

9. FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

The summarised proforma consolidated results of BKG for the past five (5) financial years ended 31 December 1998 to 2002 and 10 months period ended 31 October 2003 have been prepared for illustrative purpose only based on the audited financial statements of the BKG Group and on the assumption that the current structure of the Group had been in existence throughout the years/ period under review.

The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

| | <--- For the Financial Year Ended 31 December ----> | | | | | 10 Months |
|---|---|--------|---------|--------|---------|------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | Ended |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 31.10.2003 |
| | | | | | | RM'000 |
| Revenue | 24,337 | 29,589 | 39,794 | 47,595 | 59,829 | 62,859 |
| Earnings before interest, depreciation, taxation and amortisation | 3,327 | 4,146 | 5,844 | 7,036 | 9,428 | 9,623 |
| Interest | (183) | (119) | (235) | (256) | (582) | (614) |
| Depreciation | (321) | (369) | (475) | (740) | (1,147) | (1,111) |
| Amortisation | (12) | (12) | (12) | (12) | (12) | (12) |
| Operating profit | 2,811 | 3,646 | 5,122 | 6,028 | 7,687 | 7,886 |
| Exceptional items | - | - | - | - | - | - |
| PBT | 2,811 | 3,646 | 5,122 | 6,028 | 7,687 | 7,886 |
| Taxation | (880) | 6 | (1,119) | (987) | (1,643) | (2,070) |
| PAT | 1,931 | 3,652 | 4,003 | 5,041 | 6,044 | 5,816 |
| Pre-acquisition profit | - | - | - | (9) | - | - |
| MI | - | - | - | 2 | (83) | (170) |
| PAT after pre-acquisition profits and MI | 1,931 | 3,652 | 4,003 | 5,034 | 5,961 | 5,646 |
| Proforma no. of ordinary shares of RM1.00 each in issue ('000) | 30,569 | 30,569 | 30,569 | 30,569 | 30,569 | 30,569 |
| Gross EPS (sen) [#] | 9.20 | 11.93 | 16.76 | 19.72 | 25.15 | - |
| Net EPS (sen) [#] | 6.32 | 11.95 | 13.09 | 16.47 | 19.50 | - |

Notes:-

[#] Based on proforma number of ordinary shares of RM1.00 each after the Acquisitions.

(i) The Proforma Group Income Statement for the financial year ended 31 December 1998 comprises of BKVI only as FPC was not consolidated due to an oversight. However, no adjustment was made as the impact on the group figures is immaterial.

For the financial years ended 31 December 1999 and 31 December 2000, the Proforma Group Income Statement comprises of BKVI and its subsidiary, namely FPC.

For the financial year ended 31 December 2001 and 31 December 2002, the Proforma Group Income Statement comprises of BKVI and its subsidiaries, namely FPC and BKM.

9. FINANCIAL INFORMATION (Cont'd)

- (ii) *The Proforma Group Income Statements have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited financial statements of the BKG Group.*
- (iii) *All significant inter-company transactions have been eliminated from the Group results.*
- (iv) *Revenue decreased by 53.72% for the financial year ended 31 December 1998 to RM24.34 million due to the slowdown of the economy as a result of the Asian financial crisis in the previous year. PBT improved by 1,444.51% over the previous financial year to RM2.81 million mainly due to higher margin earned from the sales of Reconditioned used Commercial Vehicles and the reduction in expenses arising from the scale down in operations as a result of the financial crisis.*
- (v) *Revenue increased by 21.58% for the financial year ended 31 December 1999 to RM29.59 million due mainly to the increased in the sales of new Chassis/ Commercial Vehicles, used spare parts and hire purchase income contributed from the first year of consolidation of FPC.*
- Sales of new Chassis/ Commercial Vehicles comprising of prime movers and heavy duty Commercial Vehicles increased mainly due to an increase in sales to a few major customers. This increase was contributed by the reluctance of financial institutions to end-finance imported Reconditioned prime movers. Sales of used spare parts increased due to higher disposal of most of the used parts accumulated over the financial years. The used spare parts were cannibalised from the unused and discarded components, which arose from its manufacturing activities.*
- PBT improved by 29.70% over the previous financial year to RM3.65 million mainly due to the increased revenue and the PBT contribution from the consolidation of FPC.*
- (vi) *Revenue increased by 34.50% for the financial year ended 31 December 2000 to RM39.79 million due mainly to the introduction of Rebuilt Commercial Vehicles, which contributed RM5.61 million to revenue, general increase in demand for Bodyworks, Reconditioned Commercial Vehicles and new Chassis/ Commercial Vehicles.*
- PBT improved by 40.48% over the previous financial year to RM5.12 million due to the increased revenue and improved profit margin recorded for Rebuilt Commercial Vehicles.*
- (vii) *Revenue increased by 19.60% for the financial year ended 31 December 2001 to RM47.60 million due mainly to the substantial increase in Rebuilt Commercial Vehicle sales which contributed 46.14% of total revenue for the year as a result of a shift of concentration from Reconditioned Commercial Vehicles to Rebuilt Commercial Vehicles. The acquisition of BKM during the financial year contributed to the revenue of RM0.57 million. Sales from Bodyworks also increased by 25.47% compared to previous financial year, as a result of the liberalisation of the transport/haulage industries whereby more transport companies were able to obtain the haulage licences and provide the relevant logistic services.*
- PBT improved by 17.69% over the previous financial year to RM6.03 million due mainly to the increased revenue.*
- (viii) *Revenue increased by 25.70% for the financial year ended 31 December 2002 to RM59.83 million due mainly to the increased sale of Rebuilt Commercial Vehicle which was facilitated by the increased production capacity and the full year of operations of BKM, and the increased in the sales of used spare parts.*
- PBT improved by 27.52% over the previous year to RM7.69 million due to the increased revenue and the increase in profit margin from the sales of Rebuilt Commercial Vehicles.*

