

All abbreviations used shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your Shares in our Company, you should at once hand this Abridged Prospectus together with the NPA and RSF to the agent through whom you have affected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents.

Approval from our shareholders has been obtained at our EGM held on 6 March 2013. Approval for the issuance of Warrants to our non-residents Entitled Shareholders pursuant to the Rights Issue has been obtained from the BNM vide BNM's letter dated 5 December 2012. Approval has also been obtained from Bursa Securities via its letter dated 7 December 2012 for the admission, listing of and quotation for all the new securities to be issued by our Company pursuant to the Rights Issue. Admission to the Official List of Bursa Securities and quotation of the new securities are in no way reflective of the merits of the Rights Issue.

This Rights Issue is only for our Entitled Shareholders whose names are registered in the Record of Depositors maintained by Bursa Depository at 5.00 p.m. on 12 June 2013. This Abridged Prospectus, together with the NPA and RSF are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renounees who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult your legal adviser as to whether the acceptance or renunciation (as the case may be) of your entitlements to this Rights Issue would result in the contravention of any law of such countries or jurisdictions. Our Company and AmInvestment Bank shall not accept any responsibility or liability, whatsoever, in the event that any acceptance or renunciation of provisional allotment by our Entitled Shareholders and/or their renounees is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which our Entitled Shareholders and/or their renounees reside.

Our Board has seen and approved all the documentation relating to this Rights Issue. They, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Abridged Prospectus, NPA and RSF false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.



BOON KOON GROUP BERHAD

(Company No. 553434-U)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,375,000 NEW ORDINARY SHARES OF RM0.20 EACH IN BOON KOON GROUP BERHAD ("RIGHTS SHARES") TOGETHER WITH UP TO 138,375,000 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.20 EACH HELD AS AT 5.00 P.M. ON 12 JUNE 2013

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:-

Entitlement date	:	Wednesday, 12 June 2013, at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Wednesday, 19 June 2013, at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Monday, 24 June 2013, at 4.00 p.m.
Last date and time for acceptance and payment	:	Thursday, 27 June 2013, at 5.00 p.m. *
Last date and time for the Excess Rights Shares application and payment	:	Thursday, 27 June 2013, at 5.00 p.m. *

* Or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

ALL ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS. SHAREHOLDERS/ INVESTORS SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/ INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Act	:	Companies Act, 1965 as amended from time to time and any re-enactment thereof
Amendments	:	Amendments to the Memorandum and Articles of Association of BKG
AmBank	:	AmBank (M) Berhad (8515-D)
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)
BKG or our Company	:	Boon Koon Group Berhad (553434-U)
BKG Group or our Group	:	BKG and its subsidiaries
BKG Share(s) or Share(s)	:	Ordinary share(s) of RM0.20 each in BKG
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of BKG
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Capital Reduction	:	The share capital reduction via the cancellation of RM0.30 of the par value of ordinary shares of RM0.50 each in BKG pursuant to Section 64(1) of the Act, which was completed on 7 May 2013
CDS	:	Central Depository System
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to SICDA and Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
Closing Date	:	27 June 2013 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
Code	:	Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
Corporate Exercises	:	Collectively, the Capital Reduction, Rights Issue, Amendments and Exemption
Deed Poll	:	Deed Poll dated 27 May 2013 constituting the Warrants

DEFINITIONS (Cont'd)

Disqualifying Transaction	:	For the purpose of this definition, "disqualifying transaction" shall have the same meaning given in Paragraph 16.4 of Practice Note 9 of the Code
EBITDA	:	Earnings before interest expense, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting
Entitled Shareholder(s)	:	Shareholder(s) of our Company whose name(s) appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue
Entitlement Date	:	12 June 2013 at 5.00 p.m., being the date and time on which our Entitled Shareholders must be registered in the Record of Depositors in order to be entitled to the Rights Issue
EPS	:	Earnings per share
Euro	:	European
Excess Rights Shares	:	Rights Shares (together with the corresponding number of Warrants) which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounees prior to the Closing Date
Exemption	:	Exemption to Dato' Goh Boon Koon, Goh Boon Leong and their PACs under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory offer to acquire the remaining Shares and Warrants not already held by Dato' Goh Boon Koon, Goh Boon Leong and their PACs upon the completion of the Rights Issue as prescribed under Part III of the Code
Foreign Entitled Shareholder(s)	:	Entitled Shareholder(s) who does/ do not have a registered address in Malaysia or an address for service in Malaysia
FPC	:	First Peninsula Credit Sdn Bhd (101631-U)
FPE(s)	:	Financial period(s) ended/ ending, as the case may be
FYE(s)	:	Financial year(s) ended/ ending 31 March, as the case may be
GKYM	:	GKY Machinery (M) Sdn Bhd (435227-P)
JPY	:	Japanese Yen
Listing Requirements	:	Bursa Securities Main Market Listing Requirements and all amendments made thereto from time to time
LPD	:	22 May 2013, being the latest practicable date prior to the registration of this Abridged Prospectus
LBT	:	Loss before taxation

DEFINITIONS (Cont'd)

Market Day(s)	:	Any day(s) between Monday and Friday (both days inclusive) which is not a public holiday and on which the Bursa Securities is open for the trading of securities
Maximum Scenario	:	The scenario that assumes all our Entitled Shareholders subscribe for their respective entitlements in full under the Rights Issue
Minimum Scenario	:	The scenario that assumes the Rights Issue will be implemented based on the Minimum Subscription Level
Minimum Subscription Level	:	Minimum level of subscription for 42,927,929 Rights Shares together with 42,927,929 Warrants pursuant to the Rights Issue, as determined by our Board after taking into consideration the Undertakings and the minimum gross proceeds of approximately RM8.59 million to be raised from the Rights Issue
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
PACs	:	Parties acting in concert with Dato' Goh Boon Koon and Goh Boon Leong, namely Datin Lee Teoh Lee, Goh Yin Ling and Goh Chin Aun
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Provisional Rights Shares	:	Rights Shares (together with the corresponding number of Warrants) provisionally allotted to our Entitled Shareholders
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Rights Issue	:	Renounceable rights issue of up to 138,375,000 Rights Shares together with up to 138,375,000 Warrants at an issue price of RM0.20 per Rights Share on the basis of one (1) Rights Share together with one (1) free Warrant for every one (1) existing Share held on the Entitlement Date
Rights Share(s)	:	Up to 138,375,000 new Shares to be issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights subscription form in relation to the Rights Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA including any amendments thereof issued by Bursa Depository from time to time
SC	:	Securities Commission Malaysia

DEFINITIONS (Cont'd)

SGD	:	Singapore Dollar
Share Registrar	:	Bina Management (M) Sdn Bhd (50164-V)
SICDA	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998
TERP	:	Theoretical ex-rights price
Undertakings	:	The irrevocable written undertakings from Dato' Goh Boon Koon and Goh Boon Leong (via the letters dated 25 October 2012) to subscribe in full for their entitlements to the Rights Shares pursuant to the Rights Issue
US	:	United States of America
USD	:	United States Dollar
WAMP	:	5-day weighted average market price of our Share(s)
Warrant(s)	:	Up to 138,375,000 free detachable warrants to be issued pursuant to the Rights Issue and to be constituted under the Deed Poll

References to "we", "us", "our" and "ourselves" are to our Company and, where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/ (Designation)	Age	Address	Nationality	Profession
Dato' Goh Boon Koon/ (Executive Chairman)	60	1, Lorong Panchor Indah 1 Taman Panchor Indah 14300 Nibong Tebal Penang	Malaysian	Company Director
Goh Boon Leong/ (Group Chief Executive Officer)	53	3427, Jalan Bayan Kecil Taman Sentosa 14300 Nibong Tebal Seberang Perai Selatan Penang	Malaysian	Company Director
Goh Peng Yeong/ (Executive Director)	51	10, Halaman Bukit Gambir 11 Sunway Bukit Gambir 11700 Gelugor Penang	Malaysian	Company Director
Chong Chun Chieh/ (Executive Director)	45	No. 5, Lorong 6 Jalan Bunga Tanjung 09000 Kulim Kedah	Malaysian	Company Director
Mohd Kamal Bin Omar/ (Non-Independent Non- Executive Director)	59	2623, Jalan Permata 15 Taman Permata Hulu Kelang 63300 Kuala Lumpur	Malaysian	Company Director
Ho Kok Loon/ (Independent Non-Executive Director)	47	18, Jalan Taman Greenview Satu 11600 Penang	Malaysian	Company Director
Murelidaran A/L M Navaratnam/ (Independent Non-Executive Director)	47	49, Changkat Bukit Gambir 2 11700 Gelugor Penang	Malaysian	Advocate and Solicitor
Ang Poh Gin/ (Independent Non-Executive Director)	59	3400, Jalan Kelicap Kecil Taman Sentosa 14300 Nibong Tebal Penang	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ho Kok Loon	Chairman	Independent Non-Executive Director
Murelidaran A/L M Navaratnam	Member	Independent Non-Executive Director
Ang Poh Gin	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Chee Wai Hong (BC/C/1470)
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- Foo Li Ling (MAICSA 7019557)
No. 40, Jalan Bunga Anggerik 2
Dataran Ukay
68000 Ampang
Selangor Darul Ehsan
- REGISTERED OFFICE** : 51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : 604 - 228 9700
Fax No. : 604 - 227 9800
- HEAD OFFICE** : 1177, Jalan Dato Keramat
14300 Nibong Tebal
Seberang Perai Selatan
Penang
Tel No. : 604 - 593 1504
Fax No. : 604 - 598 1696
E-mail : bkgb@boonkoon.com
Website : www.boonkoon.com
- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs Grant Thornton (AF: 0042)
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- SOLICITORS FOR THE RIGHTS ISSUE** : Zaid Ibrahim & Co
Advocates & Solicitors
51-22-B & C, Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang
- PRINCIPAL BANKERS** : AmBank (M) Berhad (8515-D)
Level 8
37, Jalan Sultan Ahmad Shah
10050 Penang
- Hong Leong Bank Berhad (97141-X)
1st Floor, No 7 & 9, Tingkat Kikik 7
Taman Inderawasih
13600 Prai
Penang
- HSBC Bank Malaysia Berhad (127776-V)
1, Downing Street
10300 Penang
- Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS (cont'd)** : RHB Bank Berhad (6171-M)
Level 7, Tower 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
- SHARE REGISTRAR** : Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor
- PRINCIPAL ADVISER** : AmInvestment Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- STOCK EXCHANGE LISTED AND LISTING SOUGHT** : Main Market of Bursa Securities

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BOON KOON GROUP BERHAD
(Company No. 553434-U)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

12 June 2013

Directors

Dato' Goh Boon Koon (*Executive Chairman*)
Goh Boon Leong (*Group Chief Executive Officer*)
Goh Peng Yeong (*Executive Director*)
Chong Chun Chieh (*Executive Director*)
Mohd Kamal Bin Omar (*Non-Independent Non-Executive Director*)
Ho Kok Loon (*Independent Non-Executive Director*)
Murelidaran A/L M Navaratnam (*Independent Non-Executive Director*)
Ang Poh Gin (*Independent Non-Executive Director*)

To: The Shareholders of Boon Koon Group Berhad

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,375,000 RIGHTS SHARES TOGETHER WITH UP TO 138,375,000 WARRANTS AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY ONE (1) EXISTING SHARE HELD AS AT 5.00 P.M. ON 12 JUNE 2013

1. INTRODUCTION

On 25 October 2012, AmlInvestment Bank, on our behalf, announced that our Company proposed to undertake the Corporate Exercises.

On 7 December 2012, AmlInvestment Bank, on our behalf, announced that Bursa Securities had vide its letter dated 7 December 2012 approved the admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:-

	Conditions Imposed	Status of Compliance
(a)	BKG and AmlInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	Complied and to be further complied.
(b)	BKG and AmlInvestment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied.

	Conditions Imposed	Status of Compliance
(c)	BKG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the completion of the Rights Issue;	To be complied.
(d)	BKG is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied.
(e)	the BNM's approval for the issuance of the Warrants to the non-residents Entitled Shareholders pursuant to the Rights Issue and to furnish a copy of the said approval letter to Bursa Securities;	Complied.
(f)	the SC's approval for the Exemption and to furnish a copy of the said approval letter to Bursa Securities;	Complied.
(g)	the sanction by the High Court of Malaya for the Capital Reduction and to furnish a copy of the court order to Bursa Securities; and	Complied.
(h)	to incorporate the comments from Bursa Securities in the Circular to the shareholders of BKG.	Complied.

On 11 December 2012, AmlInvestment Bank, on our behalf, announced that the BNM had vide its letter dated 5 December 2012 approved the issuance of Warrants to our Entitled Shareholders who are non-residents pursuant to the Rights Issue in accordance with the Foreign Exchange Administration Rules without imposing any condition.

On 6 March 2013, our shareholders had approved our Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises passed at the aforesaid EGM is set out in Appendix I of this Abridged Prospectus.

On 15 April 2013, AmlInvestment Bank, on our behalf, announced that the SC had vide its letter dated 12 April 2013 approved the Exemption without imposing any condition.

On 26 April 2013, AmlInvestment Bank, on our behalf, announced that the High Court of Malaya in Kuala Lumpur had on 26 April 2013 granted an order confirming the Capital Reduction pursuant to Section 64(1) of the Act.

On 7 May 2013, AmlInvestment Bank, on our behalf, announced that the sealed order of the High Court of Malaya in Kuala Lumpur confirming the Capital Reduction has been lodged with the Companies Commission of Malaysia on 7 May 2013, thus being the effective date and marking the completion of the Capital Reduction.

On 22 May 2013, AmlInvestment Bank, on our behalf, announced that the issue price of the Rights Shares has been fixed at RM0.20 each and the exercise price of the Warrants has been fixed at RM0.20 each.

On 29 May 2013, AmlInvestment Bank, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 12 June 2013 together with other relevant dates pertaining to the Rights Issue.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

In accordance with the terms of the Rights Issue as approved by our shareholders at our EGM on 6 March 2013, we will provisionally allot up to 138,375,000 Rights Shares at an issue price of RM0.20 per Rights Share for subscription by our Entitled Shareholders together with up to 138,375,000 Warrants on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing Share held by our Entitled Shareholders on the Entitlement Date.

Our Board has determined that the Rights Issue will be undertaken based on a Minimum Subscription Level as further set out in Section 6 of this Abridged Prospectus.

The issue price of the Rights Share at RM0.20 per Rights Share is payable in full upon acceptance.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA setting out the number of Rights Shares (together with the corresponding number of Warrants) for which you are entitled to subscribe for under the terms of the Rights Issue and the RSF which is to be used for the acceptance of your Provisional Rights Shares as well as to apply for Excess Rights Shares should you choose to do so.

Entitled Shareholders can subscribe for or renounce their rights entitlements to the Rights Shares (together with the corresponding number of Warrants) in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. Accordingly, the Entitled Shareholders who renounce their entitlements to the Rights Shares, partially or in full, will simultaneously relinquish any corresponding entitlements to the Warrants. Any unsubscribed Rights Shares (together with the corresponding number of Warrants) shall be made available for excess applications by other Entitled Shareholders and/or their renounees.

The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded on Bursa Securities.

In addition to taking up your respective entitlement under the Rights Issue, you may also apply for Excess Rights Shares under the excess application. It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner as further set out in Section 3.8 of this Abridged Prospectus.

Any dealings in the Rights Shares and Warrants shall be subject to, inter-alia, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, as the Rights Shares and the Warrants are prescribed securities, the Rights Shares and the Warrants will be credited directly into the respective CDS Accounts of our Entitled Shareholders and/or their renounees upon allotment and issuance by our Company. No physical share or warrant certificates will be issued to our Entitled Shareholders and/or their renounees.

We shall allot and issue the Rights Shares (together with the corresponding number of Warrants), despatch notices of allotment and apply for the quotation for the Rights Shares and Warrants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Issue or such other period as may be prescribed by Bursa Securities. The Rights Shares and Warrants will then be listed and quoted on the Main Market of Bursa Securities two (2) Market Days after an application for quotation has been submitted to Bursa Securities.

2.2 Basis and Justification of Determining the Issue Price of the Rights Shares and the Exercise Price of the Warrants

Our Board has on 22 May 2013 resolved to fix the issue price of the Rights Shares and exercise price of the Warrants at RM0.20 respectively after taking into consideration, inter-alia, the WAMP up to and including 21 May 2013, being the last Market Day immediately preceding the price-fixing date for the Rights Shares and Warrants, the par value of the BKG Shares, the amount of proceeds required to be raised from the Rights Issue and the then prevailing market conditions.

The issue price of RM0.20 per Rights Share and the exercise price of RM0.20 per Warrant represent a discount of approximately RM0.01 or 4.76% to the TERP of the BKG Shares of RM0.21 each calculated based on the WAMP up to and including 21 May 2013 of RM0.21 each, being the last Market Day immediately preceding the price-fixing date for the Rights Shares and Warrants.

For avoidance of doubt, the Warrants attached to the Rights Shares will be issued without any cost to our Entitled Shareholders and/or their renounees who have successfully subscribed for the Rights Shares.

2.3 Ranking of the Shares

The Rights Shares and the new Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment of the Rights Shares and the new Shares to be issued arising from the exercise of the Warrants.

2.4 Salient Terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue are set out as follows:-

Adjustments to the exercise price and/or the number of Warrants	: The exercise price and number of Warrants in issue may be adjusted from time to time in accordance with the provisions of the Deed Poll.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants comprises one hundred (100) Warrants. Accordingly, each board lot of Warrant carries the right to subscribe for one hundred (100) new Shares.
Deed Poll	: The Warrants are constituted by the Deed Poll dated 27 May 2013.
Tenure of Warrants	: Ten (10) years from the date of issuance of the Warrants.

- Exercise period : The Warrants may be exercised from the period commencing on and including the date of the issue of the Warrants and ending on the business day immediately preceding the tenth (10th) anniversary from the date of issue of the Warrants. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- Exercise price : The exercise price of the Warrants has been fixed at RM0.20 but subject always to adjustments in accordance with the provisions of the Deed Poll. The registered holder of the Warrants shall pay cash equivalent to the exercise price for each Warrant held when subscribing for the new Shares.
- Exercise rights : The rights of a Warrant holder to subscribe for one (1) new Share arising from each Warrant at the exercise price during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll.
- Forms and denomination : The Warrants will be issued in the registered form and will be detached from the Rights Shares upon issuance and separately traded on Bursa Securities.
- Further issues : Subject to the provisions of the Deed Poll, our Company will be at the liberty to issue Shares or other convertible securities to the shareholders. However, the Warrant holders will not have any participating rights in such issue unless the Warrant holders become the shareholders by exercising their exercise rights or otherwise resolved by our Company in a general meeting.
- Governing law : The Warrants and the Deed Poll shall be governed by the laws of Malaysia.
- Issue price : The Warrants are to be issued free to our Entitled Shareholders and/or their renounees who subscribe to the Rights Shares on the basis of one (1) free Warrant for every one (1) Rights Share.
- Issue size : Up to 138,375,000 Warrants to be issued to our Entitled Shareholders and/or their renounees under the Rights Issue.
- Issuer : BKG.
- Listing : The approval from Bursa Securities has been obtained on 7 December 2012 for the admission of the Warrants to the Official List and the listing of and quotation for the Warrants as well as the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
- Mode of exercise : The registered holder of the Warrants shall pay by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia for the exercise price when subscribing for the new Shares in our Company.

