	108
(c)	Property development	(26)	1,945	-	1,919	-
(d)	Other Segment	<u>(313)</u>	<u>(319)</u>	<u>(239)</u>	<u>(632)</u>	<u>14,276</u>
		569	2,253	2,373	2,822	6,145
	Less : Elimination	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(23)</u>
		569	2,253	2,369	2,822	6,122
	Share of results of associates	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>93</u>
	Total	<u><u>569</u></u>	<u><u>2,253</u></u>	<u><u>2,368</u></u>	<u><u>2,822</u></u>	<u><u>6,215</u></u>

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM35.41 million, an increase of 40.51% compared to RM25.20 million in the previous year's corresponding quarter. Profit before taxation in the current quarter was RM0.91 million, a decrease of RM1.66 million compared to profit before taxation of RM2.57 million in the previous year's corresponding quarter. Despite the significant growth in revenue, a decrease in profit before taxation was recorded mainly due to lower profit margin attributed to higher imported component costs and higher operating expenses for rebuilt commercial vehicles incurred in the current quarter as compared to previous year's corresponding quarter. There was a RM0.90 million gain from the disposal of spare parts which the cost have been fully written down in the previous year's corresponding quarter. A higher unrealised loss on foreign exchange by RM0.33 million as compared to the previous year's corresponding quarter was recorded as a result of volatility in foreign currencies against Ringgit Malaysia in the current quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.01 million, a decrease of RM0.34 million compared to RM1.35 million in previous year's corresponding quarter. The lower revenue was mainly due to weaker demand for this service in the current quarter. Loss before taxation in the current quarter decreased by RM0.04 million compared to the profit of RM0.04 million in the previous year's corresponding quarter. The loss before taxation in the current quarter was attributable to lower gross profit margin, which was partially mitigated by the lower depreciation charged on forklift assets incurred in current quarter.

(c) For property development segment, revenue for the current quarter was RM2.66 million, being revenue recognised from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of the project was 19.24% as at 30 September 2018. Loss before taxation was RM0.03 million.

(d) Other Segment's revenue for the current quarter was RM0.18 million, a decrease of RM0.09 million compared to RM0.27 million in previous year's corresponding quarter. Loss before taxation in the current quarter was RM0.31 million, an increase of RM0.07 million as compared to loss before taxation of RM0.24 million in previous year's corresponding quarter. The higher loss before taxation was mainly due to there was no interest income earned from placement of fixed deposits and short-term funds (Repo) in the current quarter, while the interest income earned was amounted to RM0.09 million in the previous year's corresponding quarter. The decrease in interest income was mitigated by the lower administrative expenses incurred in the current quarter.

Comparison with preceding quarter

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM35.41 million, an increase of 26.24% compared to RM28.05 million in the preceding quarter. Higher revenue was recorded due to higher demand for rebuilt commercial vehicles and new 18-seater mini van by the name of Cergas in the current quarter. Profit before taxation in the current quarter of RM0.91 million was consistent with preceding quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.01 million, a decrease of RM0.10 million compared to RM1.11 million in the preceding quarter. Loss before taxation in the current quarter decreased by RM0.28 million as compared to the preceding quarter. The improvement in loss before taxation was mainly attributable to higher gross profit margin and higher gain on disposal of forklift assets incurred in current quarter. In the preceding quarter, the lower gross profit margin was attributable to higher costs incurred for repairing forklifts to enhance the conditions of the forklift units for existing customers.

(c) For property development segment, revenue for the current quarter was RM2.66 million, a decrease of RM11.87 million compared to RM14.53 million in the preceding quarter. The revenue was recognised from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of the project was 19.24% as at 30 September 2018 (as at 30 June 2018: 17.82%). The lower revenue recognised were due to the shortage of labour and the wet weather which affected the work progresses. Loss before taxation in the current quarter was RM0.03 million, a decrease of RM1.97 million compared to profit before taxation of RM1.94 million in the preceding quarter. The loss before taxation was attributable to lower revenue recognised and higher administrative expenses incurred in the current quarter.