9. FINANCIAL INFORMATION (Cont'd)

- (ix) Annualised revenue increased by 26.08% for the 10 months period ended 31 October 2003 to RM62.86 million due mainly to a substantial order from Fast Fit Motor Sdn Bhd, a dealer in East Malaysia who secured a major contract to supply Rebuilt Commercial Vehicles for the agriculture industry and an overall increase in the Peninsular Malaysia market. The increase was also attributed to the increase in sales of Reconditioned used Commercial Vehicles as BKVI bought more trade-in of Reconditioned used Commercial Vehicles from their customers in exchange for sales of Rebuilt Commercial Vehicles.

Annualised PBT improved by 23.11% over the previous year to RM7.89 million due to the increased revenue and improved profit margin as a result of the substantial order mentioned above.

- (x) There were no exceptional and extraordinary items for the years/period under review.
- (xi) The gross EPS is calculated based on the PBT and on the proforma number of ordinary shares of RM1.00 each issued for the Acquisition of BKVI.
- (xii) The net EPS is calculated based on the PAT after pre-acquisition profits and MI and on the proforma number of ordinary shares of RM1.00 each issued for the Acquisition of BKVI.

9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION**9.2.1 Segmental Analysis of Revenue and Operating Profit****Analysis of Revenue by Companies:-**

| | ←----- Financial Year Ended 31 December -----> | | | | | 10 Months |
|-------------------------------|--|--------|--------|--------|--------|------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | Ended |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 31.10.2003 |
| | | | | | | RM'000 |
| BKG | - | - | - | - | - | - |
| BKVI | 24,337 | 29,395 | 39,494 | 46,646 | 49,042 | 46,490 |
| BKM | - | - | - | 567 | 10,381 | 15,984 |
| FPC | - | 194 | 300 | 382 | 406 | 385 |
| Proforma consolidated revenue | 24,337 | 29,589 | 39,794 | 47,595 | 59,829 | 62,859 |

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9. FINANCIAL INFORMATION (Cont'd)**Analysis of Revenue by Products and Services:-**

| | <--- Financial Year Ended 31 December ---> | | | | | 10 Months Ended |
|---|--|----------------|----------------|----------------|----------------|----------------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 | 31.10.2003 RM'000 |
| Rebuilt Commercial Vehicles | - | - | 5,613 | 22,527 | 32,527 | 35,987 |
| Bodyworks | 5,313 | 5,521 | 10,850 | 13,612 | 6,402 | 5,694 |
| Reconditioned Commercial Vehicles | 3,363 | 2,205 | 4,158 | - | - | - |
| Used spare parts | 304 | 2,237 | 2,003 | 3,003 | 5,352 | 6,963 |
| New Chassis/ Commercial Vehicles | 2,040 | 7,728 | 9,991 | 2,044 | 3,982 | 1,754 |
| Reconditioned used Commercial Vehicles | 12,673 | 9,957 | 6,752 | 4,849 | 10,007 | 11,386 |
| Related services | 644 | 1,747 | 127 | 1,178 | 1,153 | 690 |
| Hire purchase income | - | 194 | 283 | 350 | 392 | 347 |
| Insurance commission | - | - | 17 | 32 | 14 | 38 |
| Proforma consolidated revenue | 24,337 | 29,589 | 39,794 | 47,595 | 59,829 | 62,859 |

Analysis of PBT by Companies:-

| | <----- Financial Year Ended 31 December -----> | | | | | 10 Months Ended |
|----------------------------------|--|----------------|----------------|----------------|----------------|----------------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 | 31.10.2003 RM'000 |
| BKG | - | - | - | - | - | - |
| BKVI | 2,811 | 3,492 | 4,961 | 5,852 | 7,128 | 7,051 |
| BKM | - | - | - | 3 | 338 | 665 |
| FPC | - | 154 | 161 | 173 | 221 | 170 |
| Proforma consolidated PBT | 2,811 | 3,646 | 5,122 | 6,028 | 7,687 | 7,886 |

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9. FINANCIAL INFORMATION (Cont'd)**Analysis of PBT by Products and Services:-**

| | <--- Financial Year Ended 31 December ---> | | | | | 10 Months |
|--|--|--------|--------|--------|--------|------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | Ended |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 31.10.2003 |
| | | | | | | RM'000 |
| Rebuilt Commercial Vehicles | - | - | 786 | 3,266 | 4,741 | 5,294 |
| Bodyworks | 957 | 992 | 1,953 | 1,291 | 448 | 405 |
| Reconditioned Commercial Vehicles | 504 | 331 | 416 | - | - | - |
| Used spare parts | 106 | 783 | 701 | 1,051 | 1,873 | 1,698 |
| New Chassis/Commercial Vehicles | 84 | 413 | 535 | 61 | 119 | 56 |
| Reconditioned used Commercial Vehicles | 1,128 | 886 | 564 | 145 | 250 | 244 |
| Related services | 32 | 87 | 6 | 41 | 35 | 19 |
| Hire purchase income | - | 154 | 144 | 141 | 207 | 132 |
| Insurance commission | - | - | 17 | 32 | 14 | 38 |
| Proforma consolidated PBT | 2,811 | 3,646 | 5,122 | 6,028 | 7,687 | 7,886 |

9.2.2 OVERVIEW OF REVENUE AND PBT**31 December 1998**

Revenue decreased by 53.72% for the financial year ended 31 December 1998 to RM24.34 million due to the slowdown of the economy as a result of the Asian financial crisis in the previous year.

