

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

	Note	Quarter ended 30.06.18 RM'000	Quarter ended 30.06.17 RM'000	Year to date 30.06.18 RM'000	Year to date 30.06.17 RM'000
Revenue	17	43,699	29,326	43,699	29,326
Operating expenses		(41,475)	(41,064)	(41,475)	(41,064)
Other income		307	15,857	307	15,857
Operating income		<u>2,531</u>	<u>4,119</u>	<u>2,531</u>	<u>4,119</u>
Finance costs		(278)	(366)	(278)	(366)
Profit after finance costs		2,253	3,753	2,253	3,753
Share of results of associates		-	94	-	94
Profit before taxation	18	<u>2,253</u>	<u>3,847</u>	<u>2,253</u>	<u>3,847</u>
Taxation	19	(472)	(687)	(472)	(687)
Profit for the period		<u>1,781</u>	<u>3,160</u>	<u>1,781</u>	<u>3,160</u>
Other comprehensive income					
Foreign currency translation differences on foreign operations		(1)	(73)	(1)	(73)
Realisation of revaluation surplus upon:					
- Depreciation		36	35	36	35
- Property, plant and equipment written off		-	10	-	10
Transfer from realisation of revaluation surplus to retained profits		(36)	(45)	(36)	(45)
Total comprehensive income for the period		<u>1,780</u>	<u>3,087</u>	<u>1,780</u>	<u>3,087</u>
Attributable to :					
Owners of the Parent		1,791	3,123	1,791	3,123
Non-controlling interests		(10)	37	(10)	37
Profit for the period		<u>1,781</u>	<u>3,160</u>	<u>1,781</u>	<u>3,160</u>
Attributable to :					
Owners of the Parent		1,790	3,050	1,790	3,050
Non-controlling interests		(10)	37	(10)	37
Total comprehensive income for the period		<u>1,780</u>	<u>3,087</u>	<u>1,780</u>	<u>3,087</u>
Earnings per share attributable to owners of the parent					
- Basic (sen)	24	<u>0.60</u>	<u>1.13</u>	<u>0.60</u>	<u>1.13</u>
- Diluted (sen)	24	<u>0.57</u>	<u>1.06</u>	<u>0.57</u>	<u>1.06</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.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(The figures have not been audited)

		As At 30.06.18 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		43,108	43,685
Investment properties		28,800	28,800
Investment in associates		-	-
Deferred tax assets		4,558	4,558
		<u>77,350</u>	<u>77,927</u>
Current assets			
Inventories		27,486	32,368
Property development cost		17,907	19,407
Trade receivables		48,429	44,704
Other receivables, deposits and prepayments		12,150	11,713
Tax recoverable		71	207
Fixed deposit with licensed banks		107	107
Cash and bank balances	21	5,697	8,573
		<u>111,847</u>	<u>117,079</u>
TOTAL ASSETS		<u>189,197</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		13,144	13,180
Capital reserve		(28)	(28)
Warrant reserve		7,740	7,740
Retained profits		31,839	30,012
		<u>115,320</u>	<u>113,530</u>
Non-controlling interest		398	408
Total equity		<u>115,718</u>	<u>113,938</u>
Non-current liabilities			
Borrowings	23	1,213	1,337
Deferred tax liabilities		5,143	5,142
		<u>6,356</u>	<u>6,479</u>
Current liabilities			
Trade payables		27,351	36,177
Other payables and accruals		16,480	14,908
Borrowings	23	21,846	22,375
Tax Payable		1,446	1,129
		<u>67,123</u>	<u>74,589</u>
Total liabilities		<u>73,479</u>	<u>81,068</u>
TOTAL EQUITY AND LIABILITIES		<u>189,197</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.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 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>3 months period ended 30 June 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	-	-	(73)	-	(45)	3,168	3,050	37	3,087
Profit for the period	-	-	-	-	-	3,123	3,123	37	3,160
Foreign currency translation reserve	-	-	(73)	-	-	-	(73)	-	(73)
Transfer of realisation of revaluation reserve to retained profits upon:									
- Depreciation	-	-	-	-	-	35	35	-	35
- Property, plant and equipment written off	-	-	-	-	-	10	10	-	10
Revaluation surplus on lands and buildings		-	-	-	(45)	-	(45)	-	(45)
Balance at 30 June 2017	55,350	8,367	(130)	(28)	13,286	24,096	100,941	689	101,630

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 COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2018
(The figures have not been audited)