Ranking of new Shares to be issued arising from the exercise of the Warrants : The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of our Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Shares.

Rights in the event of winding up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, then:-

(a) if such winding-up, compromise or arrangement has been approved by the Warrant holders, or some person designated by them for such purpose by special resolution, the terms of such winding-up, compromise and arrangements shall be binding on all the Warrant holders; and

(b) in any other case, every Warrant holders shall be entitled within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of court order approving the compromise or arrangement, to elect to be treated as if the Warrant holders had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights. All exercise rights which have not been exercised within six (6) weeks of the passing of such resolution or granting of the court order shall lapse and the Warrants shall cease to be valid for any purpose.

If our Company is wound up (other than by way of a members' voluntary winding-up), all exercise rights which have not been exercised prior to the date of commencement of the winding-up shall cease to be valid for any purpose.

Rights of Warrant holders : The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant holders exercise their Warrants for the new Shares.

Transferability : The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.

2.5 Other Corporate Exercises

Save for the Rights Issue, our Board has confirmed that as at the LPD, our Company does not have any other intended corporate proposals which have been approved by the regulatory authorities which is pending implementation.

3. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Rights Shares as well as application for the Excess Rights Shares and the procedures to be followed should you and/or your renounee (if applicable) wish to sell or transfer all or any part of your/ his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your renounee (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Rights Shares which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares as well as to apply for Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

3.2 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you are required to have valid and subsisting CDS Accounts when making the applications.

3.3 Last Date and Time for Acceptance and Payment

The last date and time for acceptance of and payment for the Rights Shares is at 5.00 p.m. on 27 June 2013, or such later date and time as our Board may in its absolute discretion determine and announce not less than two (2) Market Days before the stipulated date and time.

3.4 Procedure for Full Acceptance and Payment

Acceptance of and payment for the Provisional Rights Shares must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEE (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address:-

**Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor
Malaysia**

so as to arrive **not later than 5.00 p.m. on 27 June 2013**, being the last date and time for the acceptance of and payment for the Provisional Rights Shares or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

One (1) RSF must be used for acceptance of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSF must be used for the acceptance of Provisional Rights Shares standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares (together with the corresponding number of Warrants) subscribed for will be credited into your CDS Account(s) as stated in the completed RSF.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Successful applicants to the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of Rights Shares that can be accepted is one (1) Rights Share with one (1) Warrant. However, you should take note that a trading board lot comprises 100 Shares.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT OR CASHIER'S ORDER OR MONEY ORDER OR POSTAL ORDER DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MADE PAYABLE TO "BKG RIGHTS ISSUE ACCOUNT", CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER, ADDRESS AND YOUR CDS ACCOUNT NUMBER IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR BY 5.00 P.M. ON 27 JUNE 2013 OR SUCH LATER DATE AND TIME AS OUR BOARD MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME. THE PAYMENT MUST BE MADE FOR THE EXACT AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. CHEQUES OR OTHER MODE(S) OF PAYMENT ARE NOT ACCEPTABLE.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCE SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS PARTIALLY ACCEPTED, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

If acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 27 June 2013 or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time, you and/or your renounee (if applicable) will be deemed to have declined the provisional entitlement made to you and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event the Rights Shares (together with the corresponding number of Warrants) are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares (together with the corresponding number of Warrants) to the applicants who have applied for the Excess Rights Shares in the manner as set out in Section 3.8 of this Abridged Prospectus. Our Board reserves the right not to accept or to accept any application in part only without assigning any reasons.

3.5 Procedure for Part Acceptance

You are entitled to accept part of your entitlement of the Provisional Rights Shares provided that the minimum number of Rights Share that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant. Any part acceptance shall be in the proportion of one (1) Rights Share with one (1) Warrant. Our Entitled Shareholders cannot accept the provisionally allotted Rights Shares (together with the corresponding number of Warrants) with any other proportions.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

The portion of the Provisional Rights Shares that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares.

3.6 Procedure for Sale or Transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNT AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

3.7 Procedure to be Followed by the Renounees

Renounees who wish to accept the Provisional Rights Shares must obtain a copy of the RSF from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>), complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment is the same as that which is applicable to our Entitled Shareholders as described in Sections 3.4, 3.5, 3.6 and 3.8 of this Abridged Prospectus.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.8 Procedure for the Application for the Excess Rights Shares

You and/or your renounee (if applicable) may apply for additional Rights Shares (together with the corresponding number of Warrants) in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares applied for to our Share Registrar so as to arrive not later than **5.00 p.m. on 27 June 2013** or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 3.4 of this Abridged Prospectus in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia made payable to "**BKG EXCESS RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number, address and your CDS Account number in block letters to be received by our Share Registrar by 5.00 p.m. on 27 June 2013 or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time. The payment must be made for the exact amount payable for the Excess Rights Shares applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (c) thirdly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis based on the quantum of their respective Excess Rights Shares application; and
- (d) fourthly, for allocation to renounees who have applied for the Excess Rights Shares on a pro-rata basis based on the quantum of their respective Excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in Section 3.8(a) to 3.8(d) of this Abridged Prospectus are achieved. Our Board also reserves the right to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

APPLICATIONS FOR THE EXCESS RIGHTS SHARES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS BUT A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO SUCCESSFUL APPLICANTS BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS FOR THE EXCESS RIGHTS SHARES, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

3.9 Form of Issuance

Bursa Securities has already prescribed the securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, all dealings in the Rights Shares and Warrants shall be subjected to the SICDA, Rules of Bursa Depository and any other relevant legislation. You must have a CDS Account in order to subscribe for the Rights Shares.

Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected. A notice of allotment will be despatched to you and/or your renounee (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares.

Where the Rights Shares (together with the corresponding number of Warrants) are provisionally allotted to you as an Entitled Shareholder in respect of your existing Share standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares shall mean that you consent to receive such Provisional Rights Shares as prescribed or deposited securities which will be credited directly into your CDS Account.

The Excess Rights Shares, if allotted to the successful applicant who applies for the Excess Rights Shares, will be credited directly as prescribed securities into the CDS Account of the successful applicant.

No physical share and warrant certificates shall be issued to you under the Rights Issue. Instead, the Rights Shares and Warrants will be credited directly into your CDS Account maintained with Bursa Depository.

3.10 Foreign Entitled Shareholders

This Abridged Prospectus, NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any relevant authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, NPA and RSF, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares (together with the corresponding number of Warrants) may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, NPA and RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving this Abridged Prospectus, NPA and RSF or otherwise within Malaysia.

As a result, this Abridged Prospectus, NPA and RSF have not been (and will not be) sent to our Foreign Entitled Shareholders. However, Foreign Entitled Shareholders may collect this Abridged Prospectus, NPA and RSF from our Share Registrar, Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor, Malaysia who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, NPA and RSF.

If you are a Foreign Entitled Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subjected to the laws of Malaysia.

The Foreign Entitled Shareholders and/or their renounees may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so, and our Company, our Board and officers, AmInvestment Bank and/or other experts ("**Parties**") would not in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Entitled Shareholders and/or their renounees are or might be subjected to. The Foreign Entitled Shareholders and/or their renounees shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subjected to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by the Foreign Entitled Shareholders and/or their renounees is or shall become unlawful, unenforceable, voidable or void in any such countries or jurisdictions. The Foreign Entitled Shareholders and/or their renounees will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by other Entitled Shareholders and/or their renounees.

Each person, by accepting the delivery of this Abridged Prospectus, NPA and RSF, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares (together with the corresponding number of Warrants) will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (a) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which our Entitled Shareholders and/or their renounees are or might be subjected to;
- (b) the Foreign Entitled Shareholders and/or their renounees have complied with the laws to which the Foreign Entitled Shareholders and/or their renounees are or might be subjected to in connection with the acceptance or renunciation;

- (c) the Foreign Entitled Shareholders and/or their renounees are not a nominee or agent of a person in respect of whom the Parties would by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subjected to;
- (d) the Foreign Entitled Shareholders and/or their renounees are aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (e) the Foreign Entitled Shareholders and/or their renounees have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign Entitled Shareholders and/or their renounees deem necessary in connection with the Foreign Entitled Shareholders' and/or their renounees' decision to subscribe for or purchase the Rights Shares (together with the corresponding number of Warrants); and
- (f) the Foreign Entitled Shareholders and/or their renounees have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares (together with the corresponding number of Warrants), and are and will be able and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares (together with the corresponding number of Warrants).

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEES AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES (TOGETHER WITH THE CORRESPONDING NUMBER OF WARRANTS), UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

4. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE

Our Board views the Rights Issue as the most appropriate avenue of enhancing our Company's capital base and raising funds for our Group based on the following rationale:-

- (a) the Rights Issue will enable our Company to raise equity capital for our Group without incurring interest expenses as compared to the bank borrowings, which would allow our Group to preserve cash for reinvestment and/or operational purposes;
- (b) the Rights Issue will provide our Entitled Shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new Shares without diluting the Entitled Shareholders' percentage of shareholdings, assuming that all our Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Rights Issues and ultimately, participate in the prospects and future growth of our Group;
- (c) the Rights Issue will allow our Company to recapitalise our shareholders' equity base by raising fund to pare down some of our Group's borrowings;
- (d) the Rights Issue will improve the liquidity and the financial flexibility, as well as to optimise our Company's capital structure by strengthening our Group's financial position and reduce our gearing level; and

- (e) the Warrants are intended to provide an attractive option to our Entitled Shareholders to subscribe for the Rights Shares as well as another option to further participate in the equity of our Company upon the exercise of the Warrants. In addition, proceeds from the exercise of the Warrants in the future, if any, will provide an additional source of fund to our Group to be utilised for our working capital purposes.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.20 per Rights Share, the Rights Issue is expected to raise gross proceeds of up to RM27.68 million, which is expected to be utilised as follows:-

	Description of Utilisation	Timeframe for Utilisation From the Date of the Listing of the Rights Shares	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
(a)	Repayment of bank borrowings ⁽¹⁾	Within 24 months	8,586	25,000
(b)	General working capital purposes ⁽²⁾	Within 12 months	-	1,175
(c)	Estimated expenses relating to the Corporate Exercises ⁽³⁾	Immediate	⁽⁴⁾	1,500
	Gross proceeds to be raised		8,586	27,675

Notes:-

- (1) As at the LPD, the total borrowings of our Group stood at approximately RM78.56 million. Our Group intends to utilise part of the proceeds raised from the Rights Issue of approximately RM8.59 million and RM25.0 million under the Minimum Scenario and Maximum Scenario respectively to pare down part of our existing bank borrowings (including interest payable) with AmBank. Based on the prevailing interest rate incurred by our Group of approximately 8.35% per annum, such repayment is expected to result in an interest savings of approximately RM0.72 million and RM2.09 million per annum under the abovementioned Minimum Scenario and Maximum Scenario respectively.
- (2) The proceeds amounting to approximately RM1.18 million are expected to be utilised for our Group's day-to-day operations to support the existing business operations which include the purchase of raw materials.
- (3) The proceeds amounting to approximately RM1.50 million are expected to be utilised to defray the following estimated expenses relating to the Corporate Exercises:-

Estimated Expenses Relating to the Corporate Exercises	Amount (RM'000)
Professional fees and fees payable to the relevant authorities	1,100
Expenses to convene EGM, printing, despatch and advertising expenses	250
Other miscellaneous expenses	150
	1,500

- (4) In the event the Rights Issue is undertaken based on the Minimum Subscription Level, the expenses relating to the Rights Issue will be funded from our Group's internally generated funds.

The actual gross proceeds to be raised from the Rights Issue will depend on the total number of Rights Shares to be issued (particularly with reference to the Maximum Scenario).

The quantum of proceeds that may be raised by our Group from the exercise of the Warrants would depend upon the actual number of Warrants exercised during the tenure of the Warrants. Based on the exercise price of RM0.20 per Warrant, our Group will raise gross proceeds of up to approximately RM8.59 million and RM27.68 million under the Minimum Scenario and Maximum Scenario respectively assuming full exercise of the Warrants. Such proceeds are intended to be utilised for working capital purposes.

6. UNDERTAKINGS BY SUBSTANTIAL SHAREHOLDERS AND MINIMUM SUBSCRIPTION LEVEL

Our Board has determined to undertake the Rights Issue on a Minimum Subscription Level. The Minimum Subscription Level was determined by our Board after taking into consideration the minimum level of funds of approximately RM8.59 million that our Group wishes to raise from the Rights Issue which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

To meet the Minimum Subscription Level, our Company had on 25 October 2012 procured irrevocable undertaking letters from our substantial shareholders, namely Dato' Goh Boon Koon and Goh Boon Leong, to subscribe in full for their entitlements to the Rights Shares in respect of their direct shareholdings in our Company. A summary of the Undertakings is as follows:-

Substantial Shareholders	Shareholdings as at the LPD		Rights Shares Entitlement			Total Commitments RM
	No. of Shares	%	No. of Rights Shares	⁽¹⁾ Minimum Scenario %	⁽²⁾ Maximum Scenario %	
Dato' Goh Boon Koon	31,847,373	23.02	31,847,373	35.13	23.02	6,369,475
Goh Boon Leong	11,080,556	8.01	11,080,556	12.22	8.01	2,216,111

Notes:-

- (1) Based on the enlarged issued and paid-up share capital of RM36,260,586 comprising 181,302,929 Shares after the Rights Issue based on the Minimum Subscription Level (prior to the full exercise of Warrants).
- (2) Based on the enlarged issued and paid-up share capital of RM55,350,000 comprising 276,750,000 Shares after the Rights Issue assuming all our Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue (prior to the full exercise of Warrants).

In addition, Dato' Goh Boon Koon and Goh Boon Leong had, on 25 October 2012 provided their confirmations that they have sufficient financial resources to take up their respective entitlements. The said confirmations have been verified by AmInvestment Bank, our Principal Adviser for the Rights Issue.

As the Rights Issue is structured on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the remaining portion of up to 95,447,071 Rights Shares, representing approximately 68.98% of the total Rights Shares available for subscription under the Maximum Scenario pursuant to the Rights Issue.

Notwithstanding the above, in the event that the Minimum Subscription Level is not achieved due to reasons beyond the control of our Company, the Rights Issue will not be implemented. Consequently, the Exemption will not be implemented as the Rights Issue and the Exemption are inter-conditional. As at the LPD, our Company does not have any other alternative plan in the event the Minimum Subscription Level is not achieved.

Further details of the implication of the Code, which may arise as a result of the Undertakings, are set out in Section 7 of this Abridged Prospectus.

7. EXEMPTION

As at the LPD, our substantial shareholders, namely Dato' Goh Boon Koon and Goh Boon Leong directly hold approximately 23.02% and 8.01% of the issued and paid-up share capital of our Company respectively. Assuming that Dato' Goh Boon Koon and Goh Boon Leong are the only subscribers for the Rights Issue pursuant to the Undertakings, the shareholdings of Dato' Goh Boon Koon and Goh Boon Leong in our Company could increase and give rise to an obligation to make a mandatory offer under Part III of the Code.

The proforma effects of the Rights Issue on the shareholdings of Dato' Goh Boon Koon, Goh Boon Leong and their PACs pursuant to the Minimum Subscription Level are illustrated as follows:-

Substantial Shareholders	Shareholdings as at the LPD		⁽¹⁾ After Rights Issue		⁽²⁾ After Full Exercise of Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Goh Boon Koon	31,847,373	23.02	63,694,746	35.13	95,542,119	42.61
Goh Boon Leong	11,080,556	8.01	22,161,112	12.22	33,241,668	14.82
Datin Lee Teoh Kee	2,880,139	2.08	2,880,139	1.59	2,880,139	1.28
Goh Yin Ling	377,568	0.27	377,568	0.21	377,568	0.17
Goh Chin Aun	212,125	0.15	212,125	0.12	212,125	0.10

Notes:-

(1) Based on the enlarged issued and paid-up share capital of RM36,260,586 comprising 181,302,929 Shares after the Rights Issue based on the Minimum Subscription Level (prior to the full exercise of Warrants).

(2) Based on the enlarged issued and paid-up share capital of RM44,846,172 comprising 224,230,858 Shares assuming full exercise of the Warrants into new Shares based on the Minimum Subscription Level.

Pursuant to Part III of the Code, Dato' Goh Boon Koon, Goh Boon Leong and their PACs would be obligated to extend a mandatory offer to acquire the remaining Shares and Warrants not already held by them upon the completion of the Rights Issue. Based on the Minimum Subscription Level, the shareholdings of Dato' Goh Boon Koon, Goh Boon Leong and their PACs could increase from collectively approximately 33.53% to 49.27% after the Rights Issue based on the Minimum Subscription Level (prior to the full exercise of Warrants). Assuming full exercise of Warrants, the shareholdings of Dato' Goh Boon Koon, Goh Boon Leong and their PACs will be further increased from collectively approximately 49.27% to 58.98% of the enlarged issued and paid-up share capital.

The SC had vide its letter dated 12 April 2013 approved the Exemption. The Exemption will be in effect up until the full exercise of the Warrants by Dato' Goh Boon Koon, Goh Boon Leong and their PACs or upon the expiry of the Warrants, i.e. after ten (10) years from the date of issue of the Warrants, whichever is earlier. The Exemption will be invalidated once Dato' Goh Boon Koon, Goh Boon Leong and/or their PACs triggered a Disqualifying Transaction but the Exemption remains valid for the period prior to the Disqualifying Transaction.

8. RISK FACTORS

In evaluating an investment in the Rights Shares (together with the corresponding number of Warrants), you should carefully consider all information contained in this Abridged Prospectus including but not limited to the general and specific risks of the following risk factors (which may not be exhaustive):-

8.1 Risks Relating to the Rights Issue

(a) Market Prices of BKG's Shares and Warrants

The market prices of our Shares and Warrants are dependent on, amongst others, prevailing stock market sentiments, the volatility of the stock market, movements in interest rates, our future profitability and the outlook of the industry in which our Group operates.

There can be no assurance that the market prices of our Shares and Warrants upon or subsequent to the listing of and quotation for the Rights Shares and Warrants will be maintained at or above the issue price of the Rights Share and exercise price of the Warrant respectively.