PBT improved by 1,444.51% over the previous financial year to RM2.81 million mainly due to higher margin earned from the sale of Reconditioned used Commercial Vehicles as they were much cheaper and the reduction in expenses mainly due to reduction in operations as a result of the financial crisis.

31 December 1999

Revenue increased by 21.58% for the financial year ended 31 December 1999 to RM29.59 million due mainly to the increased in the sale of new Chassis/Commercial Vehicles, used spare parts and hire purchase income that arose from the first year of consolidation of FPC.

Sale of new Chassis/Commercial Vehicles comprising of prime movers and heavy duty Commercial Vehicles increased mainly due to an increase in sales to a few major customers. This increase is contributed by the reluctance of financial institutions to end-finance imported Reconditioned prime movers. Sale of used spare parts increased due to a higher disposal of most of the used parts accumulated over the financial years. The used spare parts were cannibalised from the unused and discarded components, which arose from its manufacturing activities.

PBT improved by 29.70% over the previous financial year to RM3.65 million mainly due to the increased revenue and the profit contribution from the consolidation of FPC.

9. FINANCIAL INFORMATION (Cont'd)

31 December 2000

Revenue increased by 34.50% for the financial year ended 31 December 2000 to RM39.79 million due mainly to the introduction of Rebuilt Commercial Vehicles, which contributed RM5.61 million to revenue, general increase in demand for Bodyworks, Reconditioned Commercial Vehicles and new Chassis/Commercial Vehicles.

PBT improved by 40.48% over the previous financial year to RM5.12 million due to the increased revenue and improved profit margin recorded for Rebuilt Commercial Vehicles.

31 December 2001

Revenue increased by 19.60% for the financial year ended 31 December 2001 to RM47.60 million due mainly to the substantial increase in Rebuilt Commercial Vehicle sales which contributed 46.14% of total revenue for the year as a result of a shift of concentration from Reconditioned Commercial Vehicles to Rebuilt Commercial Vehicles. BKM which was acquired during the financial year contributed to the revenue of RM0.57 million. Sales from Bodyworks also increased by 25.47% compared to previous financial year as a result of the liberalisation of the transport/haulage industries whereby more transport companies were able to obtain the haulage licences and provide the relevant logistic services.

PBT improved by 17.69% over the previous financial year to RM6.03 million due mainly to the increased revenue.

31 December 2002

Revenue increased by 25.70% for the financial year ended 31 December 2002 to RM59.83 million due mainly to the increased sales of Rebuilt Commercial Vehicle, which was facilitated by the increased production capacity, the full year of operations contributed by BKM and increased in the sales of used spare parts.

PBT improved by 27.52% over the previous year to RM7.69 million due to the increased revenue and increased in profit margin from the sales of Rebuilt Commercial Vehicles.

31 October 2003

Annualised revenue increased by 26.08% for the 10 months period ended 31 October 2003 to RM62.86 million due mainly to a substantial order from a dealer in East Malaysia who secured a major contract to supply Rebuilt Commercial Vehicles for the agriculture industry and an overall increase in the peninsular market. The increase was also attributed to the increase in sales of Reconditioned used Commercial Vehicles as BKVI bought more trade-in of used Commercial Vehicles from their customers in exchange for sales of Rebuilt Commercial Vehicles.

Annualised PBT improved by 23.11% over the previous year to RM7.89 million due to the increased revenue and improved profit margin as a result of the substantial order mentioned above.

9. FINANCIAL INFORMATION (Cont'd)**9.2.3 AGING ANALYSIS OF THE TRADE DEBTORS OF THE BKG GROUP**

| | As At 10 Months Period Ended 31 October 2003 | | | | | | |
|--------------------------------------|---|---|---------------------------|-------------------------|-------|---|-------------------------------|
| | Within Credit Period and Repayment Schedule 0 – 90 Days RM'000 | Exceeding Credit Period and Repayment Schedule | | | | Total Exceeding Credit Period and Repayment Schedule > 90 Days (Aging Bands) RM'000 | Total Receivable RM'000 |
| | | 91 – 120 Days RM'000 | 121-150 Days RM'000 | > 150 Days RM'000 | | | |
| | | | | | | | |
| Trade debtors | 12,461 | 121 | 413 | - | 534 | 12,995 | |
| Percentage of total trade debtors | 95.89% | 0.93% | 3.18% | - | 4.11% | 100.00% | |

Based on the above table, the total trade debts exceeding credit period as at 31 October 2003 is approximately RM0.53 million representing 4.11% of the total trade debts of approximately RM13.0 million.

As at 31 January 2004 (being the last practicable date prior to the printing of this Prospectus), of the total trade debts exceeding credit period of ninety (90) days as shown above amounting to RM0.53 million, RM0.16 million has been collected representing approximately 30.71%. The remaining balance of RM0.37 million representing approximately 69.29% has not exceeded the credit period of six (6) months and as such, no provision for doubtful debt is necessary in compliance to the condition imposed by the SC as disclosed in Section 6.1 paragraph 5(b) of this Prospectus.

The Directors of BKG are of the opinion the remaining outstanding balances are recoverable as there are continuing business relationship with the customers and various credit control implemented by the Group to monitor collection from these trade debtors.

For the 10 months period ended 31 October 2003, a provision for doubtful debts of RM0.12 million has been made by the BKG Group for the trade debts that exceeded 180 days.

