

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	Note	Quarter ended 30.09.16 RM'000	Quarter ended 30.09.15 RM'000	Year to date 30.09.16 RM'000	Year to date 30.09.15 RM'000
Revenue	16	26,394	23,345	52,939	39,248
Operating expenses		(26,122)	(22,773)	(52,357)	(38,302)
Other income		201	251	537	337
Operating profit		<u>473</u>	<u>823</u>	<u>1,119</u>	<u>1,283</u>
Finance costs		(438)	(511)	(955)	(1,055)
Profit after finance costs		35	312	164	228
Share of results of associates		350	46	614	233
Profit before taxation	17	<u>385</u>	<u>358</u>	<u>778</u>	<u>461</u>
Taxation	18	(127)	(102)	(211)	(250)
Profit for the period		<u>258</u>	<u>256</u>	<u>567</u>	<u>211</u>
Other comprehensive income					
Foreign currency translation differences on foreign operations		8	20	18	18
Realisation of revaluation surplus upon depreciation		27	28	197	55
Transfer from realisation of revaluation surplus to retained profits		(27)	(28)	(197)	(55)
Total comprehensive income for the period		<u>266</u>	<u>276</u>	<u>585</u>	<u>229</u>
Attributable to :					
Owners of the Parent		311	256	611	214
Non-controlling interests		(53)	-	(44)	(3)
Profit for the period		<u>258</u>	<u>256</u>	<u>567</u>	<u>211</u>
Attributable to :					
Owners of the Parent		319	276	629	232
Non-controlling interests		(53)	-	(44)	(3)
Total comprehensive income for the period		<u>266</u>	<u>276</u>	<u>585</u>	<u>229</u>
Earnings per share attributable to owners of the parent					
- Basic (sen)	24	<u>0.11</u>	<u>0.09</u>	<u>0.22</u>	<u>0.08</u>
Diluted earnings per share (sen)	24	<u>0.11</u>	<u>0.09</u>	<u>0.22</u>	<u>0.08</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 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 30 SEPTEMBER 2016
(The figures have not been audited)

		As At 30.09.16 RM'000	(Audited) As At 31.03.16 RM'000
	Note		
ASSETS			
Non-current assets			
Land held for development		1,965	-
Property, plant and equipment		47,625	49,416
Investment properties		5,487	5,505
Goodwill		95	-
Investment in associates		6,671	6,057
Deferred tax assets		2,271	2,153
		<u>64,114</u>	<u>63,131</u>
Current assets			
Inventories		45,173	39,065
Trade receivables		26,530	32,610
Other receivables, deposits and prepayments		4,037	8,169
Tax recoverable		51	14
Cash and bank balances	20	6,262	7,032
		<u>82,053</u>	<u>86,890</u>
TOTAL ASSETS		<u>146,167</u>	<u>150,021</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		55,350	55,350
Foreign currency translation reserve		(13)	(31)
Revaluation reserve		13,277	13,474
Capital reserve		(28)	(28)
Warrant reserve		8,367	8,367
Retained profits	22	6,139	5,331
		<u>83,092</u>	<u>82,463</u>
Non-controlling interest		516	433
Total equity		<u>83,608</u>	<u>82,896</u>
Non-current liabilities			
Borrowings	23	1,934	1,023
Deferred tax liabilities		3,714	3,394
		<u>5,648</u>	<u>4,417</u>
Current liabilities			
Trade payables		12,504	10,596
Other payables and accruals		12,512	12,184
Amount due to directors		122	-
Borrowings	23	31,773	39,889
Tax Payable		-	39
		<u>56,911</u>	<u>62,708</u>
Total liabilities		<u>62,559</u>	<u>67,125</u>
TOTAL EQUITY AND LIABILITIES		<u>146,167</u>	<u>150,021</u>
Net assets per share attributable to owners of the Parent (RM)		0.30	0.30

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.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
(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>6 months period ended 30 September 2015</u>									
Balance at 1 April 2015	55,350	8,367	(48)	14	13,616	7,368	84,667	134	84,801
Total comprehensive income for the period	-	-	18	(42)	(55)	269	190	(28)	162
Profit for the period	-	-	-	-	-	214	214	(3)	211
Foreign currency translation reserve	-	-	18	-	-	-	18	-	18
Transfer of realisation of revaluation reserve to retained profits	-	-	-	-	(55)	55	-	-	-
Acquisition of equity interest from non-controlling interest	-	-	-	(42)	-	-	(42)	(25)	(67)
Balance at 30 September 2015	<u>55,350</u>	<u>8,367</u>	<u>(30)</u>	<u>(28)</u>	<u>13,561</u>	<u>7,637</u>	<u>84,857</u>	<u>106</u>	<u>84,963</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 2015 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 2016
(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>6 months period ended 30 September 2016</u>									
Balance at 1 April 2016	55,350	8,367	(31)	(28)	13,474	5,331	82,463	433	82,896
Total comprehensive loss 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	-	-	-	-	(197)	197	-	-	-
Effect on acquisition of subsidiaries	-	-	-	-	-	-	-	127	127
Balance at 30 September 2016	55,350	8,367	(13)	(28)	13,277	6,139	83,092	516	83,608