(d) Other Segment's revenue for the current quarter was RM0.18 million, a decrease of RM0.01 million compared to RM0.18 million in the preceding quarter. Loss before taxation in the current quarter was RM0.31 million which was fairly consistent with the loss before taxation of RM0.32 million in the preceding quarter.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

18. Profit before taxation

This was arrived at :

	Quarter ended 30.09.18 RM'000	Year to date 30.09.18 RM'000	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000
After charging :				
Depreciation	571	1,176	816	1,704
Impairment loss on investment in an associate	-	-	-	271
Inventories written down to net realisable value	-	-	-	11,360
Interest expenses	276	554	353	719
Property, plant and equipment written off	-	4	6	104
Rental of hostel	12	23	5	11
Rental of premises	53	95	85	178
Rental of vehicles	25	44	20	69
And crediting :				
Interest income	15	39	98	201
Gain on disposal of property, plant and equipment	65	73	164	352
Gain on disposal of investment in a subsidiary	-	-	4	4
Gain on disposal of investment in an associate	-	-	-	15,050
Realised gain on foreign exchange	198	446	146	320
Rental income	35	65	27	53
Reversal of impairment loss on receivables	-	8	-	126
Unrealised (loss)/gain on foreign exchange	(189)	(331)	142	413

19. Taxation

	Quarter ended 30.09.18 RM'000	Year to date 30.09.18 RM'000	Quarter ended 30.09.17 RM'000	Year to date 30.09.17 RM'000
Malaysian taxation based on profit for the period:				
-Current tax	(50)	(521)	-	(90)
-Deferred tax	-	(1)	-	(597)
Over/(under) provision in prior years:				
-Current tax	-	-	-	-
-Deferred tax	-	-	-	-
	<u>(50)</u>	<u>(522)</u>	<u>-</u>	<u>(687)</u>

20. Commentary of Prospects

For the domestic automotive segment, the Group anticipate the commercial vehicles market to remain cautious following the end of the GST tax holiday period which ended in August 2018. The Group also expect the reintroduction of Sales & Services Tax (SST) with effect from 1 September 2018 and the stringent lending guidelines from financial institutions coupled with the volatility in foreign currency exchange may have an impact to the business. However, the Group will continue to explore for more option available and expanding its sales and marketing for the Cergas van which was introduced to the market at the beginning of the financial year.

For the property segment, the Group anticipate the current joint development with Platinum Eminent Sdn Bhd may slow down in the 3rd quarter due to the current adverse weather conditions and the shortage of labour. However, the Group expect the joint development to contribute positive results for financial year ending 2019.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

21. Cash and Bank Balances

	As At 30.09.18 RM'000	As At 31.03.18 RM'000
Cash and bank balances	3,380	3,696
Short-term funds with licensed financial institutions	3,180	4,877
	<u>6,560</u>	<u>8,573</u>

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 due by BKVI for negotiation works for securing of Approved Permit for BKVI. On 17 June 2016, the Plaintiff had withdrawn his claim against BKVI. 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, and subsequently on 27 October 2017, where the High Court had ruled in favour of BKVI together with an order of costs of RM30,000. On 22 November 2017, the Plaintiff submitted a Notice of Appeal to the Court of Appeal of Malaysia at Putrajaya. On 23 July 2018, the Court of Appeal of Malaysia at Putrajaya has ruled in favour of BKVI together with an order of costs of RM10,000.

23. Group Borrowings and Debt Securities

Group borrowings as at 30 September 2018 were as below:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptances	21,330	-	21,330
Finance lease liabilities	326	-	326
Term loan	25	-	25
Sub-total	<u>21,681</u>	<u>-</u>	<u>21,681</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	320	-	320
Term loans	815	-	815
Sub-total	<u>1,135</u>	<u>-</u>	<u>1,135</u>
Total	<u>22,816</u>	<u>-</u>	<u>22,816</u>

Notes to the Interim Financial Statements for the second quarter ended 30 September 2018

24. 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 30.09.18	Year to date 30.09.18	Quarter ended 30.09.17	Year to date 30.09.17
Profit for the period attributable to the owners of the Parent (RM'000)	<u>530</u>	<u>2,321</u>	<u>2,380</u>	<u>5,503</u>
Weighted average number of ordinary shares in issue ('000 units)	<u>297,111</u>	<u>297,111</u>	<u>277,057</u>	<u>277,057</u>
Basic Earnings Per Share (sen)	<u>0.18</u>	<u>0.78</u>	<u>0.86</u>	<u>1.99</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>530</u>	<u>2,321</u>	<u>2,380</u>	<u>5,503</u>
Weighted average number of ordinary shares in issue ('000 units)	297,111	297,111	277,057	277,057
Adjustment for dilutive effect of warrants ('000 units)	<u>17,982</u>	<u>37,687</u>	<u>20,984</u>	<u>39,930</u>
Weighted average number of shares assumed to be in issue ('000 units)	<u>315,093</u>	<u>334,798</u>	<u>298,041</u>	<u>316,987</u>
Diluted Earnings Per Share (sen)	<u>0.17</u>	<u>0.69</u>	<u>0.80</u>	<u>1.74</u>

Date : 26 November 2018