9.2.4 IMPACT OF FOREIGN EXCHANGE/ INTEREST RATES/ COMMODITY PRICES ON OPERATING PROFITS

There is no impact of foreign exchange as the Group's revenue and profit contribution are mainly from Malaysia.

There is no material impact of interest rates as the Group's borrowings are not substantial.

There is no impact of commodity prices to the BKG Group.

9. FINANCIAL INFORMATION (Cont'd)

9.2.5 TAXATION

There was no current taxation charge for the financial year ended 31 December 1999 as it was a tax waiver year. Taxation charge represented a reversal of deferred taxation and an under provision for tax in prior years.

The disproportionate tax charge for the financial years ended 31 December 2000 to 31 December 2002 and the 10 months period ended 31 October 2003 is due to the claim for reinvestment allowance.

9.2.6 EXCEPTIONAL AND EXTRAORDINARY ITEMS

There was no exceptional and extraordinary item for the financial years/ period under review.

9.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

Save as disclosed in Sections 1.1, 1.3, 9.1, 9.4 and 10 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

- (i) Any known trends, demands, commitments, events or uncertainties that have had, or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and the extent to which the financial performance, position and operations of the Group was so affected; and
- (iv) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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9. FINANCIAL INFORMATION (Cont'd)

9.4 WORKING CAPITAL, MATERIAL LITIGATIONS/ ARBITRATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS

(i) Working Capital

The Directors of BKG are of the opinion that, after taking into consideration the cash flow position, the banking facilities available and the net proceeds from the Rights Issue and Public Issue, the Group will have adequate working capital for a period not less than twelve (12) months from the date of issue of this Prospectus.

(ii) Material Litigation/Arbitration

As at 31 January 2004 (being the latest practicable date to the printing of this Prospectus), neither the Company nor its subsidiaries are engaged in any material litigation, claim and arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of BKG or its subsidiaries and the Board of Directors has no knowledge of any proceeding pending or threatened against the Company and its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the business or financial position of the BKG or its subsidiaries.

(iii) Borrowings

As at 31 January 2004 (being the last practicable date prior to the printing of this Prospectus), the total borrowings in the form of term loans, trust receipts, letters of credit, banker's acceptance and hire purchase financing amounted to approximately RM28.65 million. The borrowings can be analysed further as follows:-

| Borrowings | Amount (RM '000) | Amount (RM '000) |
|-------------------------|---------------------|---------------------|
| Group | | |
| Long term borrowings | | |
| • Interest bearing | 1,358 | |
| • Non-interest bearing | - | 1,358 |
| Short term borrowings | | |
| • Interest bearing | 27,293 | |
| • Non-interest bearing | - | 27,293 |
| Total Borrowings | | 28,651 |

The Group has no foreign currency borrowing.

(iv) Contingent Liabilities

The Directors of BKG declare that, as at 31 January 2004 (being the last practicable date prior to the printing of this Prospectus), the Group has no contingent liabilities.

(v) Material Capital Commitments

As at 31 January 2004 (being the latest practicable date prior to the printing of this Prospectus) the Group has no material capital commitment.

9. FINANCIAL INFORMATION (Cont'd)

9.5 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF BKG FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004
(Prepared for inclusion in the Prospectus)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

12 March 2004
The Board of Directors
Boon Koon Group Berhad
51-8-B Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

Lady and Gentlemen,

CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004

We have reviewed the consolidated profit estimate and forecast of Boon Koon Group Berhad for the financial years ending 31 December 2003 and 31 December 2004 as set out in the accompanying appendices (which we have stamped for the purpose of identification) in accordance with the auditing standard, ISA 810, applicable to the review of forecasts. The estimate and forecast have been prepared for inclusion in the Prospectus to be dated 19 March 2004 issued in connection with the public issue of 13,600,000 new ordinary shares of RM0.50 and offer for sale of 9,396,000 ordinary shares of RM0.50 each at an issue/offer price of RM1.00 per ordinary share pursuant to the listing of and quotation for its entire issued and fully paid-up share capital on the Second Board of Malaysia Securities Exchange Berhad ("MSEB") and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 31 October 2003. The Directors of Boon Koon Group Berhad are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results may be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit estimate and forecast; and
- (ii) in our opinion, the profit estimate and forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 31 October 2003.

Yours faithfully,


JB LAU & ASSOCIATES
AF : 0042
CHARTERED ACCOUNTANTS


JOHN LAU TIANG HUA
NO. 1107/03/04

9. FINANCIAL INFORMATION (Cont'd)**9.6 CONSOLIDATED PROFIT ESTIMATE AND FORECAST, AND ASSUMPTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004**
*(Prepared for inclusion in the Prospectus)***BOON KOON GROUP BERHAD****CONSOLIDATED PROFIT ESTIMATE, FORECAST AND ASSUMPTIONS**

The Directors of Boon Koon Group Berhad estimate and forecast that, in the absence of unforeseen circumstances, the Group profit for the financial years ending 31 December 2003 and 31 December 2004 is as follows:-

| Financial Years Ending 31 December | Estimate 2003 (RM'000) | Forecast 2004 (RM'000) |
|--|------------------------------|------------------------------|
| Revenue | 73,317 | 81,601 |
| Consolidated PBT | 9,283 | 10,851 |
| MI | (141) | (169) |
| Consolidated PBT after MI | 9,142 | 10,682 |
| Taxation | (2,222) | (2,581) |
| Consolidated PAT after MI | 6,920 | 8,101 |
| Pre-acquisition profits | (6,925) | - |
| Net (loss)/ profit | (5) | 8,101 |
| Weighted average number of shares | ^(a) | ^(c) 75,028 |
| Enlarged issued share capital ('000) | ^(b) 30,569 | ^(c) 80,000 |
| Gross (LPS)/EPS (sen) ^(g) | ^(f) (250,000) | ^(e) 14.24 |
| Gross EPS (sen) ^{(e) (h)} | 29.91 | 13.35 |
| Net (LPS)/EPS (sen) ^(g) | (250,000) | 10.80 |
| Net EPS (sen) ^(h) | 22.64 | 10.13 |
| Gross PE Multiple (times) ^{(g) (i)} | ^(d) | 7.02 |
| Gross PE Multiple (times) ^{(h) (i)} | 6.69 | 7.49 |
| Net PE Multiple (times) ^{(g) (i)} | ^(d) | 9.26 |
| Net PE Multiple (times) ^{(h) (i)} | 8.83 | 9.87 |