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 STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	Year to date 30.09.16 RM'000	Year to date 30.09.15 RM'000
Profit before taxation	778	461
Adjustments for :		
Bad debts recovered	-	(2)
Depreciation	1,980	2,120
Gain on disposal of property, plant and equipment	(389)	(70)
Interest expense	955	1,055
Interest income	(21)	(16)
Reversal of impairment loss on receivables	(5)	-
Share of results of associates	(614)	(233)
Unrealised gain on foreign exchange	(2)	-
Operating profit before changes in working capital	<u>2,682</u>	<u>3,315</u>
Changes in working capital		
Changes in development cost	(4)	-
Changes in inventories	(6,108)	(3,607)
Changes in trade and other receivables	10,213	(532)
Changes in trade and other payables	1,827	8,359
Interest paid	(955)	(1,055)
Interest received	2	2
Income tax paid	(86)	(129)
Net cash flows from operating activities	<u>7,571</u>	<u>6,353</u>
Investing activities		
Interest received	19	14
Acquisition of shares from non-controlling interest	-	(15)
Acquisition of subsidiaries, net of cash acquired ⁽¹⁾	45	-
Proceeds from disposal of property, plant and equipment	776	167
Purchase of property, plant and equipment	(104)	(138)
Net cash flows from investing activities	<u>736</u>	<u>28</u>
Financing activities		
Placement of fixed deposits	(33)	(100)
Repayment of borrowings	(8,502)	(4,671)
Repayment to directors	(543)	-
Net cash flows used in financing activities	<u>(9,078)</u>	<u>(4,771)</u>
Net (decrease)/increases in cash and cash equivalents	(771)	1,610
Effects of changes in exchange rates	18	(32)
Cash and cash equivalents at beginning of the period	6,882	3,522
Cash and cash equivalents at end of the period	<u>6,129</u>	<u>5,100</u>
Represented by :		
Cash and cash equivalents	6,129	5,353
Bank overdrafts	-	(253)
	<u>6,129</u>	<u>5,100</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

(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 30.09.16 RM'000	Year to date 30.09.15 RM'000
(1) Land held for development	1,961	-
Cash and bank balances	303	-
Trade and other payables and accruals	(1,974)	-
Share of net asset acquired	290	-
Non-controlling interest	(127)	-
Goodwill arising from acquisition	95	-
Total purchase consideration	258	-
Less: Cash and bank balances	(303)	-
Acquisition of subsidiaries, net of cash acquired	(45)	-

Notes :

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 second quarter ended 30 September 2016

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. 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
Amendment to MFRS 15	Clarification of Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendment to MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be confirmed
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 2	Share-based Payments	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. Dividends

No dividends were 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 second quarter ended 30 September 2016

10. 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 is presently dormant and its intended principal activities are sourcing and trading of used components and spare parts of commercial vehicles and the provision of related services.

11 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 30.09.16 RM'000	As At 31.03.16 RM'000
- Limit	<u>47,729</u>	<u>48,021</u>
- Utilised	<u>32,226</u>	<u>40,779</u>

12 Capital Commitments

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

13 Profit Forecast Variance

Not applicable.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2016

14 Corporate Proposals

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

15 Related Party Transactions

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

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

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

16 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 |

	Quarter ended 30.06.16 RM'000	Quarter ended 30.09.16 RM'000	Quarter ended 30.09.15 RM'000	Year to date 30.09.16 RM'000	Year to date 30.09.15 RM'000
Revenue					
(a)	24,992	24,888	21,752	49,880	35,788
(b)	1,552	1,510	1,886	3,062	3,680
(c)	441	958	196	1,399	380
	<u>26,985</u>	<u>27,356</u>	<u>23,834</u>	<u>54,341</u>	<u>39,848</u>
Less : Elimination	(440)	(962)	(489)	(1,402)	(600)
Total	<u>26,545</u>	<u>26,394</u>	<u>23,345</u>	<u>52,939</u>	<u>39,248</u>

Profit before taxation

(a)	411	336	1,080	747	1,721
(b)	(86)	(28)	(110)	(114)	(234)
(c)	(197)	228	(625)	31	(1,219)
	<u>128</u>	<u>536</u>	<u>345</u>	<u>664</u>	<u>268</u>
Less : Elimination	1	(501)	(33)	(500)	(40)
	<u>129</u>	<u>35</u>	<u>312</u>	<u>164</u>	<u>228</u>
Share of results of associates	264	350	46	614	233
Total	<u>393</u>	<u>385</u>	<u>358</u>	<u>778</u>	<u>461</u>

Notes to the Interim Financial Statements for the second quarter ended 30 September 2016

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM24.89 million, an increase of 14.42% compared to RM21.75 million in the previous year's corresponding quarter. Profit before taxation in the current quarter was RM0.34 million, a decrease of RM0.74 million compared to profit before taxation of RM1.08 million in the previous year's corresponding quarter. The lower profit before taxation was mainly due to lower profit margin in the current quarter compared to previous year's corresponding quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.51 million, a decrease of RM0.38 million compared to RM1.89 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 RM0.03 million, a decrease of RM0.08 million compared to RM0.11 million in the previous year's corresponding quarter. The lower loss before taxation was mainly due to lower operating expenses and finance cost incurred in the current quarter.