(b) No Prior Market for the Warrants

The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded on Bursa Securities.

As there is no prior market for the Warrants, there is no assurance that an active market for the Warrants will develop upon their listing, or if developed that such a market will be sustained. The price at which the Warrants will trade on Bursa Securities upon or subsequent to their listing is dependent upon market forces, which are beyond our control.

(c) Delay in or Abortion of the Listing of Rights Shares and/or Warrants

The Rights Issue is exposed to the risk that it may be delayed or aborted on the occurrence of any force majeure events or circumstances including acts of government, natural disasters, acts of terrorism, strikes, national disorder and declaration of a state of emergency or diseases which are beyond the control of our Company arising prior to the implementation of the Rights Issue.

In addition, as stated in Section 6 of this Abridged Prospectus, our Company has procured the Undertakings from Dato' Goh Boon Koon and Goh Boon Leong who have irrevocable undertaken to subscribe in full for their respective entitlements to the Rights Shares in respect of their direct shareholdings in our Company. While AmlInvestment has verified, to the extent possible, that Dato' Goh Boon Koon and Goh Boon Leong have sufficient financial resources to subscribe in full for the number of Rights Shares stated in the Undertakings, in the event that for whatever reason they do not fulfil their obligations under the Undertakings, the successful and timely implementation of the Rights Issue may be affected.

In this respect, we will exercise our best endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned factors or events will not cause any delay in or abortion of the Rights Issue. In the event that the Rights Issue is aborted after the payment for the Rights Issue is received by us, our Company will repay, without interest, all monies received from applicants under the Rights Issue in accordance with Section 243(2) of the CMSA.

(d) Potential Dilution

Our Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares will have their proportionate ownerships and voting interests in our Company reduced and the percentage of the enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

8.2 Risks Relating to Our Group

(a) Business Risk

Our Group is subject to risk inherent in the automotive sector. These include, but are not limited to, changes in general economic conditions, government regulations, inflation and changes in business conditions such as deterioration in prevailing market conditions, availability and rising cost of financing and fluctuating demand for commercial vehicles. Our Group has taken considerable steps to minimise these business risks by providing a wide range of commercial vehicles to cater for different market segments and responding quickly to the changing consumer preferences and requirements.

Although our Group seeks to mitigate these risks, there can be no assurance that any change to these factors would not have a material impact on the business and financial performance of our Group. There can also be no assurance that the demand for our commercial vehicles can be sustained.

(b) Financing Cost and Breach of Debt Covenants

We finance our operations through internally generated funds and bank borrowings. All our bank borrowings are interest bearing. As such, any increase in the interest rates will increase our finance costs with regards to the interest payments on the bank borrowings. Therefore, there can be no assurance that our performance will not be affected in the event of a significant increase in interest rates.

Furthermore, pursuant to facilities/ loan agreements entered into with the financial institutions, we are bound by certain covenants which may limit our operating and financial flexibilities. Any act or omission by us that breaches such covenants may give the rights to the bank/ financier to terminate the relevant facilities/ loans and/or enforce any security granted in relation to those facilities/ loans. As these covenants are commonly contained in facilities/ loan agreements in Malaysia, we will endeavour to monitor our compliance with all such covenants.

Our Group actively review our debt portfolio taking into account the level and nature of borrowings and continuously seek measures to reduce our gearing position including vide this Rights Issue. Nevertheless, there can be no assurance that our future financial performance will not be adversely affected should we breach such covenants of any of our facilities/ loan agreements.

(c) Foreign Exchange Risk

Our Group is exposed to foreign exchange risk arising from purchases denominated in foreign currencies. Consequently, we are subject to the risk of foreign currency fluctuation and any adverse movement in foreign currency may have an effect on the financial performance of our Group.

Nevertheless, we have in place certain foreign exchange hedging facilities with our bankers which we can utilise should the need arise. Notwithstanding the above, there can be no assurance that any foreign currency exchange fluctuation in the future will not adversely affect our Group's financial performance.

(d) Unfavourable Political and Economic Conditions

Any adverse change in the political, economic and regulatory environment and uncertainties in Malaysia and globally could have an unfavourable effect to our financial and business prospects. The recent global financial crisis, Euro sovereign debt crisis and the general weakness of the global economy have increased the uncertainty of global economic prospects and may continue to adversely affect the Malaysian and global economy.

The risk of war, terrorism, riots, changes in political leadership, global economic downturn and unfavourable changes in government policies such as changes in the methods of taxation, interest rates, licensing or introduction of new regulations could also adversely affect the Malaysian economy. Whilst our Group seek to mitigate such risks through prudent financial management, there is no assurance that any changes to these factors will not have a material adverse impact on our financial position or business in the future.

8.3 Forward-Looking and Prospective Statements

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature and subject to uncertainties and contingencies which may or may not be achieved. All forward-looking statements are based on estimates and assumptions made by our Board although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. In light of these uncertainties, the inclusion of the forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

9. INDUSTRY OUTLOOK AND FUTURE PROSPECTS

Our Group is mainly involved in the manufacturing and assembling of rebuilt and new commercial vehicles, and our principal activities are as set out in Sections 1 and 5, Appendix II of this Abridged Prospectus. In view of the above, the overview of the Malaysian economy and outlook of the manufacturing industry are as set out below:-

9.1 Overview and Outlook of the Global Economy

The global economy expanded at a modest pace in the first quarter of 2013, with the growth momentum remaining uneven between and within regions. In the advanced economies, growth in the US remained slow, while most Euro economies experienced weak or negative economic performance. In Asia, economic expansion continued albeit at a slower pace. Given the modest economic performance and low inflation, monetary authorities continued to maintain accommodative policies to support the recovery process.

Going forward, the global economy is expected to continue its moderate expansion. Downside risks to growth, however, remain. While there has been progress made in the major advanced economies to address the fiscal and financial issues, the sustainability of the economic recovery remains vulnerable to continued policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions, as reflected by the large capital flows into the emerging economies. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, BNM)

The global economy is expected to record a moderate growth of 3.3% in 2013 (2012: 3.2%). Policy actions in advanced economies have helped evade the serious short-term risks of a Euro area break-up and a sharp fiscal contraction in the US. However, the Euro area remains vulnerable to insufficient adjustment and prolonged stagnation while Japan and the US continue to grapple with high fiscal deficit and debt. Meanwhile, continuous strong demand from emerging markets in Asia is expected to drive the global economy backed by robust domestic demand, effective financial intermediation and appropriate macroeconomic policies.

(Source: Malaysian Economy First Quarter 2013, Ministry of Finance Malaysia)

9.2 Overview and Outlook of the Malaysian Economy

The Malaysian economy expanded by 4.1% in the first quarter of 2013 (4Q 2012: 6.5%), supported by stronger domestic demand that expanded by 8.2% during the quarter (4Q 2012: 7.8%). Private consumption registered strong growth during the quarter, while the expansion in gross fixed capital formation continued to be firm, reflecting sustained capital spending by both the private and public sectors.

Domestic demand registered a strong growth of 8.2% in the first quarter (4Q 2012: 7.8%). Growth was driven by higher private consumption, while gross fixed capital formation remained firm with a double-digit growth rate.

Private consumption grew strongly in the first quarter (7.5%; 4Q 2012: 6.2%), driven by sustained income growth and favourable labour market conditions.

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

(Source: *Economic and Financial Developments in Malaysia in the First Quarter of 2013, BNM*)

On the domestic front, the Malaysian economy is expected to sustain its growth momentum into the second half of the year. This is reflected by the Leading Index, which grew 1.1% from October 2012 to March 2013. On the demand side, growth is expected to emanate from firm domestic demand and gradual improvement in external demand. Private sector activity is expected to be more upbeat due to high investment in the manufacturing and services sectors.

(Source: *Malaysian Economy First Quarter 2013, Ministry of Finance Malaysia*)

9.3 Overview and Outlook of the Malaysian Manufacturing Industry

Gross fixed capital formation continued to record a double-digit growth of 13.2% during the quarter (Q4 2012: 16%). Private investment registered a strong growth of 10.9% (Q4 2012: 20.1%) underpinned by capital spending in the construction, manufacturing and services sectors. Public investment grew strongly by 17.3% (Q4 2012: 12.9%) driven by higher capital spending of non-financial public enterprises, particularly in transport, utilities and oil and gas industries. Meanwhile, the Federal Government development expenditure was channelled mainly into the transport and education sectors. The expansion in investment activity was reflected by indicators such as imports of capital goods, sales of commercial vehicles and banking system loans and advances which recorded robust growth of 35.2%, 14.1% and 11.3% (Q4 2012: -8.8%; 20.3%; 11.3%), respectively.

Value-added of the manufacturing sector expanded 0.3% (Q4 2012: 5.7%). Production grew marginally by 0.1% (Q4 2012: 6%) affected by lower manufacturing activities during the festive season and weaker external demand. Similarly, sales of manufacturing products declined 3.8% to RM147.7 billion (Q4 2012: 5.9%; RM156.8 billion). The overall capacity utilisation rate was 77.8% (Q4 2012: 80.9%) in line with slower output expansion.

(Source: *Malaysian Economy First Quarter 2013, Ministry of Finance Malaysia*)

9.4 Prospects of Our Group

The principal activities of our Company is investment holding and the provision of management services whilst our subsidiaries and associated companies are principally involved in the manufacturing and assembling of rebuilt and new commercial vehicles; selling of commercial vehicle and motor vehicles accessories; renting of commercial vehicles, provision of fleet management and other related services; renting of equipment; trading and dealing in forklift trucks, generator set, heavy equipment machinery components parts, accessories; provision of repairs and maintenance related services; and provision of hire purchase financing and insurance services.

With the flow over effects of full implementation of the 10th Malaysia Plan and the gaining traction of the National Transformation Program initiated by the Prime Minister in 2011, the need for commercial transportation in Malaysia is still on the high side. The performance of the land transport segment is expected to remain steady supported by initiatives to upgrade the roads and public transport infrastructure to ensure a seamless movement of goods and services. Riding on the above potentials, our Group expects the sales of commercial transportation in Malaysia to grow positively.

Following the acquisition by Hitachi Capital Corporation of 75% equity interest in FPC in FYE 2012, our Group's mission of being a "one stop" service provider has been strengthened. FPC is principally involved in the provision of hire purchase financing and as an insurance agent whilst Hitachi Capital Corporation is involved in leasing (financing leases, operating leasing, renting and project financing); automobile financing (loans, leasing of automobiles for private and commercial vehicles, and assessment and purchase of private cars); home appliances, home loans and home refurbishment; and business equipment, general service for the medical field and agricultural finance. Hitachi Capital Corporation has built and established relationships with its customers by utilising its strength and expertise in products and circulation of products including the provision of financial services that focus on products. As such, our Group's strategic alliance with Hitachi Capital Corporation, a leading leasing and consumer credit company, will enable our Group to capitalise on Hitachi Capital Corporation's extensive experience and knowledge in providing seamless services and products that ranges from leases, loans and other financial services to function-oriented services.

On 13 October 2011, our Group was awarded with a new commercial vehicle manufacturing license via our wholly-owned subsidiary, namely BKCVC Sdn Bhd, by the Ministry of International Trade and Industry Malaysia which allows our Group to assemble new commercial vehicles including prime movers, buses, panel vans, trucks and any special purpose vehicles. Subsequent thereto, our Group has embarked into the production of our Group's own commercial vehicles to meet the local and regional market demands. The first commercial vehicle has been delivered to our Group's customer in the first quarter of 2013. Our Group currently manufactures rebuilt commercial vehicles which include, inter alia, pick-up trucks, panel/ semi panel vans, light duty trucks, medium duty trucks, heavy duty trucks and heavy duty prime movers. As such, the new commercial vehicle which is intended mainly for the agricultural related sector is expected to equip our Group with a competitive advantage within the commercial vehicle industry by enabling our Group to provide a wider range of commercial vehicles to our Group's customers.

During the FYE 2013, our Group continues to realign our strategy by focusing on the growth in the rebuilt commercial vehicles. Our Group further consolidated by focusing solely on our two (2) core businesses namely commercial vehicles (rebuilt and new) and rental and fleet management (forklift and commercial vehicles) with the disposal of GKYM during the FYE 2013.

When these efforts are fully in place, our Group anticipates to achieve a favourable performance in FYE 2014 as our Group is not only consolidating and strengthening our rebuilt commercial vehicles in the past few years but also venturing into the assembly and manufacturing of new commercial vehicles for Malaysian market in order to expand our Group's revenue base. Our Group will continue to build on our competitive strengths in order to further improve our overall revenue growth.

10. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The expected effects of the Rights Issue on the issued and paid-up share capital, NA, gearing, earnings and EPS of our Company and/or our Group (whichever applicable) are set out hereunder for illustration purpose only based on the Minimum Scenario and Maximum Scenario:-

10.1 Share Capital

The proforma effects of the Rights Issue on our issued and paid-up share capital are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share Capital (RM)	No. of Shares	Share Capital (RM)
Issued and paid-up share capital as at the LPD	138,375,000	27,675,000	138,375,000	27,675,000
To be issued pursuant to the Rights Issue	42,927,929	8,585,586	138,375,000	27,675,000
After the Rights Issue	181,302,929	36,260,586	276,750,000	55,350,000
To be issued assuming full exercise of the Warrants	42,927,929	8,585,586	138,375,000	27,675,000
Enlarged issued and paid-up share capital	224,230,858	44,846,172	415,125,000	83,025,000

10.2 NA and Gearing

The proforma effects of the Rights Issue on the audited NA and gearing of our Group based on the audited consolidated financial statements for the FYE 2012 are as follows:-

Minimum Scenario

Group Level	Audited as at 31.03.2012 RM'000	(I)	(II)	(III)
		After the Capital Reduction RM'000	After (I) and the Rights Issue RM'000	After (II) and Assuming Full Exercise of Warrants RM'000
Share capital	69,187	27,675	36,261	44,846
Exchange translation reserve	746	746	746	746
Warrant reserve	-	-	⁽¹⁾ 3,282	-
(Accumulated losses)/ retained earnings	(18,497)	23,015	⁽²⁾ 18,233	21,515
Shareholders equity/ NA	51,436	51,436	58,522	67,107
Par value (RM)	0.50	0.20	0.20	0.20
No. of shares in issue ('000)	138,375	138,375	181,303	224,231
NA per share (RM)	0.37	0.37	0.32	0.30
Total borrowings (RM'000)	98,794	98,794	⁽³⁾ 90,208	⁽³⁾ 90,208
Gearing ratio (times)	1.92	1.92	1.54	1.34

Notes:-

- (1) Allocated by adjusting the issue price of RM0.20 per Rights Share to the fair value of the Rights Share and Warrant on a proportionate basis.
- (2) After netting off estimated expenses of approximately RM1.50 million in relation to the Corporate Exercises and the fair value allocated to the Warrants.
- (3) Assuming all of the proceeds of approximately RM8.59 million arising from the Rights Issue will be utilised to repay bank borrowings of our Group as set out in Section 5 of this Abridged Prospectus.

Maximum Scenario

Group Level	Audited as at 31.03.2012 RM'000	(I) After the Capital Reduction RM'000	(II) After (I) and the Rights Issue RM'000	(III) After (II) and Assuming Full Exercise of Warrants RM'000
Share capital	69,187	27,675	55,350	83,025
Exchange translation reserve	746	746	746	746
Warrant reserve	-	-	⁽¹⁾ 10,581	-
(Accumulated losses)/ retained earnings	(18,497)	23,015	⁽²⁾ 10,934	21,515
Shareholders equity/ NA	51,436	51,436	77,611	105,286
Par value (RM)	0.50	0.20	0.20	0.20
No. of shares in issue ('000)	138,375	138,375	276,750	415,125
NA per share (RM)	0.37	0.37	0.28	0.25
Total borrowings (RM'000)	98,794	98,794	⁽³⁾ 73,794	⁽³⁾ 73,794
Gearing ratio (times)	1.92	1.92	0.95	0.70

Notes:-

- (1) Allocated by adjusting the issue price of RM0.20 per Rights Share to the fair value of the Rights Share and Warrant on a proportionate basis.
- (2) After netting off estimated expenses of approximately RM1.50 million in relation to the Corporate Exercises and the fair value allocated to the Warrants.
- (3) Assuming RM25.0 million of the proceeds arising from the Rights Issue will be utilised to repay bank borrowings of our Group as set out in Section 5 of this Abridged Prospectus.

10.3 Earnings and EPS

The Rights Issue is not expected to have an immediate material effect on the earnings and EPS of our Group for the FYE 2014 as it is expected to be completed by third quarter of 2013. Barring unforeseen circumstances, the Rights Issue is expected to contribute positively to the earnings of our Group for the ensuing financial years when the benefits of the utilisation of proceeds are realised.

The effect of any exercise of Warrants on the earnings of our Group is dependent on the actual number of Warrants exercised and the returns to be generated by our Group from the utilisation of proceeds arising from the exercise of the Warrants.

However, the EPS of our Group is expected to be diluted as a result of the increase in the number of Shares in issue pursuant to the Rights Issue and the number of new Shares to be issued upon the exercise of the Warrants. Nonetheless, the level of return generated from the utilisation of proceeds to be raised from the Rights Issue (including from the exercise of the Warrants) would determine the eventual impact on the EPS of our Group.

11. STATEMENTS AND INFORMATION ON FINANCIAL CONDITION

11.1 Working Capital

Our Board is of the opinion that, after taking into account the funds to be generated from our business operations, the banking facilities currently available to our Group as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

11.2 Borrowings

As at the LPD, our Group's total outstanding borrowings stood at approximately RM78.56 million. All the outstanding borrowings are interest-bearing and are set out as follows:-

	Currency	Amount in Foreign Currency ('000)	Amount in RM (RM'000)
<u>Short Term Borrowings (payable within twelve (12) months)</u>			
Bankers acceptance	RM	-	44,460
Finance lease liabilities	RM	-	4,096
Term loan	RM	-	3,590
Sub-total			52,146
<u>Long Term Borrowings (payable after twelve (12) months)</u>			
Finance lease liabilities	RM	-	3,128
Term loan	RM	-	23,290
Sub-total			26,418
Total borrowings			78,564

Other than disclosed above, we do not have any other borrowings including foreign currency borrowings. There has been no default on payments of either interest and/or principal sums in respect of any borrowings for the FYE 2012 and the subsequent financial period up to the LPD.

11.3 Contingent Liabilities

As at the LPD, after having made all reasonable enquiries and to the best of our Board knowledge and belief, save for the potential contingent liabilities arising as a consequence of the material litigations as disclosed in Section 4, Appendix VII of this Abridged Prospectus, our Board is not aware of any contingent liabilities which upon becoming enforceable may have a material impact on our Group's financial position.