Notes:-

- (a) Represents RM2.00 comprising 2 ordinary shares of RM1.00 each.
 (b) Ordinary shares of RM1.00 each.
 (c) Ordinary shares of RM0.50 each.
 (d) Negligible.
 (e) Based on the consolidated PBT after MI.
 (f) Based calculated based on a loss of RM5,000 representing the loss before taxation after minority interest and pre-acquisition profit.
 (g) Based on the weighted average number of shares in issue.
 (h) Based on the enlarged issued and paid-up share capital.
 (i) Based on the IPO Price.

JB LAU & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FIRM NO. AG 6042

JB Lau & Associates

9. FINANCIAL INFORMATION (Cont'd)

The principal assumptions upon which the consolidated profit estimate and forecast have been made are set out below:-

GENERAL

1. The Acquisitions and the Rights Issue together with the Share Split was completed on 7 January 2004 and 12 February 2004 respectively. The Listing of Boon Koon Group Berhad on the Second Board of MSEC will be completed by the beginning of April 2004.
2. There will be no significant changes to the prevailing economic and political environment in Malaysia and elsewhere which will adversely affect the activities or performance of the Group.
3. There will be no significant changes to the present legislations or regulations, bases and rates of duties, levies and corporate tax rate affecting the activities of the Group or the market in which it operates.
4. There will be no significant changes in the principal activities of the Group.
5. There will be no major industrial dispute or any abnormal circumstances which will adversely affect the operations of the Group.
6. The prevailing market conditions for the Group's products will not change materially and the average prices of the Group's products will not fluctuate significantly from the estimated and forecasted levels.
7. The fluctuation of the foreign exchange rates against the Ringgit will have no significant impact on the operations of the Group as the Ringgit has been pegged at RM3.80 to USD1.00 and the Group has minimal exposure to foreign currency transactions.
8. The inflation rate will not fluctuate significantly from the estimated and forecasted levels.
9. There will be no significant changes in management, operating and accounting policies from those presently adopted by the Group.
10. There will be no material changes in sales mix and margin of the Group's products.
11. There will be no significant changes in the prices of raw materials, labour, manufacturing and other operating expenses.
12. The existing financial facilities will remain available with no significant changes in their prevailing interest rates.
13. There will be no material acquisitions or disposal of property, plant and equipment or investments other than those that have been estimated and forecasted.

The consolidated profit estimate and forecast have been prepared on bases and accounting policies consistent with those previously adopted in the preparation of the audited financial statements of Boon Koon Group Berhad and its subsidiary companies.

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NO. AB 0942

JB Lau & Associates

9. FINANCIAL INFORMATION (Cont'd)**9.7 DIRECTORS' COMMENTS ON THE PROFIT ESTIMATE AND FORECAST**

The Group's revenue is estimated at RM73.32 million for the financial year ending 31 December 2003, representing a 22.54% increase from the proforma consolidated revenue for the financial year ended 31 December 2002. The improvement is mainly due to the estimated increase in demand of Rebuilt Commercial Vehicles as a result of order backlogs, contracted sales and consistent orders from customers as well as major contracts secured for Bodyworks. As a result of the increase in revenue, PBT is estimated to increase by 20.76% to RM9.28 million compared to previous financial year.

The Group's revenue is forecasted at RM81.60 million for the financial year ending 31 December 2004, representing an 11.30% increase from the consolidated revenue for the financial year ending 31 December 2003 mainly due to the forecasted general increase in the Group's business activities. As a result of the increase in revenue, PBT is forecasted to increase by 16.89% to RM10.85 million compared to previous financial year. The Group is forecasted to save interest expense of approximately RM0.28 million arising from the repayment of bank borrowings from the Rights Issue and Public Issue proceeds.

The Board of Directors of BKG confirms that the consolidated profit estimate and forecast of BKG and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit estimate and forecast of the Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit estimate and forecast.

9.8 DIVIDEND ESTIMATE AND FORECAST

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

The Company is not expected to declare any dividend for the financial year ending 31 December 2003 as the Listing is expected to be completed in the financial year ending 31 December 2004.

Based on the consolidated profit forecast for the financial year ending 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of BKG anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a dividend of 2.50 sen or 5.0% per Share for the forecast financial year ending 31 December 2004, based on the enlarged issued and paid-up share capital of 80,000,000 Shares.