(c) Other Segment refers to BKG company level operations. Revenue for the current quarter was RM0.96 million, an increase of RM0.76 million compared to RM0.20 million in previous year's corresponding quarter. Profit before taxation in the current quarter was RM0.23 million, an increase of RM0.86 million as compared to loss before taxation of RM0.63 million in previous year's corresponding quarter. The higher profit before taxation was mainly due to dividend income received from a subsidiary amounting to RM0.50 million and lower operating expenses incurred in the current 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 RM24.89 million, almost on par with revenue recorded in the preceding quarter. Profit before taxation in the current quarter was RM0.34 million, a decrease of RM0.07 million compared to profit before taxation of RM0.41 million in preceding quarter. The lower profit before taxation was mainly due to higher operating expenses incurred in the current quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.51 million, a decrease of RM0.04 million compared to RM1.55 million in the preceding quarter. The lower revenue was mainly due to slightly weaker demand in the current quarter. Loss before taxation decreased by RM0.06 million compared to the preceding quarter mainly due to higher profit margin and other income recorded in the current quarter.

(c) Other Segment refers to BKG company level operations. Revenue for the current quarter was RM0.96 million, an increase of RM0.52 million compared to RM0.44 million in the preceding quarter. Profit before taxation for the current quarter was RM0.23 million, an increase of RM0.43 million compared to loss before taxation of RM0.20 million in the preceding quarter. The higher profit before taxation was mainly due to dividend income received from a subsidiary amounting to RM0.50 million in the current quarter. The dividend income was eliminated in the group consolidated accounts.

17 Profit before taxation

This was arrived at :

	Quarter ended 30.09.16 RM'000	Year to date 30.09.16 RM'000
After charging :		
Depreciation	980	1,980
Interest expenses	438	955
Realised loss on foreign exchange	195	472
Rental of equipment	5	5
Rental of hostel	7	14
Rental of premises	187	210
Rental of vehicles	41	83
And crediting :		
Interest income	8	21
Gain on disposal of property, plant and equipment	125	389
Unrealised gain on foreign exchange	4	2
Rental income	26	53
Reversal of impairment loss on receivables	5	5

Notes to the Interim Financial Statements for the second quarter ended 30 September 2016

18. Taxation

	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	(1)	(9)
-Deferred tax	(126)	(202)
Over/(under) provision in prior years		
-Current tax	-	-
-Deferred tax	-	-
	<u>(127)</u>	<u>(211)</u>

19 Commentary of Prospects

The Group strives to maintain its current position in the rebuilt commercial vehicles while exploring more product line-up in its new commercial vehicles to minimise the impact of cautious domestic market condition.

20. Cash and Bank Balances

	As At 30.09.16 RM'000	As At 31.03.16 RM'000
Cash and cash equivalents	6,129	6,932
Pledged fixed deposits with licensed bank	<u>133</u>	<u>100</u>
Cash and bank balances	<u>6,262</u>	<u>7,032</u>

21. Material Litigation

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

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 Board of Directors had on 17 June 2016 announced that the Plaintiff had on 16 June 2016 withdrawn the Suit against BKVI.

22. Realised and Unrealised Profits or Losses

The Group's total retained profits as at 30 September 2016 were as below:-

	As At 30.09.16 RM'000	As At 31.03.16 RM'000
Total retained profits		
- Realised	7,527	7,164
- Unrealised	<u>(1,418)</u>	<u>(1,219)</u>
	6,109	5,945
Total share of profits of associates		
- Realised	<u>1,040</u>	<u>996</u>
	7,149	6,941
Less: Consolidation adjustments	<u>(1,010)</u>	<u>(1,610)</u>
Total retained profits as per consolidated accounts	<u>6,139</u>	<u>5,331</u>

Notes to the Interim Financial Statements for the second quarter ended 30 September 2016

23. Group Borrowings and Debt Securities

Group borrowings as at 30 September 2016 were as below:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptance	31,087	-	31,087
Finance lease liabilities	597 *	-	597
Term loan	89	-	89
Sub-total	<u>31,773</u>	<u>-</u>	<u>31,773</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	1,139 *	-	1,139
Term loan	795	-	795
Sub-total	<u>1,934</u>	<u>-</u>	<u>1,934</u>
Total	<u>33,707</u>	<u>-</u>	<u>33,707</u>

* Included herein was an amount of RM0.438 million due to Hitachi Capital Malaysia Sdn Bhd (formerly known as First Peninsula Credit Sdn. Bhd.), an associate of the Group.

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

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

	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>311</u>	<u>611</u>
Weighted average number of ordinary shares of RM0.20 each in issue ('000 units)	<u>276,750</u>	<u>276,750</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.20 each in issue (sen)	<u>0.11</u>	<u>0.22</u>

There is no diluted earnings per share as the warrants are anti-dilutive since its exercise price exceeds the average market price of the ordinary shares.

Date : 23 November 2016