11.4 Material Commitments

As at the LPD, after having made all reasonable enquiries and to the best of our Board knowledge and belief, our Board is not aware of any material commitments which upon becoming enforceable may have a material impact on our Group's financial position.

12. TERMS AND CONDITIONS

The issuance of Rights Shares and Warrants pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, the accompanying NPA, RSF and the Deed Poll.

13. FURTHER INFORMATION

You are required to refer to the enclosed Appendices for further information.

Yours faithfully
For and on behalf of our Board
BOON KOON GROUP BERHAD



HO KOK LOON
Independent Non-Executive Director

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013

BOON KOON GROUP BERHAD

(Company No. 553434-U)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF BOON KOON GROUP BERHAD (“BKG” OR “THE COMPANY”) HELD AT THE CONFERENCE ROOM OF BUKIT JAWI GOLF RESORT, LOT 414, MUKIM 6, JALAN PAYA KEMIAN SEMPAYI, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN, PENANG ON WEDNESDAY, 6 MARCH 2013 AT 9:00 AM

**3. SPECIAL RESOLUTION 1
PROPOSED SHARE CAPITAL REDUCTION VIA THE CANCELLATION OF RM0.30 OF THE PAR VALUE OF EXISTING ORDINARY SHARES OF RM0.50 EACH IN BKG PURSUANT TO SECTION 64(1) OF THE COMPANIES ACT, 1965 (“PROPOSED CAPITAL REDUCTION”)**

Members were informed by the Secretary that the first item of the agenda is to approve the Proposed Capital Reduction.

Yap Shue Yee proposed the motion on the Proposed Capital Reduction and her proposal was seconded by Goh Chin Lan.

The Special Resolution 1 was then put to the vote of the meeting by show of hands.

The Meeting unanimously **RESOLVED** that the following motion be passed as special resolution without modification:-

SPECIAL RESOLUTION 1

PROPOSED SHARE CAPITAL REDUCTION VIA THE CANCELLATION OF RM0.30 OF THE PAR VALUE OF EXISTING ORDINARY SHARES OF RM0.50 EACH IN BKG PURSUANT TO SECTION 64(1) OF THE COMPANIES ACT, 1965 (“PROPOSED CAPITAL REDUCTION”)

“**THAT** subject to the passing of Special Resolution 2, the sanction of the High Court of Malaya pursuant to Section 64(1) of the Companies Act, 1965 and the receipt of the approvals from the relevant authorities and/or parties, approval be and is hereby given to the Company to reduce its issued and paid-up share capital which entails the cancellation of RM0.30 from the existing par value of RM0.50 for the existing ordinary shares of RM0.50 each in the Company;

AND THAT the credit arising therefrom be utilised or otherwise applied towards reducing the accumulated losses of the Company;

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

AND THAT the Board of Directors of the Company be and is hereby authorised to do all things and acts as may be required and to sign and execute all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Capital Reduction with full power to assent to any condition, modification, variation as may be imposed or permitted by all relevant regulatory authorities and/or parties and/or the High Court of Malaya and with full power to make any amendment, variation or modification to the terms of the Proposed Capital Reduction as the Directors may in their discretion deem fit or expedient in the best interest of the Company.”

4. **SPECIAL RESOLUTION 2
PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED
AMENDMENTS”)**

Members were informed by the Secretary that the second item of the agenda is to approve the Proposed Amendments.

H'ng Wai Chen proposed the motion on the Proposed Amendments and her proposal was seconded by Lai Hong Er.

The Special Resolution 2 was then put to the vote of the meeting by show of hands.

The Meeting unanimously **RESOLVED** that the following motion be passed as special resolution without modification:-

SPECIAL RESOLUTION 2

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED
AMENDMENTS”)**

“**THAT** subject to the passing of Special Resolution 1, approval be and is hereby given to the Board of Directors of the Company to approve the deletions, alterations, modifications, variations and additions to the Memorandum and Articles of Association of the Company as set out in Section 2.3 of Part A of the Circular to the Shareholders of the Company dated 7 February 2013;

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

AND THAT the Board of Directors of the Company be and is hereby authorised to do all things and acts as may be required and to sign and execute all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Amendments with full power to assent to any condition, modification, variation as may be imposed or permitted by all relevant regulatory authorities and/or parties and with full power to make any amendment, variation or modification to the terms of the Proposed Amendments as the Directors may in their discretion deem fit or expedient in the best interest of the Company.”

5. **ORDINARY RESOLUTION 1**

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,375,000 NEW ORDINARY SHARES OF RM0.20 EACH (“SHARES”) TOGETHER WITH UP TO 138,375,000 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) NEW SHARE TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY ONE (1) EXISTING SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

Members were informed by the Secretary that the third item of the agenda is to approve the Proposed Rights Issue.

Ng Lee Chia proposed the motion on the Proposed Rights Issue and her proposal was seconded by Danny Vincent Dass.

Dato’ Goh Boon Koon, Mr Goh Boon Leong, the parties acting in concert and/ or persons connected with them had abstained from voting on this Ordinary Resolution 1. The Ordinary Resolution 1 was then put to the vote of the meeting by show of hands.

The Meeting unanimously **RESOLVED** that the following motion be passed as an ordinary resolution without modification:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,375,000 NEW ORDINARY SHARES OF RM0.20 EACH (“SHARES”) TOGETHER WITH UP TO 138,375,000 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) NEW SHARE TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY ONE (1) EXISTING SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

"**THAT** subject to the passing of Special Resolution 1, Special Resolution 2, Ordinary Resolution 2, the approvals obtained from all relevant regulatory authorities and/or parties and upon completion of the proposed capital reduction via the cancellation of RM0.30 from the existing ordinary shares of RM0.50 each in the Company, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to provisionally issue and allot by way of a renounceable rights issue of up to 138,375,000 new Shares together with up to 138,375,000 Warrants on the basis of one (1) new Share together with one (1) free Warrant for every one (1) existing Share held in the Company by the shareholders and/or renounees of the Company whose names appear on the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board;

AND THAT the new Shares to be issued pursuant to the Proposed Rights Issue ("**Rights Shares**") and arising from exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save and except that they will not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issue of the Rights Shares or new Shares arising from exercise of the Warrants;

AND THAT the Directors be and are hereby authorised to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board in their absolute discretion;

AND THAT the proceeds arising from the Proposed Rights Issue be utilised for the purposes as set out in the Circular to Shareholders of the Company dated 7 February 2013 and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient subject to the approval of the relevant authorities and/or parties (where required);

AND THAT the Board be and is hereby authorised to do all things and acts as may be required and to sign and execute all documents including without limitation, the Deed Poll to give effect to the aforesaid Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by all relevant regulatory authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue."

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

6. ORDINARY RESOLUTION 2

PROPOSED EXEMPTION TO DATO' GOH BOON KOON, GOH BOON LEONG AND PARTIES ACTING IN CONCERT ("PACS") WITH THEM UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING ORDINARY SHARES OF RM0.20 EACH ("SHARES") AND WARRANTS NOT ALREADY HELD BY DATO' GOH BOON KOON, GOH BOON LEONG AND THEIR PACS UPON THE COMPLETION OF THE PROPOSED RIGHTS ISSUE AS PRESCRIBED UNDER PART III OF THE CODE ("PROPOSED EXEMPTION")

Members were informed by the Secretary that the fourth item of the agenda is to approve the Proposed Exemption.

Tneh Shu Hoay proposed the motion on the Proposed Exemption and her proposal was seconded by Chin Lee Heang.

The Secretary on behalf of the Chairman declared that the Ordinary Resolution 2 be voted by poll and Messrs Grant Thornton was appointed as scrutineer for the said polling exercise. The Ordinary Resolution 2 was then put to the vote of the meeting by poll.

Dato' Goh Boon Koon, Mr Goh Boon Leong, the parties acting in concert and/ or persons connected with them had abstained from voting on this Ordinary Resolution 2. The results of the poll in relation to Ordinary Resolution 2 as follow:-

No. of votes in favour	: 23	(in number),	16,151,801	(in shares)
No. of votes spoilt	: 1	(in number),	50,000	(in shares)
Total votes	: 24	(in number),	16,201,801	(in shares)

No. of Share Voted					
In Favour	%	Against	%	Total Value	%
16,151,801	100	-	-	16,151,801	100

No. of Shareholders Voted					
In Favour	%	Against	%	Total Value	%
23	100	-	-	23	100

The Meeting **RESOLVED** that the following motion be passed as an ordinary resolution without modification:-

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION TO DATO' GOH BOON KOON, GOH BOON LEONG AND PARTIES ACTING IN CONCERT ("PACS") WITH THEM UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING ORDINARY SHARES OF RM0.20 EACH ("SHARES") AND WARRANTS NOT ALREADY HELD BY DATO' GOH BOON KOON, GOH BOON LEONG AND THEIR PACS UPON THE COMPLETION OF THE PROPOSED RIGHTS ISSUE AS PRESCRIBED UNDER PART III OF THE CODE ("PROPOSED EXEMPTION")

"THAT subject to the passing of Special Resolution 1, Special Resolution 2, Ordinary Resolution 1 and the approvals obtained from the Securities Commission and all relevant regulatory authorities and/or parties (where required), approval be and is hereby given to Dato' Goh Boon Koon, Goh Boon Leong and their PACs, namely Datin Lee Teoh Kee, Goh Yin Ling and Goh Chin Aun, to be exempted from the obligation to undertake a mandatory take-over offer under the Code for the remaining Shares and warrants not already owned by them where such obligation could arise following the implementation of the proposed rights issue of up to 138,375,000 new Shares ("**Rights Shares**") together with up to 138,375,000 free detachable warrants ("**Warrants**") on the basis of one (1) Rights Share together with one (1) free Warrant for every one (1) existing Share held on an entitlement date to be determined later;

AND THAT the Board of Directors of the Company be and is hereby authorised to do all things and acts as may be required and to sign and execute all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Exemption with full power to assent to any condition, modification, variation as may be imposed or permitted by all relevant regulatory authorities and/or parties and with full power to make any amendment, variation or modification to the terms of the Proposed Exemption as the Directors may in their discretion deem fit or expedient in the best interest of the Company."

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CAPITAL REDUCTION, RIGHTS ISSUE, AMENDMENTS AND EXEMPTION PASSED AT OUR EGM CONVENED ON 6 MARCH 2013 (Cont'd)

BOON KOON GROUP BERHAD

(Company No.: 553434-U)

Extract of the minutes of the Extraordinary General Meeting held on 6 March 2013

CERTIFIED TRUE EXTRACT,



HO KOK LOON
DIRECTOR



CHONG CHUN CHIEH
DIRECTOR

Date : 6 March 2013

APPENDIX II – INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia under the Act on 16 July 2001.

The principal place of business of our Company is located at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The principal activities of our Company consist of investment holding and the provision of management services. The principal activities of our subsidiaries and associate companies are described in Section 5, Appendix II of this Abridged Prospectus.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of our Company are as follows:-

Type	No. of Shares	Par Value RM	Amount RM
Authorised	200,000,000	0.20	40,000,000
Issued and paid-up	138,375,000	0.20	27,675,000

The movements in the issued and paid-up share capital of our Company since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
16.07.2001	2	1.00	Subscribers' shares	2
07.01.2004	30,568,841	1.00	Issued pursuant to the acquisition of Boon Koon Vehicles Industries Sdn Bhd	30,568,843
11.02.2004	2,631,157	1.00	Rights issue on the basis of 86 new ordinary shares of RM1.00 each for every 1,000 existing ordinary shares of RM1.00 each held	33,200,000
12.02.2004	-	0.50	Subdivision of every one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each	33,200,000
02.04.2004	13,600,000	0.50	Public issue at the issue price of RM1.00 per ordinary share of RM0.50 each	40,000,000
02.08.2005	2,000,000	0.50	Private placement at the issue price of RM1.45 per ordinary share of RM0.50 each	41,000,000
01.09.2005	41,000,000	0.50	Bonus issue on the basis of one (1) new ordinary share of RM0.50 each for every two (2) existing ordinary shares of RM0.50 each held	61,500,000
31.05.2007	15,375,000	0.50	Bonus issue on the basis of one (1) new ordinary share of RM0.50 each for every eight (8) existing ordinary shares of RM0.50 each held	69,187,500
07.05.2013	-	0.20	Capital Reduction	27,675,000

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effect of the Rights Issue on the shareholdings of our substantial shareholders based on the Register of Substantial Shareholders as at the LPD are as follows:-

Minimum Scenario

Substantial Shareholders	Existing Shareholdings as at the LPD				⁽¹⁾ After Rights Issue				⁽²⁾ After Rights Issue and Assuming Full Exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Goh Boon Koon	31,847,373	23.02	-	-	63,694,746	35.13	-	-	95,542,119	42.61	-	-
Goh Boon Leong	11,080,556	8.01	-	-	22,161,112	12.22	-	-	33,241,668	14.82	-	-

Notes:-

- (1) Based on the enlarged issued and paid-up share capital of RM36,260,586 comprising 181,302,929 Shares after the Rights Issue based on the Minimum Subscription Level.
- (2) Based on the enlarged issued and paid-up share capital of RM44,846,172 comprising 224,230,858 Shares assuming full exercise of the Warrants into new Shares based on the Minimum Subscription Level.

Maximum Scenario

Substantial Shareholders	Existing Shareholdings as at the LPD				⁽¹⁾ After Rights Issue				⁽²⁾ After Rights Issue and Assuming Full Exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Goh Boon Koon	31,847,373	23.02	-	-	63,694,746	23.02	-	-	95,542,119	23.02	-	-
Goh Boon Leong	11,080,556	8.01	-	-	22,161,112	8.01	-	-	33,241,668	8.01	-	-

Notes:-

- (1) Based on the enlarged issued and paid-up share capital of RM55,350,000 comprising 276,750,000 Shares after the Rights Issue assuming all our Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue.
- (2) Based on the enlarged issued and paid-up share capital of RM83,025,000 comprising 415,125,000 Shares assuming full exercise of the Warrants into new Shares assuming all our Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue.

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APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

4. DIRECTORS

The designation, age, address, nationality and profession of our Board are disclosed under the Corporate Directory of this Abridged Prospectus.

The proforma effect of the Rights Issue on the shareholdings of our Board based on the Register of Directors as at the LPD are as follows:-

Minimum Scenario

Directors	Existing Shareholdings as at the LPD				⁽¹⁾ After Rights Issue				⁽²⁾ After Rights Issue and Assuming Full Exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Goh Boon Koon	31,847,373	23.02	⁽³⁾ 3,469,832	2.51	63,694,746	35.13	⁽³⁾ 3,469,832	1.91	95,542,119	42.61	⁽³⁾ 3,469,832	1.55
Goh Boon Leong	11,080,556	8.01	-	-	22,161,112	12.22	-	-	33,241,668	14.82	-	-
Goh Peng Yeong	626,300	0.45	-	-	626,300	0.35	-	-	626,300	0.28	-	-
Chong Chun Chieh	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Kamal Bin Omar	-	-	-	-	-	-	-	-	-	-	-	-
Ho Kok Loon	33,750	0.02	-	-	33,750	0.02	-	-	33,750	0.02	-	-
Murelidaran A/L M Navaratnam	21,937	0.02	-	-	21,937	0.01	-	-	21,937	0.01	-	-
Ang Poh Gin	33,750	0.02	-	-	33,750	0.02	-	-	33,750	0.02	-	-

Notes:-

- (1) Based on the enlarged issued and paid-up share capital of RM36,260,586 comprising 181,302,929 Shares after the Rights Issue based on the Minimum Subscription Level.
- (2) Based on the enlarged issued and paid-up share capital of RM44,846,172 comprising 224,230,858 Shares assuming full exercise of the Warrants into new Shares based on the Minimum Subscription Level.
- (3) Other interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Act.

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APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Directors	Existing Shareholdings as at the LPD				⁽¹⁾ After Rights Issue				⁽²⁾ After Rights Issue and Assuming Full Exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Goh Boon Koon	31,847,373	23.02	⁽³⁾ 3,469,832	2.51	63,694,746	23.02	⁽³⁾ 6,939,664	2.51	95,542,119	23.02	⁽³⁾ 10,409,496	2.51
Goh Boon Leong	11,080,556	8.01	-	-	22,161,112	8.01	-	-	33,241,668	8.01	-	-
Goh Peng Yeong	626,300	0.45	-	-	1,252,600	0.45	-	-	1,878,900	0.45	-	-
Chong Chun Chieh	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Kamal Bin Omar	-	-	-	-	-	-	-	-	-	-	-	-
Ho Kok Loon	33,750	0.02	-	-	67,500	0.02	-	-	101,250	0.02	-	-
Murelidaran A/L M Navaratnam	21,937	0.02	-	-	43,874	0.02	-	-	65,811	0.02	-	-
Ang Poh Gin	33,750	0.02	-	-	67,500	0.02	-	-	101,250	0.02	-	-

Notes:-

- (1) Based on the enlarged issued and paid-up share capital of RM55,350,000 comprising 276,750,000 Shares after the Rights Issue assuming all our Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue.
- (2) Based on the enlarged issued and paid-up share capital of RM83,025,000 comprising 415,125,000 Shares assuming full exercise of the Warrants into new Shares assuming all our Entitled Shareholders fully subscribed for their respective entitlements under the Rights Issue.
- (3) Other interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Act.