9. FINANCIAL INFORMATION (Cont'd)

The intended appropriation of the estimate and forecast consolidated PAT after MI and pre-acquisition profits for the financial years ending 31 December 2003 and 31 December 2004 would be as follows:-

| Financial Years Ending 31 December | Estimate 2003 (RM'000) | Forecast 2004 (RM'000) |
|---|------------------------------|------------------------------|
| Revenue | 73,317 | 81,601 |
| Consolidated PBT | 9,283 | 10,851 |
| MI | (141) | (169) |
| Consolidated PBT after MI | 9,142 | 10,682 |
| Taxation | (2,222) | (2,581) |
| Consolidated PAT after MI | 6,920 | 8,101 |
| Pre-acquisition profits | (6,925) | - |
| Net (loss)/ profit | (5) | 8,101 |
| Enlarged issued share capital ('000) | ^(a) 30,569 | ^(b) 80,000 |
| Gross EPS (sen) ^{(c) (e)} | 29.91 | 13.35 |
| Net EPS (sen) ^{(d) (e)} | 22.64 | 10.13 |
| Gross and net dividend per Share (sen) ^(f) | - | 2.50 |
| Gross and net amount (RM'000) | - | 2,000 |
| Gross dividend cover (times) | - | 5.34 |
| Net dividend cover (times) | - | 4.05 |
| Gross dividend yield (%) ^(g) | - | 5.00 |
| Net dividend yield (%) ^(g) | - | 5.00 |

Notes: -

- (a) Ordinary shares of RM1.00 each.
- (b) Ordinary shares of RM0.50 each.
- (c) Based on the consolidated PBT after MI.
- (d) Based on the consolidated PAT after MI before pre-acquisition profit.
- (e) Based on the enlarged issued and paid-up share capital.
- (f) Represents tax exempt dividend.
- (g) Based on the IPO Price.

Future dividends may be waived if:-

- (a) the Group is in a loss position for the relevant financial year; or
- (b) the Group has insufficient cash flows to meet any dividend payments.

Notwithstanding the above, the Directors of BKG have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interest of the Company.

9. FINANCIAL INFORMATION (Cont'd)**9.9 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the estimate and forecast assumptions set out in Section 9.6 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the revenue, cost of sales and administrative expenses. Notwithstanding the impacts of the variations in the revenue, cost of sales and administrative expenses as outlined here, there may exist other factors which have not been taken into account, which may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows: -

9.9.1 Variations in Revenue**(i) Variation in units sold**

The sensitivity analysis on units sold is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the units sold by the BKG Group.

Estimate for the financial year ending 31 December 2003

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|-------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Estimate | 73,317 | (57,196) | 16,121 | 9,283 | 6,920 | 21.99% |
| Up to 10% | 79,288 | (61,859) | 17,429 | 10,126 | 7,519 | 21.98% |
| Up to 5% | 76,340 | (59,555) | 16,785 | 9,710 | 7,224 | 21.99% |
| Down 5% | 70,532 | (55,022) | 15,510 | 8,888 | 6,642 | 21.99% |
| Down 10% | 67,480 | (52,638) | 14,842 | 8,460 | 6,339 | 21.99% |

Forecast for the financial year ending 31 December 2004

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|------------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Forecasted | 81,601 | (63,505) | 18,096 | 10,851 | 8,101 | 22.18% |
| Up to 10% | 96,186 | (74,905) | 21,281 | 12,914 | 9,563 | 22.12% |
| Up to 5% | 88,705 | (69,054) | 19,651 | 11,856 | 8,814 | 22.15% |
| Down 5% | 75,022 | (58,365) | 16,657 | 9,918 | 7,440 | 22.20% |
| Down 10% | 68,369 | (53,169) | 15,200 | 8,975 | 6,772 | 22.23% |

9. FINANCIAL INFORMATION (Cont'd)**(ii) Variation in selling price**

The sensitivity analysis on selling price is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the selling price by the BKG Group.

Estimate for the financial year ending 31 December 2003

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|-------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Estimate | 73,317 | (57,196) | 16,121 | 9,283 | 6,920 | 21.99% |
| Up to 10% | 80,553 | (62,880) | 17,673 | 10,299 | 7,643 | 21.94% |
| Up to 5% | 76,937 | (60,040) | 16,897 | 9,790 | 7,282 | 21.96% |
| Down 5% | 69,701 | (54,356) | 15,345 | 8,776 | 6,562 | 22.02% |
| Down 10% | 66,085 | (51,515) | 14,570 | 8,269 | 6,202 | 22.05% |

Forecast for the financial year ending 31 December 2004

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|------------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Forecasted | 81,601 | (63,505) | 18,096 | 10,851 | 8,101 | 22.18% |
| Up to 10% | 89,750 | (69,848) | 19,902 | 12,019 | 8,920 | 22.17% |
| Up to 5% | 85,675 | (66,679) | 18,996 | 11,433 | 8,510 | 22.17% |
| Down 5% | 77,527 | (60,333) | 17,194 | 10,266 | 7,690 | 22.18% |
| Down 10% | 73,461 | (57,164) | 16,297 | 9,684 | 7,282 | 22.18% |

9.9.2 Variations in Cost of Sales

The sensitivity analysis on cost of sales is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the cost of sales of BKG Group.

Estimate for the financial year ending 31 December 2003

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|-------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Estimate | 73,317 | (57,196) | 16,121 | 9,283 | 6,920 | 21.99% |
| Up to 10% | 74,577 | (50,091) | 24,486 | 17,648 | 12,639 | 32.83% |
| Up to 5% | 73,947 | (53,645) | 20,302 | 13,464 | 9,779 | 27.45% |
| Down 5% | 72,688 | (60,745) | 11,943 | 5,105 | 4,066 | 16.43% |
| Down 10% | 72,058 | (64,291) | 7,767 | 929 | 581 | 10.78% |

9. FINANCIAL INFORMATION (Cont'd)

Forecast for the financial year ending 31 December 2004

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|------------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Forecasted | 81,601 | (63,505) | 18,096 | 10,851 | 8,101 | 22.18% |
| Up to 10% | 83,063 | (55,538) | 27,525 | 20,280 | 14,522 | 33.14% |
| Up to 5% | 82,331 | (59,522) | 22,809 | 15,564 | 11,311 | 27.70% |
| Down 5% | 80,867 | (67,488) | 13,379 | 6,134 | 4,888 | 16.54% |
| Down 10% | 80,136 | (71,470) | 8,666 | 1,421 | 1,002 | 10.81% |

9.9.3 Variations in Administrative Expenses

The sensitivity analysis on administrative expenses is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the administrative expenses of the BKG Group.