	Attributable to Owners of the Parent								
	Non-Distributable					Distributable			
	Share Capital	Warrant Reserve	Foreign Currency Translation Reserve	Other Reserve	Revaluation Reserve	Retained Earnings	Total	Non-controlling interests	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended 30 June 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)	-	(36)	1,827	1,790	(10)	1,780
Profit for the period	-	-	-	-	-	1,791	1,791	(10)	1,781
Foreign currency translation reserve	-	-	(1)	-	-	-	(1)	-	(1)
Transfer of realisation of revaluation reserve to retained profits upon:									
- Depreciation	-	-	-	-	-	36	36	-	36
Revaluation surplus on lands and buildings	-	-	-	-	(36)	-	(36)	-	(36)
Balance at 30 June 2018	62,449	7,740	176	(28)	13,144	31,839	115,320	398	115,718

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 COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2018
(The figures have not been audited)

	Year to date 30.06.18 RM'000	Year to date 30.06.17 RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,253	3,847
Adjustments for :		
Depreciation	605	888
Gain on disposal of investment in an associate	-	(15,050)
Gain on disposal of property, plant and equipment	(8)	(188)
Interest expense	278	366
Interest income	(24)	(103)
Inventories written down	-	11,360
Impairment loss on investment in an associate	-	271
Property, plant and equipment written off	4	98
Reversal of impairment loss on receivables	(8)	(126)
Share of results of associates	-	(94)
Unrealised loss/(gain) on foreign exchange	142	(271)
Operating profit before changes in working capital	<u>3,242</u>	<u>998</u>
Changes in working capital		
Changes in property development cost	1,500	-
Changes in inventories	4,882	1,577
Changes in trade and other receivables	(4,085)	429
Changes in trade and other payables	(7,468)	(3,221)
Interest paid	(278)	(366)
Interest received	8	96
Income tax paid	(18)	(34)
Net cash flows used in operating activities	<u>(2,217)</u>	<u>(521)</u>
Cash Flows From Investing Activities		
Interest received	16	7
Proceeds from disposal of investment in an associate	-	22,000
Proceeds from disposal of property, plant and equipment	8	428
Purchase of property, plant and equipment	(32)	(440)
Net cash flows (used in)/from investing activities	<u>(8)</u>	<u>21,995</u>
Cash Flows From Financing Activities		
Repayment of finance lease payables	(178)	(59)
Repayment of banker acceptances	(469)	(535)
Repayment of term loans	(6)	(6)
Net cash flows used in financing activities	<u>(653)</u>	<u>(600)</u>
Net (decrease)/increase in cash and cash equivalents	(2,878)	20,874
Effects of changes in exchange rates	2	(84)
Cash and cash equivalents at beginning of the period	8,573	6,135
Cash and cash equivalents at end of the period	<u>5,697</u>	<u>26,925</u>
Cash and cash equivalents at end of the financial year comprises:		
Cash and bank balances	5,697	5,255
Fixed deposit with licensed banks	107	21,804
	<u>5,804</u>	<u>27,059</u>
Less: Fixed deposit pledged with licensed banks	(107)	(134)
	<u>5,697</u>	<u>26,925</u>

Notes :

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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 June 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").

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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 June 2018 will be reclassified to the following classifications:

	30 June 2018	Existing	New
Gro	RM'000	classification	classification
Fina		under MFRS 139	under MFRS 9
Trade receivables	48,429	L&R	AC
Other receivables	12,150	L&R	AC
Fixed deposit with	107	L&R	AC
Cash and bank balances	5,697	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.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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 30.06.18 RM'000	As At 31.03.18 RM'000
- Limit of guarantee	<u>32,399</u>	<u>32,539</u>
- Amount utilised	<u>22,392</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.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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.

B) Utilisation of Proceeds from Special Issue of Shares

As at 30 June 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 30.06.18 RM'000	Year to date 30.06.18 RM'000	Quarter ended 30.06.17 RM'000	Year to date 30.06.17 RM'000
Rental expense paid to other related party*	(11)	(11)	(36)	(36)
Rental income received from other related party*	4	4	-	-
Sales to other related party*	14,649	14,649	-	-
Purchases from other related party*	(12,341)	(12,341)	-	-
Road tax and insurance paid to other related party*	(27)	(27)	-	-
Purchases from a person connected to a director of the Company	(202)	(202)	-	-
Rental expense paid to a person connected to a director of the Company	(4)	(4)	(29)	(29)
Hire purchase interest paid to an associate	-	-	(2)	(2)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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 30.06.18 RM'000	Quarter ended 31.03.18 RM'000	Quarter ended 30.06.17 RM'000	Year to date 30.06.18 RM'000	Year to date 30.06.17 RM'000
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Revenue

(a)	Commercial vehicles and bodyworks	28,051	22,434	27,905	28,051	27,905
(b)	Rental and fleet management services	1,108	1,242	1,440	1,108	1,440
(c)	Property development	14,529	18,748	-	14,529	-
(d)	Other Segment	182	171	284	182	284
		<u>43,870</u>	<u>42,595</u>	<u>29,629</u>	<u>43,870</u>	<u>29,629</u>
	Less : Elimination	<u>(171)</u>	<u>(170)</u>	<u>(303)</u>	<u>(171)</u>	<u>(303)</u>
	Total	<u>43,699</u>	<u>42,425</u>	<u>29,326</u>	<u>43,699</u>	<u>29,326</u>