5. SUBSIDIARIES AND ASSOCIATE COMPANIES**5.1 Subsidiaries**

Our subsidiaries as at the LPD are as follows:-

Company	Date/ Place of Incorporation	Issued and Paid-Up Share Capital	Equity Interest Held (%)	Principal Activities
Boon Koon Vehicles Industries Sdn Bhd	22.11.1991/ Malaysia	RM25,000,000	100.0	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related service
Boon Koon Marketing (East Malaysia) Sdn Bhd	19.07.1995/ Malaysia	RM1,000,000	100.0	Sale of commercial vehicles and the provision of related service
Boon Koon Vehicles Pte Ltd	06.01.2005/ Singapore	SGD500,000	100.0	Sale of commercial vehicles, motor vehicles accessories and the provision of related services

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

Company	Date/ Place of Incorporation	Issued and Paid-Up Share Capital	Equity Interest Held (%)	Principal Activities
BKCV Sdn Bhd	18.02.2005/ Malaysia	RM2,000,000	100.0	Manufacturing and assembling of new commercial vehicles and the provision of related services
BK Fleet Management Sdn Bhd	24.08.2005/ Malaysia	RM2,500,000	100.0	Selling and renting of commercial vehicles, provision of fleet management and other related services
Boon Koon Fleet Management Sdn Bhd (formerly known as GKY Equipment Rental (M) Sdn Bhd)	12.02.2004/ Malaysia	RM2,000,000	100.0	Equipment rental business, trading and dealing in forklift trucks, heavy equipment machinery components parts, accessories and the provision of repairs and maintenance services for same.
Indirectly Held Through Boon Koon Marketing (East Malaysia) Sdn Bhd				
BK Alliance Sdn Bhd	17.08.2006/ Malaysia	RM2,500,000	70.0	Selling of commercial vehicles and the provision of related services
Indirectly Held Through Boon Koon Vehicles Pte Ltd				
PT Boon Koon Continental	28.09.2006/ Indonesia	USD100,000	90.0	Sale of commercial vehicles
Indirectly Held Through Boon Koon Vehicles Industries Sdn Bhd				
BK Commercial Trucks Sdn Bhd	10.08.2006/ Malaysia	RM1,000,000	51.0	Marketing and selling of reconditioned, rebuilt, used and new commercial vehicles and other related services

5.2 Associate Companies

Our associate companies as at the LPD are as follow:-

Company	Date/ Place of Incorporation	Issued and Paid-Up Share Capital	Equity Interest Held (%)	Principal Activities
FPC	21.05.1983/ Malaysia	RM3,000,000	25	Provision of hire purchase financing and insurance agent
Indirectly Held Through BKCV Sdn Bhd				
CNMY Truck Sdn Bhd	05.01.2012/ Malaysia	RM3,000,000	30	Selling of new commercial vehicles and the provision of related services

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

6. PROFIT AND DIVIDEND RECORD

Our Group's audited financial statements for the three (3) FYE 2010, FYE 2011 and FYE 2012 and the unaudited financial statements for the FYE 2013 are as follows:-

	Audited			Unaudited
	* (Restated) FYE 2010 RM'000	* (Restated) FYE 2011 RM'000	FYE 2012 RM'000	FYE 2013 RM'000
Revenue	150,349	155,185	153,862	144,191
Cost of sales	(129,375)	(129,184)	(129,652)	(126,919)
Gross profit	20,974	26,001	24,210	17,272
Other income	2,854	1,788	5,634	1,250
Administrative expenses	(16,133)	(16,759)	(17,313)	(19,429)
Selling and distribution expenses	(3,054)	(3,082)	(2,887)	(2,046)
Operating profit/ (loss)	4,641	7,948	9,644	(2,953)
Finance costs	(5,658)	(6,034)	(5,549)	(4,618)
Share of results of associates (LBT)/ PBT	(68)	-	(206)	66
	(1,085)	1,914	3,889	(7,505)
Taxation	347	(188)	1,659	1,092
(Loss)/ profit for the year from continuing operations	(738)	1,726	5,548	(6,413)
Profit for the year from discontinued operations	1,002	473	328	-
Profit/ (loss) for the year	264	2,199	5,876	(6,413)
Attributable to:-				
- Owners of the parent	(413)	2,229	5,341	(6,491)
- Non-controlling interest	677	(30)	535	78
	264	2,199	5,876	(6,413)
Weighted average number of shares in issue ('000)	138,375	138,375	138,375	138,375
EBITDA	14,942	17,155	16,914	2,703
Gross profit margin (%)	13.95	16.75	15.73	11.98
Net profit margin (%)	0.18	1.42	3.82	-
Net earnings/ (loss) per share attributable to owners of the parent				
- Basic (sen)	(0.30)	1.61	3.86	(4.69)
- Diluted (sen)	(0.30)	1.61	3.86	(4.69)

Note:-

- * Our Company disposed off our 75% equity interest in FPC which was completed on 30 November 2011. Consequently, the financial results of FPC have been deconsolidated from our consolidated financial statements for the FYE 2012 and separately disclosed as profit for the year from discontinued operations. As such, the financial results of FPC for the FYE 2010 and FYE 2011 have been restated accordingly for ease of comparison.

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APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

Commentaries:-

(a) Audited FYE 2010

Our Group recorded revenue of approximately RM150.35 million in FYE 2010 as compared to approximately RM188.20 million during the 15-month FPE 31 March 2009 resulting in a decrease of approximately RM37.85 million or 20.11% mainly due to the shorter financial period in FYE 2010.

Our Group recorded a LBT of approximately RM1.09 million for the FYE 2010 as compared to LBT of approximately RM60.97 million for the 15-month FPE 31 March 2009 resulting in the decrease in the loss recorded of approximately RM59.88 million or 98.21%. The higher LBT recorded for the 15-month FPE 31 March 2009 was mainly contributed by the write down of inventories of approximately RM25.63 million, finance cost incurred of approximately RM12.32 million, realised loss on foreign exchange of approximately RM3.44 million and impairment loss on goodwill on consolidation of approximately RM2.81 million as compared to the FYE 2010.

(b) Audited FYE 2011

Our Group recorded revenue of approximately RM155.19 million in FYE 2011 as compared to approximately RM150.35 million in FYE 2010 resulting in an increase of approximately RM4.84 million or 3.22%. The increase in the revenue was mainly due to the higher demand in our commercial vehicles, forklifts, heavy machinery and bodyworks.

Our Group managed to turnaround and recorded a PBT of approximately RM1.91 million in FYE 2011 as compared to a LBT of approximately RM1.09 million in FYE 2010 resulting in an increase of approximately RM3.0 million or 275.23% mainly due to our focus on our core competency in the rebuilt commercial vehicle business, reduction in operational costs and a more effective inventory management.

(c) Audited FYE 2012

Our Group recorded a revenue of approximately RM153.86 million in FYE 2012 as compared to approximately RM155.19 million in FYE 2011 resulting in a decrease of approximately RM1.33 million or 0.86% mainly due to the lower demand in rebuilt commercial vehicles and forklifts, and lower hire purchase interest income and insurance commission income contribution from FPC as FPC had ceased to be our subsidiary with effect from 30 November 2011.

Notwithstanding the lower revenue, our Group recorded a PBT of approximately RM3.89 million in FYE 2012 as compared to approximately RM1.91 million in FYE 2011 resulting in an increase of approximately RM1.98 million or 103.66%. The increase in the PBT was mainly due to the gain on disposal of our 75.0% shareholding in FPC to Hitachi Capital Corporation of approximately RM4.05 million. However, the mentioned gain on disposal of FPC was partially offset by the increase in the impairment loss on receivables.

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)**(d) Unaudited FYE 2013**

Our Group recorded revenue of approximately RM144.19 million in FYE 2013 as compared to approximately RM153.86 in FYE 2012 resulting in a decrease of approximately RM9.67 million or 6.28%. The decrease in the revenue was mainly contributed by lower revenue generated from our forklifts due to the disposal of our 54.63% equity interests in GKYM in March 2013.

Our Group recorded a LBT of approximately RM7.51 million in FYE 2013 as compared to a PBT of approximately RM3.89 million in FYE 2012 resulting in a decrease of approximately RM11.40 million or 293.06%. The LBT of approximately RM7.51 million recorded for the FYE 2013 was mainly contributed by the loss on the disposal of abovementioned GKYM of approximately RM5.74 million, write down of inventories of approximately RM 0.90 million and impairment loss on receivables of approximately RM1.36 million.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of our shares as traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

Month	High RM	Low RM
2012		
June *	0.25	0.20
July *	0.23	0.21
August *	0.23	0.21
September *	0.22	0.20
October *	0.24	0.19
November *	0.21	0.18
December *	0.19	0.17
2013		
January *	0.20	0.18
February *	0.20	0.18
March *	0.19	0.17
April *	0.21	0.17
May	0.23	0.18

Note:-

* Ordinary shares of RM0.50 each (prior to the Capital Reduction).

The last transacted market price on 24 October 2012, being the last Market Day immediately prior to the announcement of the Rights Issue was RM0.21.

The last transacted market price on 7 June 2013, being the last Market Day immediately prior to the ex-rights date for the Rights Issue was RM0.20.

The last transacted market price as at LPD was RM0.21.

(Source: Bloomberg)

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Grant Thornton

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(Prepared for inclusion in the Abridged Prospectus to the Shareholders of Boon Koon Group Berhad)

3 June 2013

**The Board of Directors
Boon Koon Group Berhad
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang**

**Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia**

**T +6 (04) 228 7828
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Dear Sirs,

**BOON KOON GROUP BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2012**

We report on the proforma consolidated statements of financial position of Boon Koon Group Berhad (“BKG” or the “Company”) as at 31 March 2012 as set out in the accompanying statements together with the notes and assumptions, which we have stamped for the purpose of identification. The proforma consolidated statements of financial position have been prepared for illustrative purposes only on the basis of assumptions as set out in the accompanying notes and assumptions.

This letter has been prepared for inclusion in the Abridged Prospectus to the shareholders of BKG in connection with the Rights Issue, which forms part of the following Corporate Exercise as defined below:

(i) Capital Reduction

Capital reduction involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 in BKG, which will result in the reduction of the issued and paid-up share capital of BKG from RM69,187,500 comprising 138,375,000 ordinary shares of RM0.50 to RM27,675,000 comprising 138,375,000 ordinary shares of RM0.20 each pursuant to Section 64(1) of the Companies Act, 1965 (“Act”). The capital reduction was effected on 7 May 2013.

The credit amounting to RM41,512,500 (based on existing issued and paid-up share capital) arising from the reduction of RM0.30 for each existing ordinary share of RM0.50 in BKG will be utilised to off-set the accumulated losses of BKG and the remaining balance of the credit will be maintained in equity. The accumulated losses of BKG at the Company and Group level based on their audited financial statements as at 31 March 2012 are RM31,842,370 and RM18,496,967 respectively.

(ii) Rights Issue

Renounceable rights issue of up to 138,375,000 new ordinary shares of RM0.20 each in BKG (“Rights Share”) together with up to 138,375,000 free detachable warrants (“Warrants”) at an issue price of RM0.20 per Rights Share on the basis of one (1) Rights Share together with one (1) free Warrant for every one (1) existing ordinary share of RM0.20 each held on 12 June 2013 (“Rights Issue”).

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



(iii) Amendments

Amendments to the Memorandum and Articles of Association of BKG to facilitate the Capital Reduction.

(iv) Exemption

Exemption to Dato' Goh Boon Koon, Goh Boon Leong and parties acting in concert with them ("PACs") under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers 2010 ("Code") from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares of RM0.20 each and Warrants not already held by Dato' Goh Boon Koon, Goh Boon Leong and their PACs upon the completion of the Rights Issue as prescribed under Part III of the Code which was approved by the Securities Commission Malaysia ("SC") vide the SC's letter dated 12 April 2013.

(Collectively referred herein as "the Corporate Exercise")

Responsibilities

It is the sole responsibility of the Directors of BKG to prepare the proforma consolidated statements of financial position as at 31 March 2012.

It is our responsibility to form an opinion as to the proper compilation of the proforma consolidated statements of financial position and our report is given to you for this and for no other purpose.

In providing this opinion we are not responsible for updating or refreshing any report or opinion previously made by us on any financial information used in the compilation of the proforma consolidated statements of financial position, nor do we accept responsibility for such report or opinion beyond that owed to those to whom the report or opinion were addressed by us at the date of issue.

Basis of Opinion

We conducted our work in accordance with Malaysian Approved Standards on Assurance Engagements, ISAE 3000 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Our work consisted primarily of comparing the proforma consolidated statements of financial position with the audited consolidated financial statements of BKG, considering the evidence supporting the adjustments and discussing the proforma consolidated statements of financial position with the Directors/Officers of BKG. Our work involved no independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly compiled on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of BKG. Our work involved assessing whether the adjustments made to the information used in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS
AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS'
LETTER THEREON (Cont'd)



Grant Thornton

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Opinion

In our opinion:

- (a) the proforma consolidated statements of financial position of BKG as at 31 March 2012 as set out in the accompanying statement which are provided for illustrative purposes only, have been prepared based on the audited consolidated statement of financial position of BKG as at 31 March 2012 in accordance with applicable approved Financial Reporting Standards in Malaysia and are presented on a basis consistent with both the format and accounting policies normally adopted by BKG and after taking into account adjustments appropriate for the purposes of the proforma consolidated statements of financial position as set out in the accompanying notes; and
- (b) that the adjustments made in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Lau Tiang Hua'.

Grant Thornton
No. AF : 0042
Chartered Accountants

Penang

A handwritten signature in black ink, appearing to read 'John Lau Tiang Hua'.

John Lau Tiang Hua, DJN
No. 1107/03/14
Chartered Accountant

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

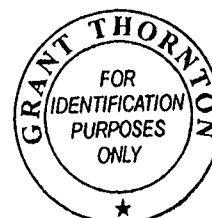
BOON KOON GROUP BERHAD**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

Scenario A (Minimum Scenario)

	Audited at 31 March 2012 RM	Proforma I After the Capital Reduction RM	Proforma II After Proforma I and the Rights Issue RM	Proforma III After Proforma II and assuming full exercise of Warrants RM
ASSETS				
Non-current assets				
Property, plant and equipment	54,074,700	54,074,700	54,074,700	54,074,700
Investment in subsidiaries	1,476,410	1,476,410	1,476,410	1,476,410
Goodwill	21,285	21,285	21,285	21,285
Deferred tax assets	1,950,000	1,950,000	1,950,000	1,950,000
	<u>57,522,395</u>	<u>57,522,395</u>	<u>57,522,395</u>	<u>57,522,395</u>
Current assets				
Inventories	67,354,147	67,354,147	67,354,147	67,354,147
Trade receivables	35,458,569	35,458,569	35,458,569	35,458,569
Other receivables, deposits and prepayments	6,011,166	6,011,166	6,011,166	6,011,166
Tax recoverable	616,215	616,215	616,215	616,215
Cash and bank balances	13,188,363	13,188,363	11,688,363	20,273,949
	<u>122,628,460</u>	<u>122,628,460</u>	<u>121,128,460</u>	<u>129,714,046</u>
TOTAL ASSETS	<u>180,150,855</u>	<u>180,150,855</u>	<u>178,650,855</u>	<u>187,236,441</u>
EQUITY AND LIABILITIES				
Share capital	69,187,500	27,675,000	36,260,586	44,846,172
Exchange translation reserve	745,925	745,925	745,925	745,925
Warrant reserve	-	-	3,282,724	-
(Accumulated losses)/Retained profit	<u>(18,496,967)</u>	<u>23,015,533</u>	<u>18,232,809</u>	<u>21,515,533</u>
	51,436,458	51,436,458	58,522,044	67,107,630
Non-controlling interest	<u>10,941,317</u>	<u>10,941,317</u>	<u>10,941,317</u>	<u>10,941,317</u>
Total equity	<u>62,377,775</u>	<u>62,377,775</u>	<u>69,463,361</u>	<u>78,048,947</u>
Non-current liabilities				
Borrowings	6,751,710	6,751,710	6,751,710	6,751,710
Deferred tax liabilities	1,186,104	1,186,104	1,186,104	1,186,104
	<u>7,937,814</u>	<u>7,937,814</u>	<u>7,937,814</u>	<u>7,937,814</u>
Current liabilities				
Trade payables	10,371,823	10,371,823	10,371,823	10,371,823
Other payables and accruals	7,170,892	7,170,892	7,170,892	7,170,892
Borrowings	92,042,570	92,042,570	83,456,984	83,456,984
Derivative financial liabilities	191,420	191,420	191,420	191,420
Provision for taxation	58,561	58,561	58,561	58,561
	<u>109,835,266</u>	<u>109,835,266</u>	<u>101,249,680</u>	<u>101,249,680</u>
Total liabilities	<u>117,773,080</u>	<u>117,773,080</u>	<u>109,187,494</u>	<u>109,187,494</u>
TOTAL EQUITY AND LIABILITIES	<u>180,150,855</u>	<u>180,150,855</u>	<u>178,650,855</u>	<u>187,236,441</u>
Net assets attributable to equity holders of the Company ("NA")	51,436,458	51,436,458	58,522,044	67,107,630
Net tangible assets attributable to equity holders of the Company ("NTA")	51,415,173	51,415,173	58,500,759	67,086,345
Number of ordinary shares in issue	138,375,000 ^a	138,375,000 ^b	181,302,929 ^b	224,230,858 ^b
NA per share (RM)	0.37	0.37	0.32	0.30
NTA per share (RM)	0.37	0.37	0.32	0.30

a) Based on par value of RM0.50 per ordinary share

b) Based on par value of RM0.20 per ordinary share



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

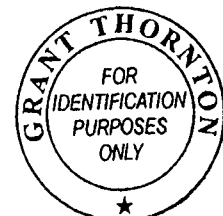
BOON KOON GROUP BERHAD**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012**

Scenario B (Maximum Scenario)

	Audited at 31 March 2012 RM	Proforma I After the Capital Reduction RM	Proforma II After Proforma I and the Rights Issue RM	Proforma III After Proforma II and assuming full exercise of Warrants RM
ASSETS				
Non-current assets				
Property, plant and equipment	54,074,700	54,074,700	54,074,700	54,074,700
Investment in subsidiaries	1,476,410	1,476,410	1,476,410	1,476,410
Goodwill	21,285	21,285	21,285	21,285
Deferred tax assets	1,950,000	1,950,000	1,950,000	1,950,000
	<u>57,522,395</u>	<u>57,522,395</u>	<u>57,522,395</u>	<u>57,522,395</u>
Current assets				
Inventories	67,354,147	67,354,147	67,354,147	67,354,147
Trade receivables	35,458,569	35,458,569	35,458,569	35,458,569
Other receivables, deposits and prepayments	6,011,166	6,011,166	6,011,166	6,011,166
Tax recoverable	616,215	616,215	616,215	616,215
Cash and bank balances	13,188,363	13,188,363	14,363,363	42,038,363
	<u>122,628,460</u>	<u>122,628,460</u>	<u>123,803,460</u>	<u>151,478,460</u>
TOTAL ASSETS	<u>180,150,855</u>	<u>180,150,855</u>	<u>181,325,855</u>	<u>209,000,855</u>
EQUITY AND LIABILITIES				
Share capital	69,187,500	27,675,000	55,350,000	83,025,000
Exchange translation reserve	745,925	745,925	745,925	745,925
Warrant reserve	-	-	10,581,618	-
(Accumulated losses)/Retained profit	(18,496,967)	23,015,533	10,933,915	21,515,533
	<u>51,436,458</u>	<u>51,436,458</u>	<u>77,611,458</u>	<u>105,286,458</u>
Non-controlling interest	<u>10,941,317</u>	<u>10,941,317</u>	<u>10,941,317</u>	<u>10,941,317</u>
Total equity	<u>62,377,775</u>	<u>62,377,775</u>	<u>88,552,775</u>	<u>116,227,775</u>
Non-current liabilities				
Borrowings	6,751,710	6,751,710	6,751,710	6,751,710
Deferred tax liabilities	1,186,104	1,186,104	1,186,104	1,186,104
	<u>7,937,814</u>	<u>7,937,814</u>	<u>7,937,814</u>	<u>7,937,814</u>
Current liabilities				
Trade payables	10,371,823	10,371,823	10,371,823	10,371,823
Other payables and accruals	7,170,892	7,170,892	7,170,892	7,170,892
Borrowings	92,042,570	92,042,570	67,042,570	67,042,570
Derivative financial liabilities	191,420	191,420	191,420	191,420
Provision for taxation	58,561	58,561	58,561	58,561
	<u>109,835,266</u>	<u>109,835,266</u>	<u>84,835,266</u>	<u>84,835,266</u>
Total liabilities	<u>117,773,080</u>	<u>117,773,080</u>	<u>92,773,080</u>	<u>92,773,080</u>
TOTAL EQUITY AND LIABILITIES	<u>180,150,855</u>	<u>180,150,855</u>	<u>181,325,855</u>	<u>209,000,855</u>
NA	51,436,458	51,436,458	77,611,458	105,286,458
NTA	51,415,173	51,415,173	77,590,173	105,265,173
Number of ordinary shares in issue	138,375,000 ^a	138,375,000 ^b	276,750,000 ^b	415,125,000 ^b
NA per share (RM)	0.37	0.37	0.28	0.25
NTA per share (RM)	0.37	0.37	0.28	0.25

a) Based on par value of RM0.50 per ordinary share

b) Based on par value of RM0.20 per ordinary share



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

The proforma consolidated statements of financial position of BKG have been prepared for illustrative purposes based on the following:

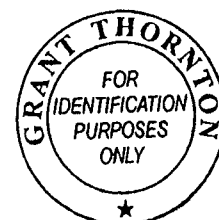
- (a) Audited consolidated statement of financial position of BKG as at 31 March 2012;
- (b) Applicable approved Financial Reporting Standards in Malaysia and are presented on a basis consistent with both the format and accounting policies normally adopted by BKG as disclosed in its audited consolidated financial statements for the financial year ended 31 March 2012;
- (c) Pursuant to the Rights Issue, the fair value allocated to the warrants reserve is derived by adjusting the issue price of RM0.20 per Rights Share to the fair value of the Rights Shares and Warrants on a proportionate basis. The fair value per Rights Share is set at RM0.21 which is based on the theoretical ex-rights price of the Rights Shares computed based on the 5-day weighted average market price of the existing BKG ordinary shares of RM0.20 each up to and including 21 May 2013. The fair value per Warrant is set at RM0.13 computed using the Black-Scholes option pricing model which has been calibrated to take into account the instrument which is exercisable at anytime during the entire exercise period of the Warrants; and
- (d) To show the effects of the following on the assumption that they were effected on 31 March 2012:

Scenario A (Minimum Scenario)

- (i) Capital Reduction involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 in BKG, which will result in the reduction of the issued and paid-up share capital of BKG from RM69,187,500 comprising 138,375,000 ordinary shares of RM0.50 to RM27,675,000 comprising 138,375,000 ordinary shares of RM0.20 each pursuant to Section 64(1) of the Act. The capital Reduction was effected on 7 May 2013.

The credit amounting to RM41,512,500 arising from the Capital Reduction will be utilised to off-set the accumulated losses of BKG and the remaining balance of the credit will be maintained in equity. The accumulated losses of BKG at Company and Group level based on their audited financial statements as at 31 March 2012, are RM31,842,370 and RM18,496,967 respectively.

- (ii) Renounceable rights issue of up to 42,927,929 Rights Shares at an issue price of RM0.20 each, together with up to 42,927,929 Warrants on the basis one (1) free Warrant for every one (1) Rights Share subscribed which will raise gross proceeds of RM8,585,586 and its utilisation.
- (iii) Full exercise of the Warrants at an exercise price of RM0.20 each.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 (CONT'D)

Scenario B (Maximum Scenario)

- (i) Capital Reduction involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 in BKG, which will result in the reduction of the issued and paid-up share capital of BKG from RM69,187,500 comprising 138,375,000 ordinary shares of RM0.50 to RM27,675,000 comprising 138,375,000 ordinary shares of RM0.20 each pursuant to Section 64(1) of the Act. The Capital Reduction was effected on 7 May 2013.

The credit amounting to RM41,512,500 arising from the Capital Reduction will be utilised to off-set the accumulated losses of BKG and the remaining balance of the credit will be maintained in equity. The accumulated losses of BKG at Company and Group level based on their audited financial statements as at 31 March 2012, are RM31,842,370 and RM18,496,967 respectively.

- (ii) Renounceable rights issue of up to 138,375,000 Rights Shares at an issue price of RM0.20 each, together with up to 138,375,000 Warrants on the basis one (1) free Warrant for every one (1) Rights Share subscribed which will raise gross proceeds of RM27,675,000 and its utilisation.
- (iii) Full exercise of the Warrants at an exercise price of RM0.20 each.

Proforma I

Proforma I incorporates the effects of the Capital Reduction, which will result in the reduction of the issued and paid-up share capital of BKG from RM69,187,500 comprising 138,375,000 ordinary shares of RM0.50 to RM27,675,000 comprising 138,375,000 ordinary shares of RM0.20 each.

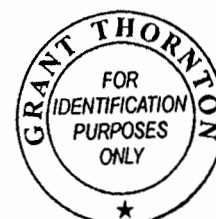
The Capital Reduction was completed on 7 May 2013 whereby the par value of each ordinary share in BKG was reduced from RM0.50 to RM0.20 per ordinary share.

The credit amounting to RM41,512,500 arising from the Capital Reduction will be utilised to off-set the accumulated losses of BKG and the remaining balance of the credit will be maintained in equity.

The effect of proforma I to the consolidated statement of financial position of BKG as at 31 March 2012 is as follows:

- (a) The movement in the share capital is as follows:

	Scenario A RM	Scenario B RM
Audited as at 31 March 2012	69,187,500	69,187,500
Cancellation of RM0.30 from the par value of each existing ordinary share of RM0.50	<u>(41,512,500)</u>	<u>(41,512,500)</u>
Proforma I	<u>27,675,000</u>	<u>27,675,000</u>



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 (CONT'D)

Proforma I (cont'd)

(b) The movement in the (accumulated losses)/retained profits are as follows:

	Scenario A RM	Scenario B RM
Audited as at 31 March 2012	(18,496,967)	(18,496,967)
Cancellation of RM0.30 from the par value of each existing ordinary share of RM0.50	41,512,500	41,512,500
Proforma I	<u>23,015,533</u>	<u>23,015,533</u>

Proforma II

Proforma II incorporates the effects of proforma I and the effects of the Rights Issue and the utilisation of the gross proceeds from the Rights Issue.

The gross proceeds from the Rights Issue will be utilised as follows:

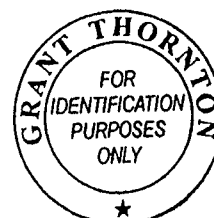
	Scenario A RM	Scenario B RM
Repayment of bank borrowings	8,585,586	25,000,000
General working capital purposes	-	1,175,000
Estimated expenses relating to the Corporate Exercise *	-	1,500,000
	<u>8,585,586</u>	<u>27,675,000</u>

** In the event the Rights Issue is undertaken based on the minimum level of subscription for 42,927,929 Rights Shares together with 42,927,929 Warrants, the expenses relating to the Rights Issue will be funded from BKG Group's internally generated funds.*

The effect of proforma II to the consolidated statement of financial position of BKG as at 31 March 2012 is as follows:

(a) The movement in the cash and bank balances is as follows:

	Scenario A RM	Scenario B RM
Audited as at 31 March 2012	13,188,363	13,188,363
Rights Issue - balance after repayment to banks	-	2,675,000
Payment of estimated expenses in relation to the Corporate Exercise	(1,500,000)	(1,500,000)
Proforma II	<u>11,688,363</u>	<u>14,363,363</u>



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 (CONT'D)

Proforma II (cont'd)

(b) The movement in the borrowings is as follows:

	Scenario A RM	Scenario B RM
Audited as at 31 March 2012	98,794,280	98,794,280
Repayment from Rights Issue	<u>(8,585,586)</u>	<u>(25,000,000)</u>
Proforma II	<u>90,208,694</u>	<u>73,794,280</u>

(c) The movement in the share capital is as follows:

	Scenario A RM	Scenario B RM
Balance per Proforma I	27,675,000	27,675,000
Rights Issue	<u>8,585,586</u>	<u>27,675,000</u>
Proforma II	<u>36,260,586</u>	<u>55,350,000</u>

(d) The movement in the (accumulated losses)/retained profit is as follows:

	Scenario A RM	Scenario B RM
Balance per Proforma I	23,015,533	23,015,533
Estimated expenses in relation to the Corporate Exercise	(1,500,000)	(1,500,000)
Fair value allocated to the Warrants	<u>(3,282,724)</u>	<u>(10,581,618)</u>
Proforma II	<u>18,232,809</u>	<u>10,933,915</u>

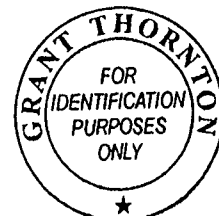
(e) The movement in the warrant reserve is as follows:

	Scenario A RM	Scenario B RM
Audited as at 31 March 2012	-	-
Fair value allocated to the Warrants	<u>3,282,724</u>	<u>10,581,618</u>
Proforma II	<u>3,282,724</u>	<u>10,581,618</u>

Proforma III

Proforma III incorporates the effects of proforma II and the effects of the full exercise of the Warrants at an exercise price of RM0.20 each.

The gross proceeds arising from the full exercise of the Warrants will be utilised for general working capital purposes under both scenarios.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 (CONT'D)

Proforma III (cont'd)

The effect of proforma III to the consolidated statement of financial position of BKG as at 31 March 2012 is as follows:

- (a) The movement in the cash and bank balances is as follows:

	Scenario A RM	Scenario B RM
Balance per Proforma II	11,688,363	14,363,363
Assuming full exercise of Warrants	<u>8,585,586</u>	<u>27,675,000</u>
Proforma III	<u>20,273,949</u>	<u>42,038,363</u>

- (b) The movement in the share capital is as follows:

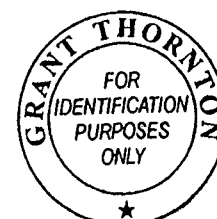
	Scenario A RM	Scenario B RM
Balance per Proforma II	36,260,586	55,350,000
Assuming full exercise of Warrants	<u>8,585,586</u>	<u>27,675,000</u>
Proforma III	<u>44,846,172</u>	<u>83,025,000</u>

- (c) The movement in the (accumulated losses)/retained profit is as follows:

	Scenario A RM	Scenario B RM
Balance per Proforma II	18,232,809	10,933,915
Reversal of fair value allocated to the Warrants	<u>3,282,724</u>	<u>10,581,618</u>
Proforma III	<u>21,515,533</u>	<u>21,515,533</u>

- (d) The movement in the warrant reserve is as follows:

	Scenario A RM	Scenario B RM
Balance per Proforma II	3,282,724	10,581,618
Reversal of fair value allocated to Warrants	<u>(3,282,724)</u>	<u>(10,581,618)</u>
Proforma III	<u>-</u>	<u>-</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON**

BOON KOON GROUP BERHAD

Company No. 553434-U
(Incorporated In Malaysia)

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 March 2012**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of the insurance and financing division.

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation for the year		
Continuing operations	5,548,443	4,177,210
Discontinued operations	327,781	-
	<u>5,876,224</u>	<u>4,177,210</u>
Attributable to :		
Owners of the parent	5,341,186	4,177,210
Non-controlling interests	535,038	-
	<u>5,876,224</u>	<u>4,177,210</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2012** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than the following items which have been recognised in profit or loss for the financial year under review :

	GROUP RM	COMPANY RM
Gain on disposal of investment in a subsidiary	4,053,534	6,563,285
Impairment loss on receivables	(2,567,522)	-
	<u>4,053,534</u>	<u>6,563,285</u>

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

The directors who served since the date of the last report are as follows :

Dato' Goh Boon Koon
Goh Boon Leong
Mohd Kamal Bin Omar
Ho Kok Loon
Murelidaran A/L M Navaratnam
Ang Poh Gin

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

	----- Balance at 1.4.11	Number of ordinary shares of RM0.50 each Bought	Sold	----- Balance at 31.3.12
The Company				
Direct Interest :				
Dato' Goh Boon Koon	31,847,373	-	-	31,847,373
Goh Boon Leong	11,080,556	-	-	11,080,556
Ho Kok Loon	33,750	-	-	33,750
Murelidaran A/L M				
Navaratnam	21,937	-	-	21,937
Ang Poh Gin	33,750	-	-	33,750

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	----- Number of ordinary shares of RM0.50 each -----			
	Balance at 1.4.11	Bought	Sold	Balance at 31.3.12
Deemed Interest :				
Dato' Goh Boon Koon *	3,619,838	-	(150,000)	3,469,838

* By virtue of the spouse's and children's interests.

By virtue of their shareholdings in the Company, **Dato' Goh Boon Koon** and **Mr. Goh Boon Leong** are also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances :

- (i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist :

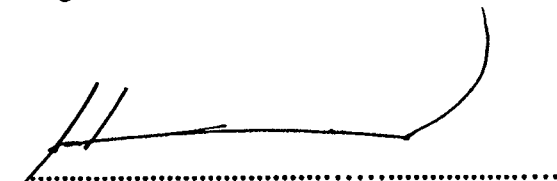
- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

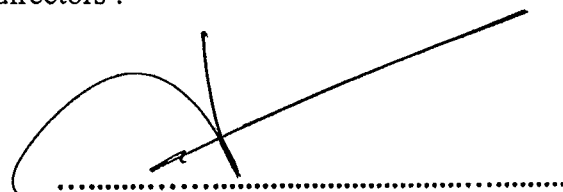
No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :


.....
Dato' Goh Boon Koon


.....
Goh Boon Leong

Penang,

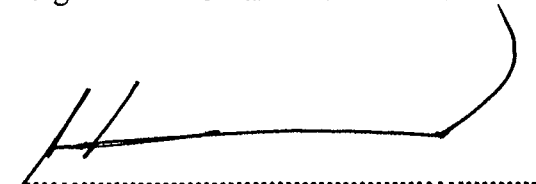
Date : 11 July 2012

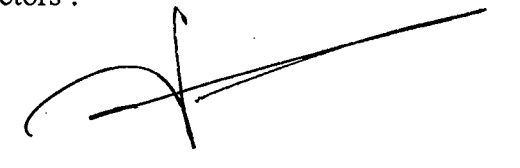
BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)

DIRECTORS' STATEMENT

We, **Dato' Goh Boon Koon** and **Goh Boon Leong**, being two of the directors of **Boon Koon Group Berhad** state that in the opinion of the directors, the financial statements set out on pages 61 to 138 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2012** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors :


.....
Dato' Goh Boon Koon

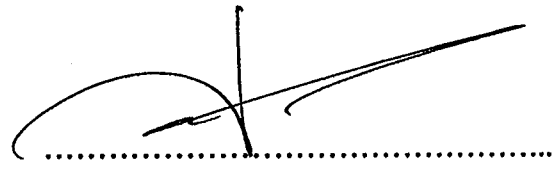

.....
Goh Boon Leong

Date : 11 July 2012

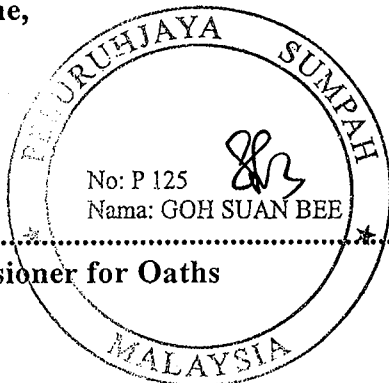
STATUTORY DECLARATION

I, **Goh Boon Leong**, the director primarily responsible for the financial management of **Boon Koon Group Berhad** do solemnly and sincerely declare that the financial statements set out on pages 61 to 138 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 11th)
day of July 2012.)
)


.....
Goh Boon Leong

Before me,



.....
Commissioner for Oaths

22 Lebuhr King
10200 Pulau Pinang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BOON KOON GROUP BERHAD**

Company No. 553434-U
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Boon Koon Group Berhad**, which comprise the statements of financial position as at **31 March 2012** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 138.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



**Independent Auditors' Report To The Members Of
Boon Koon Group Berhad (cont'd)
Company No. 553434-U
(Incorporated In Malaysia)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2012** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements,
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities


The supplementary information set out in Note 36, on page 139 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.