Estimate for the financial year ending 31 December 2003

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|-------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Estimate | 73,317 | (57,196) | 16,121 | 9,283 | 6,920 | 21.99% |
| Up to 10% | 73,317 | (57,196) | 16,121 | 9,278 | 6,919 | 21.99% |
| Up to 5% | 73,317 | (57,196) | 16,121 | 9,004 | 6,726 | 21.99% |
| Down 5% | 73,317 | (57,196) | 16,121 | 9,561 | 7,116 | 21.99% |
| Down 10% | 73,317 | (57,196) | 16,121 | 9,832 | 7,307 | 21.99% |

Forecast for the financial year ending 31 December 2004

| | Revenue (RM'000) | Cost Sales of (RM'000) | Gross Profit (RM'000) | PBT (RM'000) | PAT After MI (RM'000) | Gross Profit Margin % |
|------------------|---------------------|------------------------------|-----------------------------|-----------------|-----------------------------|--------------------------------|
| As Forecasted | 81,601 | (63,505) | 18,096 | 10,851 | 8,101 | 22.18% |
| Up to 10% | 81,601 | (63,505) | 18,096 | 10,841 | 8,092 | 22.18% |
| Up to 5% | 81,601 | (63,505) | 18,096 | 10,537 | 7,880 | 22.18% |
| Down 5% | 81,601 | (63,505) | 18,096 | 11,164 | 8,321 | 22.18% |
| Down 10% | 81,601 | (63,505) | 18,096 | 11,471 | 8,538 | 22.18% |

9. FINANCIAL INFORMATION (Cont'd)

**9.10 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 31 OCTOBER 2003
(Prepared for inclusion in the Prospectus)**

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

DATE : 12 March 2004

The Board of Directors
Boon Koon Group Berhad
51-8-B Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

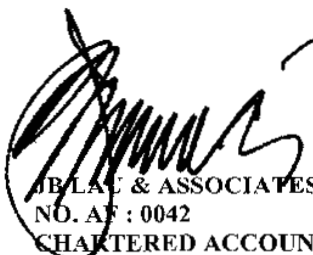
Lady and Gentlemen,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2003

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Boon Koon Group Berhad ("BKG") as at 31 October 2003 together with the accompanying notes thereon, for which the Directors are solely responsible, as set out in the accompanying statement prepared for purposes of inclusion in the Prospectus to be dated 19 March 2004 issued in connection with the public issue of 13,600,000 new ordinary shares of RM0.50 each and offer for sale of 9,396,000 ordinary shares of RM0.50 at an issue/offer price of RM1.00 per ordinary share pursuant to the listing of and quotation for its entire issued and fully paid-up share capital on the Second Board of Malaysia Securities Exchange Berhad.

In our opinion, the Proforma Consolidated Balance Sheets of BKG as at 31 October 2003 together with the notes thereto, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with the accounting policies normally adopted by Boon Koon Group Berhad and its subsidiary companies and after taking into account adjustments appropriate for the purposes of the proforma consolidated balance sheets and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,



JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS



JOHN LAU LIANG HUA
NO. 1107/03-04(J)

9. FINANCIAL INFORMATION (Cont'd)**9.11 PROFORMA CONSOLIDATED BALANCE SHEETS OF BKG AS AT 31 OCTOBER 2003
(Prepared for inclusion in the Prospectus)****BOON KOON GROUP BERHAD
(Incorporated In Malaysia)****PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets as set out below are provided for illustrative purposes only to show the effects on the audited balance sheets of the proposed BKG Group as at 31 October 2003 had the Acquisitions and the flotation scheme been completed on that date.