Profit before taxation

(a)	Commercial vehicles and bodyworks	907	84	(10,813)	907	(10,813)
(b)	Rental and fleet management services	(280)	600	70	(280)	70
(c)	Property development	1,945	3,455	-	1,945	-
(d)	Other Segment	(319)	(672)	14,515	(319)	14,515
		<u>2,253</u>	<u>3,467</u>	<u>3,772</u>	<u>2,253</u>	<u>3,772</u>
	Less : Elimination	<u>-</u>	<u>(2)</u>	<u>(19)</u>	<u>-</u>	<u>(19)</u>
		<u>2,253</u>	<u>3,465</u>	<u>3,753</u>	<u>2,253</u>	<u>3,753</u>
	Share of results of associates	<u>-</u>	<u>-</u>	<u>94</u>	<u>-</u>	<u>94</u>
	Total	<u>2,253</u>	<u>3,465</u>	<u>3,847</u>	<u>2,253</u>	<u>3,847</u>

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Comparison with corresponding period in the previous year

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM28.05 million, an increase of 0.52% compared to RM27.90 million in the previous year's corresponding quarter. Profit before taxation in the current quarter was RM0.91 million, an increase of RM11.72 million compared to loss before taxation of RM10.81 million in the previous year's corresponding quarter. The profit before taxation was mainly due to no inventories written down, higher realised gain on foreign exchange and lower finance cost incurred in the current quarter as compared to previous year's corresponding quarter. There were inventories written down of RM11.36 million in the previous year's corresponding quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.11 million, a decrease of RM0.33 million compared to RM1.44 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 was RM0.28 million, a decrease of RM0.35 million compared to profit before taxation of RM0.07 million in the previous year's corresponding quarter. The loss before taxation was attributable to lower gross profit margin, no gain on disposal of forklift assets and no reversal of impairment loss on receivables incurred in current quarter as compared to previous year's corresponding quarter. In the previous year's corresponding quarter, there were gain on disposal of forklift assets of RM0.19 million and reversal of impairment loss on receivables of RM0.04 million.

(c) For property development segment, revenue for the current quarter was RM14.53 million, being revenue recognised from the development project jointly developed with Platinum Eminent Sdn Bhd. The stage of completion of the project was 17.82% as at 30 June 2018. Profit before taxation was RM1.95 million.

(d) Other Segment's revenue for the current quarter was RM0.18 million, a decrease of RM0.10 million compared to RM0.28 million in previous year's corresponding quarter. Loss before taxation in the current quarter was RM0.32 million, a decrease of RM14.83 million as compared to profit before taxation of RM14.51 million in previous year's corresponding quarter. In the previous year's corresponding quarter, the profit before taxation was mainly attributable to the gain on disposal of investment in an associate, namely Hitachi Capital Malaysia Sdn Bhd of RM15.05 million by Boon Koon Capital Sdn Bhd, a wholly-owned subsidiary of the Company.

Comparison with preceding quarter

(a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM28.05 million, an increase of 25.04% compared to RM22.43 million in the preceding quarter. The higher revenue was mainly due to higher demand for rebuilt commercial vehicles and the contribution from introduction of the new 18-seater mini van by the name of Cergas in the current quarter. Profit before taxation in the current quarter was RM0.91 million, an increase of RM0.83 million compared to the profit before taxation of RM0.08 million in preceding quarter. The higher profit before taxation was mainly due to higher gross profit margin and lower administrative expenses incurred in the current quarter.

(b) For rental and fleet management services segment, revenue for the current quarter was RM1.11 million, a decrease of RM0.13 million compared to RM1.24 million in the preceding quarter. Loss before taxation in the current quarter was RM0.28 million, a decrease of RM0.88 million compared to the profit before taxation of RM0.60 million in the preceding quarter. The loss before taxation in the current quarter was mainly due to lower gross profit margin which attributed to higher cost incurred for repairing forklifts to enhance the conditions of the forklift units for existing customers. Furthermore, in the preceding quarter, there were deposit forfeited of RM0.34 million, reversal of accrued commission of RM0.13 million and gain on disposal of forklift assets of RM0.17 million. There were no such transactions occurred in the current quarter.