**Independent Auditors' Report To The Members Of
Boon Koon Group Berhad (cont'd)
Company No. 553434-U
(Incorporated In Malaysia)**

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Grant Thornton
No. AF : 0042
Chartered Accountants


Dato' N.K. Jasani
No. 708/03/14 (J/PH)
Chartered Accountant

Date : 11 July 2012

Penang

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)**

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	NOTE	GROUP		COMPANY	
		2012 RM	(Restated) 2011 RM	2012 RM	2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	54,074,700	50,693,320	98,495	143,202
Investment in subsidiaries	4	-	-	39,211,628	42,595,871
Investment in an associate	5	1,476,410	-	846,061	-
Goodwill	6	21,285	21,285	-	-
Deferred tax assets	7	1,950,000	850,000	-	-
Trade receivables	8	-	7,613,113	-	-
		<u>57,522,395</u>	<u>59,177,718</u>	<u>40,156,184</u>	<u>42,739,073</u>
Current assets					
Inventories	9	67,354,147	62,076,683	-	-
Trade receivables	8	35,458,569	46,246,902	-	-
Other receivables, deposits and prepayments	10	6,011,166	2,857,389	1,328,067	119,637
Amount due from subsidiaries	11	-	-	21,144,212	24,204,149
Tax recoverable		616,215	481,177	-	-
Cash and bank balances	12	13,188,363	27,584,244	3,902,772	11,587,146
		<u>122,628,460</u>	<u>139,246,395</u>	<u>26,375,051</u>	<u>35,910,932</u>
Non-current assets held for sale	13	-	5,723,815	-	-
		<u>122,628,460</u>	<u>144,970,210</u>	<u>26,375,051</u>	<u>35,910,932</u>
TOTAL ASSETS		<u>180,150,855</u>	<u>204,147,928</u>	<u>66,531,235</u>	<u>78,650,005</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	69,187,500	69,187,500	69,187,500	69,187,500
Foreign currency translation reserve	15	745,925	741,041	-	-
Accumulated losses		(18,496,967)	(23,838,153)	(31,842,370)	(36,019,580)
		<u>51,436,458</u>	<u>46,090,388</u>	<u>37,345,130</u>	<u>33,167,920</u>
Non-controlling interests		10,941,317	10,406,279	-	-
Total equity		<u>62,377,775</u>	<u>56,496,667</u>	<u>37,345,130</u>	<u>33,167,920</u>
Non-current liabilities					
Borrowings	16	6,751,710	41,902,672	-	34,489,067
Deferred tax liabilities	7	1,186,104	2,103,433	-	-
		<u>7,937,814</u>	<u>44,006,105</u>	<u>-</u>	<u>34,489,067</u>
Current liabilities					
Trade payables	18	10,371,823	6,128,884	-	-
Other payables and accruals	19	7,170,892	8,292,569	898,002	1,072,824
Borrowings	16	92,042,570	89,040,193	28,288,103	9,920,194
Derivative financial liabilities	20	191,420	124,949	-	-
Provision for taxation		58,561	58,561	-	-
		<u>109,835,266</u>	<u>103,645,156</u>	<u>29,186,105</u>	<u>10,993,018</u>
Total liabilities		<u>117,773,080</u>	<u>147,651,261</u>	<u>29,186,105</u>	<u>45,482,085</u>
TOTAL EQUITY AND LIABILITIES		<u>180,150,855</u>	<u>204,147,928</u>	<u>66,531,235</u>	<u>78,650,005</u>

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)**

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	NOTE	GROUP		COMPANY	
		2012 RM	(Restated) 2011 RM	2012 RM	2011 RM
Revenue	21	153,861,683	155,184,696	2,730,711	3,109,435
Cost of sales	22	(129,651,500)	(129,183,869)	-	-
Gross profit		24,210,183	26,000,827	2,730,711	3,109,435
Other income	23	5,634,313	1,787,913	7,158,236	111,073
Administrative expenses		(17,312,875)	(16,759,440)	(3,616,705)	(4,564,246)
Selling and distribution expenses		(2,886,992)	(3,081,778)	-	-
Operating profit/(loss)		9,644,629	7,947,522	6,272,242	(1,343,738)
Finance costs	24	(5,549,467)	(6,033,850)	(2,095,032)	(2,217,312)
Share of results of an associate		(206,235)	-	-	-
Profit/(Loss) before taxation		3,888,927	1,913,672	4,177,210	(3,561,050)
Taxation	25	1,659,516	(187,640)	-	21,000
Profit/(Loss) for the year from continuing operations		5,548,443	1,726,032	4,177,210	(3,540,050)
Discontinued operations	26				
Profit for the year from discontinued operations		327,781	473,021	-	-
Profit/(Loss) for the year	27	5,876,224	2,199,053	4,177,210	(3,540,050)
Other comprehensive income, net of tax :					
Foreign currency translation differences for foreign operations		4,884	7,939	-	-
Total comprehensive income/(loss) for the year		5,881,108	2,206,992	4,177,210	(3,540,050)

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)**

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	NOTE	GROUP		COMPANY	
		2012 RM	(Restated) 2011 RM	2012 RM	2011 RM
Profit/(Loss) for the year attributable to :					
Owners of the parent					
- Continuing operations		5,013,405	1,755,860	4,177,210	(3,540,050)
- Discontinued operations		327,781	473,021	-	-
		<u>5,341,186</u>	<u>2,228,881</u>	<u>4,177,210</u>	<u>(3,540,050)</u>
Non-controlling interests		535,038	(29,828)	-	-
		<u>5,876,224</u>	<u>2,199,053</u>	<u>4,177,210</u>	<u>(3,540,050)</u>
Total comprehensive income/(loss) attributable to :					
Owners of the parent		5,346,070	2,236,820	4,177,210	(3,540,050)
Non-controlling interests		535,038	(29,828)	-	-
		<u>5,881,108</u>	<u>2,206,992</u>	<u>4,177,210</u>	<u>(3,540,050)</u>
Earnings per share attributable to owners of the parent (Sen)	28				
- Basic, profit from continuing operations		3.62	1.27		
- Basic, profit from discontinued operations		0.24	0.34		
		<u>3.86</u>	<u>1.61</u>		

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	----- Attributable to owners of the parent -----					Total Equity RM
	Share Capital RM	Non- distributable Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	
2012						
Balance at beginning	69,187,500	741,041	(23,838,153)	46,090,388	10,406,279	56,496,667
Total comprehensive income for the year	-	4,884	5,341,186	5,346,070	535,038	5,881,108
Balance at end	<u>69,187,500</u>	<u>745,925</u>	<u>(18,496,967)</u>	<u>51,436,458</u>	<u>10,941,317</u>	<u>62,377,775</u>
2011						
Balance at beginning	69,187,500	733,102	(26,067,034)	43,853,568	10,637,032	54,490,600
Total comprehensive income for the year	-	7,939	2,228,881	2,236,820	(29,828)	2,206,992
Transaction with owners : Acquisition of remaining equity interests in existing subsidiary from non-controlling interests	-	-	-	-	(200,925)	(200,925)
Balance at end	<u>69,187,500</u>	<u>741,041</u>	<u>(23,838,153)</u>	<u>46,090,388</u>	<u>10,406,279</u>	<u>56,496,667</u>

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BOON KOON GROUP BERHAD

Company No. 553434-U
(Incorporated In Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

	Share Capital RM	Accumulated Losses RM	Total Equity RM
2012			
Balance at beginning	69,187,500	(36,019,580)	33,167,920
Total comprehensive income for the year	-	4,177,210	4,177,210
Balance at end	<u>69,187,500</u>	<u>(31,842,370)</u>	<u>37,345,130</u>
2011			
Balance at beginning	69,187,500	(32,479,530)	36,707,970
Total comprehensive loss for the year	-	(3,540,050)	(3,540,050)
Balance at end	<u>69,187,500</u>	<u>(36,019,580)</u>	<u>33,167,920</u>

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation				
- Continuing operations	3,888,927	1,913,672	4,177,210	(3,561,050)
- Discontinued operations	410,275	678,294	-	-
	<u>4,299,202</u>	<u>2,591,966</u>	<u>4,177,210</u>	<u>(3,561,050)</u>
Adjustments for :				
Amortisation of IMTN issuance expenses	99,036	99,036	99,036	99,036
Bad debts	259,105	160,176	-	-
Depreciation	6,547,167	7,725,466	51,277	60,710
Fair value loss on derivative financial instrument	191,420	124,949	-	-
Gain on disposal of investment in a subsidiary	(4,053,534)	-	(6,563,285)	-
Gain on disposal of non-current asset held for sale	(364,446)	(70,000)	-	-
Gain on disposal of property, plant and equipment	(261,000)	(218,913)	-	(111,073)
Impairment loss on investment in subsidiaries	-	-	-	1,252,254
Impairment loss on receivables	2,567,522	1,861,565	-	-
Interest expense	5,969,396	6,738,458	2,095,032	2,217,312
Interest income	(1,854,815)	(2,939,562)	(1,434,711)	(1,813,435)
Inventories written down	1,010	-	-	-
Inventories written off	80,663	-	-	-
Property, plant and equipment written off	64,646	22,452	-	-
Share of results of an associate	(206,235)	-	-	-
Unrealised gain on foreign exchange	(200,081)	(14,917)	(569,951)	-
Operating profit/(loss) before working capital changes	13,139,056	16,080,676	(2,145,392)	(1,856,246)
(Increase)/Decrease in inventories ⁽¹⁾	(2,965,293)	8,608,119	-	-
(Increase)/Decrease in receivables	(3,570,156)	9,946,577	(1,114,661)	50,352
Increase/(Decrease) in payables	3,962,180	(2,378,653)	(174,822)	21,383
Cash generated from/(used in) operations	10,565,787	32,256,719	(3,434,875)	(1,784,511)
Interest paid	(5,969,396)	(6,738,458)	(2,095,032)	(2,217,312)
Interest received	1,658,176	2,585,544	1,340,942	1,812,248
Income tax paid	(563,045)	(805,376)	-	-
Income tax refund	-	114,323	-	-
Net cash from/(used in) operating activities	5,691,522	27,412,752	(4,188,965)	(2,189,575)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash flows from acquisition of remaining equity interest in existing subsidiary ⁽²⁾	-	(222,210)	-	-
Additional investment in a subsidiary	-	-	-	(222,210)
Cash flows from disposal of investment in a subsidiary ⁽³⁾	8,545,012	-	-	-
Interest received	102,870	352,831	-	-
Repayment from subsidiaries	-	-	3,629,888	6,651,675
Proceeds from disposal of investment in a subsidiary	-	-	9,101,467	-
Proceeds from disposal of non-current assets held for sale	4,534,253	1,000,000	-	-
Proceeds from disposal of property, plant and equipment	356,200	454,215	-	173,124
Proceeds from issuance of shares to non-controlling interests of subsidiaries	45	-	-	-
Purchase of property, plant and equipment ⁽⁴⁾	(3,472,066)	(7,943,828)	(6,570)	(10,458)
Withdrawal of fixed deposits	-	53,460	-	-
Net cash from/(used in) investing activities	10,066,314	(6,305,532)	12,724,785	6,592,131
Balance carried forward	15,757,836	21,107,220	8,535,820	4,402,556

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Balance brought forward	15,757,836	21,107,220	8,535,820	4,402,556
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loan	5,030,000	-	-	-
Payment of finance lease	(3,706,248)	(3,233,093)	(20,194)	(18,891)
Repayment of bankers acceptance and onshore foreign currency loans	(11,488,469)	(12,027,594)	-	-
Drawdown/(Repayment) of block discounting loans	1,498,089	(2,274,257)	-	-
Repayment of Islamic Medium Term Notes	(16,200,000)	(450,000)	(16,200,000)	(450,000)
Repayment of revolving credits	(3,000,000)	(2,144,000)	-	-
Repayment of term loans	(1,050,000)	(2,492,049)	-	-
Withdrawal of short-term deposits	2,925	2,467,475	2,925	2,467,475
Net cash (used in)/from financing activities	(28,913,703)	(20,153,518)	(16,217,269)	1,998,584
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(13,155,867)	953,702	(7,681,449)	6,401,140
Effects of changes in foreign exchange rates	76,292	(97,172)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	25,430,006	24,573,476	10,847,121	4,445,981
CASH AND CASH EQUIVALENTS AT END	12,350,431	25,430,006	3,165,672	10,847,121
Represented by:				
Cash and cash equivalents	12,451,263	25,844,219	3,165,672	10,847,121
Bank overdrafts	(100,832)	(414,213)	-	-
	12,350,431	25,430,006	3,165,672	10,847,121
(1) (Increase)/Decrease in inventories				
Changes in inventories	(5,359,137)	4,867,567	-	-
Transfer from property, plant and equipment	2,393,844	3,740,552	-	-
Working capital changes	(2,965,293)	8,608,119	-	-
(2) Cash flows from acquisition of remaining equity interest in existing subsidiary				
Property, plant and equipment	-	456,714	-	-
Receivables	-	330,913	-	-
Cash and cash equivalents	-	6,029	-	-
Payables	-	(97,762)	-	-
Holding company and related companies	-	(374,200)	-	-
Borrowings	-	(98,659)	-	-
Deferred tax liabilities	-	(22,110)	-	-
Net assets of subsidiaries	-	200,925	-	-
Goodwill	-	21,285	-	-
Total cash consideration paid	-	222,210	-	-

The notes set out on pages 69 to 138 form an integral part of these financial statements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)**

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
(3) Cash flows from disposal of investment in a subsidiary				
Property, plant and equipment	469,571	-	-	-
Receivables	15,542,802	-	-	-
Cash and cash equivalents	2,239,100	-	-	-
Payables	(791,002)	-	-	-
Holding company and related companies	542,165	-	-	-
Borrowings	(11,259,758)	-	-	-
Deferred tax liabilities	(12,300)	-	-	-
Share of net assets disposed	6,730,578	-	-	-
Transfer to investment in an associate	(1,682,645)	-	-	-
Gain on disposal of investment in a subsidiary	4,053,534	-	-	-
Total disposal consideration	9,101,467 *	-	-	-
Add : Transfer to investment in an associate	1,682,645	-	-	-
Less : Cash and cash equivalents	(2,239,100)	-	-	-
Total cash consideration received	8,545,012	-	-	-
(4) Purchase of property, plant and equipment				
Total acquisition cost	11,453,026	13,111,578	6,570	10,458
Acquired under finance lease	(7,980,960)	(5,167,750)	-	-
Total cash acquisition	3,472,066	7,943,828	6,570	10,458
* Total disposal consideration				
Purchase consideration	9,006,000			
Recoup of profit from 1 April 2011 until the date of receipt of balance purchase consideration less incidental cost	95,467			
	9,101,467			

The notes set out on pages 69 to 138 form an integral part of these financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U
(Incorporated In Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 1177 Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 July 2012.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the disposal of the insurance and financing division.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency.

2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements except as discussed below :

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group’s latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised to the extent of the future taxable income forecasted.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Useful lives of machinery and factory equipment

Machinery and factory equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

(ii) Impairment of property, plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. The Group's business is subject to economical and regulatory changes which may cause selling prices to change and as a result may impact on the Group's earnings.

(iv) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with tax planning strategies.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised tax losses and unrecognised temporary differences.

2.3 **Adoption of Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int**

The accounting policies adopted by the Group and by the Company are consistent with those in the previous financial year except for the adoption of the following revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for the current financial year :

Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
FRS 2	Group Cash-settled Share-based Payment Transactions
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Improving Disclosures about Financial Instruments
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement

IC Int

IC Int 4	Determining Whether an Arrangement Contains a Lease
IC Int 12	Services Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company, except for the following :

FRS 3 Business Combinations (Revised) and FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The revised FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and revised FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

2.4 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional two years. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 April 2012.

The Group and the Company have not early adopted the MFRS Framework.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed their quantifications of the financial effects of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and its subsidiaries made up to the end of the financial year. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Change in accounting policy

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 “Business Combinations” and FRS 127 “Consolidated and Separate Financial Statements”.

The Group has applied the new policy prospectively to transactions occurring on or after 1 April 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Acquisition on or after 1 April 2011

For acquisitions on or after 1 April 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

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Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity.

Accounting for changes in non-controlling interest

The Group treats all changes in its ownership in a subsidiary that does not result in a loss of control as equity transactions between the Group and the non-controlling interest. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted against Group reserves.

2.6 Investments in Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

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2.7 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates :

Long term leasehold land	Amortised over lease period of 91 years
Buildings	2%
Machinery and factory equipment	10% - 20%
Office equipment, furniture and fittings	8% - 33.33%
Motor vehicles	16% - 20%

Freehold land is not amortised as it has an infinite life.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

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Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

Operating lease

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.10 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs:

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment of goodwill is not reversed in a subsequent period.

2.11 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Directors for deteriorated, obsolete and slow-moving inventories.

Cost of work-in-progress and finished goods include materials, direct labour and attributable production overheads.

Cost of all inventories are determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.12 Financial Instruments

2.12.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

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A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2.12.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(b) Fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for derivatives that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

2.12.3 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.12.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.13 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in an associate) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

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If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.14 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.15 Non-current Assets Held for Sale and Discontinued Operations**Non-current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued Operations

A component of the Group is classified as discontinued operations when the Group had formally announced its intention to discontinue the operations and has initiated the process of cessation.

The comparative information of the Group relating to the discontinued operations has been represented accordingly.

2.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are recognised as expenses in the period in which they are incurred.

2.18 Income Recognition

(i) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Rental and fleet management service income

Rental and fleet management service income are recognised on a straight-line basis over the lease term.

(iii) Interest income

Interest income on hire purchase is recognised over the period of financing using the applicable effective interest rate.

(iv) Others

Insurance commission, management fee and other interest income are recognised on the accrual basis.

2.19 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense as incurred.

2.20 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.21 Foreign Currency Translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group’s functional currency.

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In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiary are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

2.22 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.24 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

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3. PROPERTY, PLANT AND EQUIPMENT**GROUP**

	Freehold land RM	Long term leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2012								
At cost								
Balance at beginning	12,999,680	851,519	16,666,566	32,278,328	6,060,486	13,056,944	619,008	82,532,531
Additions	-	-	2,724,749	7,644,665	156,432	895,739	31,441	11,453,026
Disposals	-	-	-	-	-	(1,142,250)	-	(1,142,250)
Written off	-	-	-	(92,011)	(5,880)	-	-	(97,891)
Reclassifications	-	-	3,325	25,600	-	4,130	(33,055)	-
Reclassified from non-current assets held for sale	1,554,008	-	-	-	-	-	-	1,554,008
Reversal	-	-	-	-	-	-	(54,500)	(54,500)
Transfer to inventories	-	-	-	(3,684,603)	-	-	-	(3,684,603)
Disposal of a subsidiary	-	-	-	-	(126,595)	(448,729)	-	(575,324)
Foreign currency translation	-	-	-	128	(962)	(3,206)	-	(4,040)
Balance at end	14,553,688	851,519	19,394,640	36,172,107	6,083,481	12,362,628	562,894	89,980,957
Accumulated depreciation								
Balance at beginning	-	30,411	2,936,107	14,993,836	4,657,850	9,221,007	-	31,839,211
Current charge	-	9,357	353,616	3,925,362	478,848	1,779,984	-	6,547,167
Disposals	-	-	-	-	-	(1,047,050)	-	(1,047,050)
Written off	-	-	-	(31,585)	(1,660)	-	-	(33,245)
Transfer to inventories	-	-	-	(1,290,759)	-	-	-	(1,290,759)
Disposal of a subsidiary	-	-	-	-	(67,495)	(38,258)	-	(105,753)
Foreign currency translation	-	-	-	(62)	(962)	(2,290)	-	(3,314)
Balance at end	-	39,768	3,289,723	17,596,792	5,066,581	9,913,393	-	35,906,257
Carrying amount	14,553,688	811,751	16,104,917	18,575,315	1,016,900	2,449,235	562,894	54,074,700

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	Freehold land RM	Long term leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2011								
At cost								
Balance at beginning	17,684,727	-	18,907,361	30,449,312	5,903,765	12,660,893	589,955	86,196,013
Additions	-	-	-	10,569,523	162,594	2,350,408	29,053	13,111,578
Disposals	-	-	-	(1,962,146)	(3,919)	(1,951,080)	-	(3,917,145)
Written off	-	-	-	(703,509)	(1,087)	-	-	(704,596)
Reclassification	(851,519)	851,519	-	-	-	-	-	-
Reclassified to non-current assets held for sale	(3,833,528)	-	(2,240,795)	-	-	-	-	(6,074,323)
Transfer to inventories	-	-	-	(6,075,313)	-	-	-	(6,075,313)
Foreign currency translation	-	-	-	461	(867)	(3,277)	-	(3,683)
Balance at end	12,999,680	851,519	16,666,566	32,278,328	6,060,486	13,056,944	619,008	82,532,531
Accumulated depreciation								
Balance at beginning	-	-	2,907,307	15,614,740	4,062,012	7,924,842	-	30,508,901
Current charge	-	30,411	379,308	4,201,796	597,750	2,516,201	-	7,725,466
Disposals	-	-	-	(1,806,938)	(507)	(1,218,471)	-	(3,025,916)
Written off	-	-	-	(681,486)	(658)	-	-	(682,144)
Reclassified to non-current assets held for sale	-	-	(350,508)	-	-	-	-	(350,508)
Transfer to inventories	-	-	-	(2,334,761)	-	-	-	(2,334,761)
Foreign currency translation	-	-	-	485	(747)	(1,565)	-	(1,827)
Balance at end	-	30,411	2,936,107	14,993,836	4,657,850	9,221,007	-	31,839,211
Carrying amount	12,999,680	821,108	13,730,459	17,284,492	1,402,636	3,835,937	619,008	50,693,320

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3. PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2012			
At cost			
Balance at beginning	180,137	92,637	272,774
Additions	6,570	-	6,570
Balance at end	<u>186,707</u>	<u>92,637</u>	<u>279,344</u>
Accumulated depreciation			
Balance at beginning	83,253	46,319	129,572
Current charge	32,750	18,527	51,277
Balance at end	<u>116,003</u>	<u>64,846</u>	<u>180,849</u>
Carrying amount	<u>70,704</u>	<u>27,791</u>	<u>98,495</u>
2011			
At cost			
Balance at beginning	173,598	212,312	385,910
Additions	10,458	-	10,458
Disposals	(3,919)	(119,675)	(123,594)
Balance at end	<u>180,137</u>	<u>92,637</u>	<u>272,774</u>
Accumulated depreciation			
Balance at beginning	51,836	78,569	130,405
Current charge	31,924	28,786	60,710
Disposals	(507)	(61,036)	(61,543)
Balance at end	<u>83,253</u>	<u>46,319</u>	<u>129,572</u>
Carrying amount	<u>96,884</u>	<u>46,318</u>	<u>143,202</u>

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- (i) Included in the carrying amount are the following property, plant and equipment being acquired under finance lease :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Machinery and factory equipment	10,995,889	6,194,083	-	-
Motor vehicles	2,192,596	2,317,265	27,791	46,318
Capital expenditure in progress	-	480,000	-	-
	<u>13,188,485</u>	<u>8,991,348</u>	<u>27,791</u>	<u>46,318</u>

The lease assets are pledged as security for the related finance lease liabilities (Note 16).