| | (I) | (II) | (III) | (IV) |
|---|------------|-----------------------|-----------------------|-----------------------|
| | | After (I) | After (II), | After (III), |
| | Audited | and | Share Split, | and |
| | BKG as at | Rights | Public Issue | Employee |
| | 31.10.2003 | Issue | and | Share |
| | RM'000 | RM'000 | Utilisation of | Option |
| | | | Proceeds | Scheme |
| | | | RM'000 | RM'000 |
| PROPERTY, PLANT AND EQUIPMENT | - | 27,110 | 27,110 | 27,110 |
| GOODWILL | - | 214 | 214 | 214 |
| CURRENT ASSETS | | | | |
| Inventories | - | 22,703 | 22,703 | 22,703 |
| Trade debtors | - | 12,995 | 12,995 | 12,995 |
| Other debtors, deposits and prepayments | - | 762 | 762 | 762 |
| Tax recoverable | - | 6 | 6 | 6 |
| Fixed deposits with licensed banks | - | 3,776 | 3,776 | 3,776 |
| Cash and bank balances | * | 2,074 | 4,705 | 14,476 |
| | * | 42,316 | 44,947 | 54,718 |
| CURRENT LIABILITIES | | | | |
| Trade creditors | - | 3,608 | 3,608 | 3,608 |
| Other creditors and accruals | 8 | 2,736 | 2,736 | 2,736 |
| Amount due to directors | - | 144 | 144 | 144 |
| Dividend payable | - | 1,167 | 1,167 | 1,167 |
| Bank borrowings | - | 21,992 | 21,992 | 12,592 |
| Provision for taxation | - | 707 | 707 | 707 |
| | 8 | 30,354 | 30,354 | 20,954 |
| NET CURRENT (LIABILITIES)/ASSETS | (8) | 11,962 | 14,593 | 33,764 |
| | (8) | 39,286 | 41,917 | 61,088 |
| FINANCED BY : | | | | |
| SHARE CAPITAL | (a) | 30,569 | 33,200 | 40,000 |
| SHARE PREMIUM | - | 1,834 | 1,834 | 7,034 |
| RESERVE ON CONSOLIDATION | - | 4,702 | 4,702 | 4,702 |
| ACCUMULATED LOSSES | (8) | (8) | (8) | (8) |
| SHAREHOLDERS' FUNDS | (8) | 37,097 | 39,728 | 51,728 |
| MINORITY INTEREST | - | 284 | 284 | 284 |
| DEFERRED TAXATION | - | 767 | 767 | 767 |
| LONG TERM LIABILITIES | - | 1,138 | 1,138 | 309 |
| | (8) | 39,286 | 41,917 | 53,088 |
| | (8) | 39,286 | 41,917 | 61,088 |
| No. of ordinary shares in issue | (a) | 30,569 ^(b) | 33,200 ^(b) | 80,000 ^(c) |
| Net Tangible (Liabilities) / Assets | (8) | 36,883 | 39,514 | 51,514 |
| Net Tangible (Liabilities) / Assets per share (RM) | (4,000.00) | 1.21 | 1.19 | 0.64 |

* Represents RM2.00

(a) Represents RM2.00 comprising 2 ordinary shares of RM1.00 each.

(b) Ordinary shares of RM1.00 each.

(c) Ordinary shares of RM0.50 each.

9. FINANCIAL INFORMATION (Cont'd)**BOON KOON GROUP BERHAD****NOTES AND ASSUMPTIONS TO THE PROFORMA
CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2003**

1. The Proforma Consolidated Balance Sheets of BKG have been prepared for illustrative purposes based on the adjusted audited financial statements of Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI") and the audited financial statements of First Peninsula Credit Sdn. Bhd. ("FPC") and Boon Koon Marketing (East Malaysia) Sdn. Bhd. ("BKM") as at 31 October 2003 and on the assumption that the following were effected on that date:

- (a) (i) The Acquisition of 100% equity interest in BKVI based on its adjusted audited net tangible assets ("NTA") at 31 December 2002 after adjusting for unrealised profit on inventories and gain on disposal of FPC and BKM, satisfied by the issuance of new BKG ordinary shares of RM1.00 each valued at approximately RM1.06 per share.

| | <u>Adjusted audited NTA at 31.12.2002</u> RM | | <u>New BKG shares to be issued</u> |
|------|---|---|--|
| BKVI | 32,402,971 | * | 30,568,841 |

| | <u>NTA</u> RM |
|---|---------------------|
| Audited shareholders' funds as at 31 December 2002 | 31,985,303 |
| Less : Goodwill | <u>(224,000)</u> |
| Audited NTA as at 31 December 2002 | 31,761,303 |
| (Less)/Add : | |
| Unrealised profit on inventories | (73,130) |
| Gain on disposal of FPC and BKM | 714,798 |
| Adjusted audited NTA | <u>32,402,971</u> * |

- (ii) Subsequent to the Acquisition of BKVI, BKVI disposed of its 100% equity interest in the issued and paid-up share capital of FPC to BKG for a total cash consideration of RM683,443. The purchase consideration was arrived at based on the audited NTA as at 31 December 2002.
- (iii) Subsequent to the Acquisition of BKVI, BKVI disposed of its 65% equity interest in the issued and paid-up share capital of BKM to BKG for a total cash consideration of RM212,085. The purchase consideration was arrived at based on the audited NTA as at 31 December 2002.

9. FINANCIAL INFORMATION (Cont'd)

- (b) Rights Issue of 2,631,157 new ordinary shares of RM1.00 each on the basis of approximately 86 shares for every 1,000 shares held at an issue price of RM1.00 per share.
- (c) A split of the par value of ordinary shares of BKG from RM1.00 to RM0.50 per ordinary share, which accordingly increased the enlarged share capital from 33,200,000 ordinary shares of RM1.00 each to 66,400,000 ordinary shares of RM0.50 each.
- (d) Public Issue of 13,600,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.
- (e) Employee Share Option Scheme of 8,000,000 new ordinary shares of RM0.50, being the 10% of the enlarged share capital of 80,000,000 ordinary shares of RM0.50 each at an assumed exercise price of RM1.00 per share.
- (f) The gross proceeds from the Rights and Public Issues will be utilised as follows :

| | RM'000 |
|------------------------------|---------------|
| Repayment of bank borrowings | 10,229 |
| Working capital | 4,402 |
| Payment of listing expenses | 1,600 |
| | ----- |
| | 16,231 |
| | ===== |

- (g) Listing expenses of RM1,600,000 will be written off against the share premium account.

| | RM'000 |
|-------------------------------|---------------|
| Share premium from : | |
| Issue of shares to BKVI | |
| at a premium of approximately | |
| - RM0.06 x 30,568,841 | 1,834 |
| Public Issue | |
| - RM0.50 x 13,600,000 | 6,800 |
| Listing expenses | (1,600) |
| Employee Share Option Scheme | |
| - RM0.50 x 8,000,000 | 4,000 |
| | ----- |
| | 11,034 |
| | ===== |

2. The Proforma Consolidated Balance Sheets of BKG have been prepared under the acquisition method of consolidation and on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.