(c) For property development segment, revenue for the current quarter was RM14.53 million, a decrease of RM4.22 million compared to RM18.75 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 17.82% as at 30 June 2018 (as at 31 March 2018 : 10.14%). Profit before taxation was RM1.94 million, a decrease of RM1.51 million compared to RM3.45 million in the preceding quarter. The lower profit before taxation was in tandem with 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, an increase of RM0.01 million compared to RM0.17 million in the preceding quarter. Loss before taxation in the current quarter was RM0.32 million, a decrease of RM0.35 million as compared to loss before taxation of RM0.67 million in the preceding quarter. The lower loss before taxation was mainly attributable to lower administrative expenses incurred during the current quarter.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

18. Profit before taxation

This was arrived at :

	Quarter ended 30.06.18 RM'000	Year to date 30.06.18 RM'000	Quarter ended 30.06.17 RM'000	Year to date 30.06.17 RM'000
After charging :				
Depreciation	605	605	888	888
Impairment loss on investment in an associate	-	-	271	271
Inventories written down to net realisable value	-	-	11,360	11,360
Interest expenses	278	278	366	366
Property, plant and equipment written off	4	4	98	98
Rental of hostel	11	11	6	6
Rental of premises	42	42	93	93
Rental of vehicles	19	19	49	49
And crediting :				
Interest income	24	24	103	103
Gain on disposal of property, plant and	8	8	188	188
Gain on disposal of investment in an associate	-	-	15,050	15,050
Realised gain on foreign exchange	248	248	174	174
Rental income	30	30	26	26
Reversal of impairment loss on receivables	8	8	126	126
Unrealised (loss)/gain on foreign exchange	(142)	(142)	271	271

19. Taxation

	Quarter ended 30.06.18 RM'000	Year to date 30.06.18 RM'000	Quarter ended 30.06.17 RM'000	Year to date 30.06.17 RM'000
Malaysian taxation based on profit for the period:				
-Current tax	(471)	(471)	(90)	(90)
-Deferred tax	(1)	(1)	(597)	(597)
Over/(under) provision in prior years:				
-Current tax	-	-	-	-
-Deferred tax	-	-	-	-
	<u>(472)</u>	<u>(472)</u>	<u>(687)</u>	<u>(687)</u>

20. Commentary of Prospects

The Group expect the domestic automotive segment to remain challenging in a highly competitive market given the intense competition for commercial vehicles market coupled with uncertainties due to changes in indirect tax legislation, i.e. the reintroduction of Sales and Services Tax (SST) with effect from 1 September 2018. Apart from the reintroduction of SST, the Group also expect the stringent lending guidelines from financial institutions and volatility in foreign currency exchange have an impact to the business as well. During the current quarter, the Group had introduced its new 18-seater mini van by the name of Cergas into the market to improve its competitiveness. The Group expect the Cergas will bring a better contribution to the results. However, the Group will continue to explore for more option available and progressively increase the number of distributors around Malaysia.

For the property segment, the Group anticipate the current joint development with Platinum Eminent Sdn Bhd may contribute a positive result for financial year ended 2019 as the project had achieved an approximately 80% of sales.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

21. Cash and Bank Balances

	As At 30.06.18 RM'000	As At 31.03.18 RM'000
Cash and bank balances	3,407	3,696
Short-term funds with licensed financial institutions	2,290	4,877
	<u>5,697</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 June 2018 were as below:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bankers acceptances	21,468	-	21,468
Finance lease liabilities	353	-	353
Term loan	25	-	25
Sub-total	<u>21,846</u>	<u>-</u>	<u>21,846</u>
<u>Non-current liabilities</u>			
Finance lease liabilities	393	-	393
Term loans	820	-	820
Sub-total	<u>1,213</u>	<u>-</u>	<u>1,213</u>
Total	<u>23,059</u>	<u>-</u>	<u>23,059</u>

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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 30.06.18	Year to date 30.06.18	Quarter ended 30.06.17	Year to date 30.06.17
Profit for the period attributable to the owners of the Parent (RM'000)	<u>1,791</u>	<u>1,791</u>	<u>3,123</u>	<u>3,123</u>
Weighted average number of ordinary shares in issue ('000 units)	<u>297,111</u>	<u>297,111</u>	<u>276,750</u>	<u>276,750</u>
Basic Earnings Per Share (sen)	<u>0.60</u>	<u>0.60</u>	<u>1.13</u>	<u>1.13</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>1,791</u>	<u>1,791</u>	<u>3,123</u>	<u>3,123</u>
Weighted average number of ordinary shares in issue ('000 units)	297,111	297,111	276,750	276,750
Adjustment for dilutive effect of warrants ('000 units)	<u>18,740</u>	<u>18,740</u>	<u>18,946</u>	<u>18,946</u>
Weighted average number of shares assumed to be in issue ('000 units)	<u>315,851</u>	<u>315,851</u>	<u>295,696</u>	<u>295,696</u>
Diluted Earnings Per Share (sen)	<u>0.57</u>	<u>0.57</u>	<u>1.06</u>	<u>1.06</u>

Date : 27 August 2018