- (ii) The carrying amount of properties charged to financial institutions for banking facilities granted to the Group is as follows :

	GROUP	
	2012 RM	2011 RM
At cost :		
Freehold land	10,609,431	-
Long term leasehold land	811,751	-
	<u>11,421,182</u>	<u>-</u>

- (iii) The title deed to the long term leasehold land has not been issued to a subsidiary as the master title is still in the custody of the Lands and Surveys Department of Sabah, for subdivision.

4. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2012 RM	2011 RM
Unquoted shares, at cost	64,349,340	67,733,583
Less : Impairment losses		
Balance at beginning	25,137,712	23,885,458
Current year	-	1,252,254
Balance at end	<u>(25,137,712)</u>	<u>(25,137,712)</u>
	<u>39,211,628</u>	<u>42,595,871</u>

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS’ REPORT THEREON (Cont’d)**

Details of the subsidiaries which are, all incorporated in Malaysia except otherwise indicated, are as follows :

Name of Company	Equity Interest Held		Principal Activities
	2012 %	2011 %	
Direct			
Boon Koon Vehicles Industries Sdn. Bhd.	100	100	Manufacturing and assembling of commercial vehicles and the provision of related services.
Boon Koon Marketing (East Malaysia) Sdn. Bhd.	100	100	Sale of commercial vehicles and the provision of related services.
First Peninsula Credit Sdn. Bhd.	-	100	Provision of hire purchase financing and insurance agent.
* Boon Koon Vehicles Pte. Ltd. (Incorporated in Republic of Singapore)	100	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related services.
BKCV Sdn. Bhd.	100	100	Marketing and selling of reconditioned, rebuilt and used continental commercial vehicles.
BK Fleet Management Sdn. Bhd.	100	100	Selling and renting of commercial vehicles, provision of fleet management and other related services.
GKY Machinery (M) Sdn. Bhd.	55	55	Dealer in all kinds of forklift trucks and generator set.
Indirect - Held through Boon Koon Marketing (East Malaysia) Sdn. Bhd.			
BK Alliance Sdn. Bhd.	70	70	Selling of commercial vehicles and the provision of related services.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Name of Company	Equity Interest Held		Principal Activities
	2012 %	2011 %	
Indirect - Held through Boon Koon Vehicles Pte. Ltd.			
* PT Boon Koon Continental (Incorporated in Republic of Indonesia)	90	90	Sale of commercial vehicles.
Indirect - Held through GKY Machinery (M) Sdn. Bhd.			
GKY Equipment Rental (M) Sdn. Bhd.	100	100	Equipment rental business, trading and dealing in forklift trucks, heavy equipment machineries components parts, accessories and the provision of repairs and maintenance services for same.
# GKY Commercial (M) Sdn. Bhd.	55	-	Trading in reconditioned, rebuilt and used commercial vehicles.
Indirect - Held through Boon Koon Vehicles Industries Sdn. Bhd.			
BK Commercial Trucks Sdn. Bhd.	51	51	Marketing and selling of reconditioned, rebuilt, used and new commercial vehicles and other related services.

The subsidiary has not commenced operations as at the end of the reporting period.

* Not audited by Grant Thornton.

2012

- (i) On 30 November 2011, the Company had disposed of 75% of its equity interest in First Peninsula Credit Sdn. Bhd. ("FPC") for a cash consideration of RM9,006,000. Subsequent to the disposal, FPC became an associate of the Company as it now owns 25% of the total issued and paid-up capital of FPC.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

- (ii) The Company via its subsidiary GKY Machinery (M) Sdn. Bhd. had on 7 March 2012 incorporated a 55% owned subsidiary by the name of GKY Commercial (M) Sdn. Bhd. (“GKYC”), with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and fully paid-up.

The first set of audited financial statements of GKYC will be for the financial year ending 31 March 2013. For consolidation purposes, the unaudited financial statements of GKYC for the financial period ended 31 March 2012 were used in view that the company is still dormant as at the end of the reporting period.

2011

- (i) On July 2010, the Company had acquired the remaining 11% equity interest in its subsidiary BK Fleet Management Sdn. Bhd. (“BKFM”), for a total cash consideration of RM222,210. Subsequent to the completion of this acquisition, BKFM became a wholly-owned subsidiary of the Company.

5. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares	1,682,645 ⁽¹⁾	-	846,061 ⁽²⁾	-
Share of post-acquisition reserves	(206,235)	-	-	-
	<u>1,476,410</u>	<u>-</u>	<u>846,061</u>	<u>-</u>
Analysed as follows :				
Share of net assets	<u>1,476,410</u>	<u>-</u>		

⁽¹⁾ Measured at fair value at date of lost in control but significant influence retained.

⁽²⁾ Measured at cost.

Details of the associate which is incorporated in Malaysia are as follows :

Name of Company	Equity Interest Held		Principal Activities
	2012 %	2011 %	
First Peninsula Credit Sdn. Bhd.	25	-	Provision of hire purchase financing and insurance agent.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The summarised financial information of the associate is as follows :

	2012 RM	2011 RM
Assets and liabilities		
Current assets	10,458,439	-
Non-current assets	9,388,973	-
Total assets	<u>19,847,412</u>	<u>-</u>
Current liabilities	10,465,863	-
Non-current liabilities	3,475,912	-
Total liabilities	<u>13,941,775</u>	<u>-</u>
Results		
Revenue	3,049,114	-
Loss for the year	<u>(588,517)</u>	<u>-</u>

The above summarised financial information is based on the audited financial statements of the associate for the financial year ended 31 March 2012.

6. **GOODWILL**

	GROUP	
	2012 RM	2011 RM
Balance at beginning	2,826,781	2,805,496
Addition	-	21,285
Balance at end	2,826,781	2,826,781
Less : Impairment losses	<u>(2,805,496)</u>	<u>(2,805,496)</u>
Carrying amount	<u>21,285</u>	<u>21,285</u>

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

Impairment test on goodwill

Goodwill arising from the acquisition of certain subsidiaries has been allocated to its respective business segment as the cash generating unit (“CGU”).

For annual impairment testing purposes, the recoverable amount of the CGU is determined based on its value-in-use, which applies a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

The key assumptions on which the management has based on for the computation of value-in-use are as follows :

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

(ii) Discount rate

The discount rate applied to the cash flow projections is based on the weighted average cost of capital rate of the Group.

7. DEFERRED TAX

	GROUP	
	2012	2011
	RM	RM
Deferred tax assets :		
Balance at beginning	850,000	-
Transfer from profit or loss	1,100,000	850,000
	<hr/>	<hr/>
Balance at end	1,950,000	850,000
	<hr/>	<hr/>

In the previous financial year, RM3,400,000 of unrecognised tax losses were recognised as deferred tax assets by a subsidiary as the management considered it probable that future taxable profits would be available against which they could be utilised. In the current financial year, the management of the subsidiary revised its internal profit forecast and projections and as a result, decided to recognise an additional RM4,400,000 of previously unrecognised tax losses as deferred tax assets.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	GROUP	
	2012	2011
	RM	RM
Deferred tax liabilities :		
Balance at beginning	(2,103,433)	(1,382,882)
Transfer to/(from) profit or loss	286,029	(720,551)
	<u>(1,817,404)</u>	<u>(2,103,433)</u>
Over provision in prior year	631,300	-
	<u>(1,186,104)</u>	<u>(2,103,433)</u>

The deferred tax assets/(liabilities) recognised as at the end of the reporting period prior to offsetting are as follows (net amount) :

	GROUP	
	2012	2011
	RM	RM
Deferred tax assets		
Unabsorbed tax losses	2,953,532	1,990,501
Less : set-off of other deductible temporary differences	(1,003,532)	(1,140,501)
	<u>1,950,000</u>	<u>850,000</u>
Deferred tax liabilities		
Other deductible temporary differences	(1,865,836)	(2,357,053)
Unabsorbed capital allowances	673,000	227,000
Tax effect on unrealised profits	6,732	26,620
	<u>(1,186,104)</u>	<u>(2,103,433)</u>

8. TRADE RECEIVABLES

	GROUP	
	2012	2011
	RM	RM
Non-current assets		
Hire purchase receivables	-	7,613,113
	<u>-</u>	<u>7,613,113</u>

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	GROUP	
	2012 RM	2011 RM
Current assets		
Trade receivables		
Total amount	38,265,614	40,201,746
Less : Allowance for impairment		
Balance at beginning	1,675,122	773,047
Current year	2,324,061	1,581,016
Recovered	(64,208)	(91,015)
Written off	(1,127,930)	(587,926)
Balance at end	(2,807,045)	(1,675,122)
	35,458,569	38,526,624
Hire purchase receivables	-	7,720,278
	35,458,569	46,246,902

Trade receivables are generally extended **30 to 180 days** (2011 : 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	GROUP	
	2012 RM	2011 RM
Hire purchase receivables		
Total receivables	-	17,965,850
Unearned interest income	-	(2,327,652)
	-	15,638,198
Less : Allowance for impairment		
Balance at beginning	-	511,247
Current year	-	280,549
Recovered	-	(716)
Written off	-	(486,273)
Balance at end	-	(304,807)
	-	15,333,391
Less : Receivable under current assets	-	(7,720,278)
Receivable under non-current assets	-	7,613,113

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The repayment schedule of the present value of hire purchase receivables are as follows :

	GROUP	
	2012 RM	2011 RM
Within one year	-	7,720,278
More than one year and less than two years	-	4,390,236
More than two years and less than five years	-	3,202,696
More than five years	-	20,181
	<u>-</u>	<u>15,333,391</u>

The currency profile of trade receivables is as follows :

	GROUP	
	2012 RM	2011 RM
Ringgit Malaysia	38,165,638	57,815,157
Indonesian Rupiah	-	82,509
US Dollar	-	34,945
Australian Dollar	11,197	29,549
Thai Baht	88,779	205,436
	<u>38,265,614</u>	<u>58,167,596</u>
Less : Unearned interest income	-	(2,327,652)
Allowance for impairment	(2,807,045)	(1,979,929)
	<u>35,458,569</u>	<u>53,860,015</u>

9. INVENTORIES

	GROUP	
	2012 RM	2011 RM
At cost		
Raw materials	30,367,881	28,887,457
Work-in-progress	5,551,903	1,129,963
Finished goods	21,720,700	21,438,929
	<u>57,640,484</u>	<u>51,456,349</u>
Balance carried forward	57,640,484	51,456,349

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	GROUP	
	2012 RM	2011 RM
Balance brought forward	57,640,484	51,456,349
At net realisable value		
Work-in-progress	760,159	760,159
Finished goods	8,953,504	9,860,175
	9,713,663	10,620,334
	67,354,147	62,076,683

The following are recognised in profit or loss :

	GROUP	
	2012 RM	2011 RM
Inventories recognised as cost of sales	120,352,870	121,678,011
Inventories written off	80,663	-
Write down to net realisable value	1,010	-
	120,434,543	121,678,011

10. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
* Other receivables				
Total amount	1,306,642	1,091,860	1,197,207	2,272
Less : Allowance for impairment	(25,660)	-	-	-
	1,280,982	1,091,860	1,197,207	2,272
Refundable deposits	306,135	359,273	12,500	8,500
# Deposits for purchase of raw materials	3,265,567	-	-	-
Prepayments	1,158,482	1,406,256	118,360	108,865
	6,011,166	2,857,389	1,328,067	119,637

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

* Included herein is an amount of RM23,250 (2011 : RM Nil) due from the Group's associate.

The deposits are paid to suppliers for purchase of raw materials and are refundable.

As at the end of the reporting period, there was no indication that other receivables and deposits are not recoverable.

The currency profile of other receivables, deposits and prepayments is as follows :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	5,868,554	2,651,287	1,328,067	119,637
Singapore Dollar	142,612	-	-	-
Japanese Yen	-	112,350	-	-
US Dollar	-	93,752	-	-
	6,011,166	2,857,389	1,328,067	119,637

11. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2012 RM	2011 RM
Interest bearing	10,765,840	15,750,683
Non-interest bearing	10,378,372	8,453,466
	21,144,212	24,204,149

The amount due from subsidiaries is non-trade related, unsecured, and is repayable on demand. Interest is charged at 9% (2011 : 9%) per annum on interest bearing portion.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The currency profile of amount due from subsidiaries is as follows :

	COMPANY	
	2012 RM	2011 RM
Ringgit Malaysia	18,876,991	22,600,870
Singapore Dollar	2,142,021	1,603,279
Indonesian Rupiah	125,200	-
	21,144,212	24,204,149

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Unencumbered				
Short-term funds with licensed financial institutions	2,593,639	13,327,061	2,519,832	10,126,874
Investment in repo	5,320,000	6,220,000	-	-
Cash and bank balances	4,537,624	6,297,158	645,840	720,247
Cash and cash equivalents	12,451,263	25,844,219	3,165,672	10,847,121
Encumbered				
Fixed deposits with licensed banks	-	1,000,000	-	-
Short-term deposits with a licensed bank	737,100	740,025	737,100	740,025
	13,188,363	27,584,244	3,902,772	11,587,146

The encumbered deposits are pledged to licensed banks as security for banking facilities granted to subsidiaries of the Company, while the short-term deposits have been designated to pay for share of profit on the outstanding Islamic Medium Term Notes (Note 17).

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The currency profile of cash and bank balances is as follows :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	12,555,556	26,962,420	3,895,111	11,577,008
Singapore Dollar	76,230	50,078	274	289
Indonesian Rupiah	11,270	45,598	632	632
Japanese Yen	456,387	444,066	6,755	-
US Dollar	88,920	77,180	-	4,315
Others	-	4,902	-	4,902
	13,188,363	27,584,244	3,902,772	11,587,146

The effective interest rates per annum as at the end of the reporting period are as follows :

	GROUP		COMPANY	
	2012 %	2011 %	2012 %	2011 %
Fixed deposits with licensed banks	-	2.50	-	-
Investment in repo	1.50 to 2.50	1.60 to 2.30	-	-
Short-term funds with licensed financial institutions	2.83 to 3.24	2.75 to 2.76	2.83	2.75 to 2.76

The profit sharing ratio on short-term deposits between the Company and the licensed bank range from **59% : 41% to 61% : 39%** (2011 : 55% : 45% to 45% : 55%) depending on the maturity period.

The maturity/redemption periods as at the end of the reporting period are as follows :

	GROUP		COMPANY	
	2012	2011	2012	2011
Fixed deposits with licensed banks	-	12 months	-	-
Investment in repo	3 to 7 days	2 to 7 days	-	-
Short-term deposits with a licensed bank	2 to 5 months	2 to 5 months	2 to 5 months	2 to 5 months
Short-term funds with licensed financial institutions	1 to 7 days	1 to 7 days	1 to 7 days	1 to 7 days

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

13. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2012 RM	2011 RM
Balance at beginning	5,723,815	930,000
Reclassified (to)/from property, plant and equipment	(1,554,008)	5,723,815
Disposed during the year	(4,169,807)	(930,000)
Balance at end	-	5,723,815
Represented by :		
Freehold land	-	3,833,528
Office and factory buildings	-	1,890,287
	-	5,723,815

The reclassification to property, plant and equipment was because the proposed sale of a piece of freehold land of a subsidiary was unsuccessful and management has no intention to pursue further.

14. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>138,375,000</u>	<u>138,375,000</u>	<u>69,187,500</u>	<u>69,187,500</u>

15. FOREIGN CURRENCY TRANSLATION RESERVE

GROUP

This is in respect of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

16. **BORROWINGS**

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-current liabilities				
<u>Finance lease liabilities</u>				
Minimum payments :				
Within one year	5,884,098	3,054,182	12,635	21,660
Later than one year but not later than two years	3,591,057	1,912,535	-	12,635
Later than two years but not later than five years	1,196,217	1,163,824	-	-
	10,671,372	6,130,541	12,635	34,295
Future finance charges	(723,982)	(457,863)	(253)	(1,719)
Carrying amount at end Amount due within one year under current liabilities	9,947,390	5,672,678	12,382	32,576
	(5,375,680)	(2,776,383)	(12,382)	(20,194)
	4,571,710	2,896,295	-	12,382
<u>Islamic Medium Term Notes</u> (Note 17)				
Total amount repayable	28,275,721	44,376,685	28,275,721	44,376,685
Amount due within one year under current liabilities	(28,275,721)	(9,900,000)	(28,275,721)	(9,900,000)
	-	34,476,685	-	34,476,685
<u>Block discounting loans</u>				
Total amount repayable	-	9,434,012	-	-
Amount due within one year under current liabilities	-	(4,904,320)	-	-
	-	4,529,692	-	-
<u>Term loan</u>				
Total amount repayable	3,980,000	-	-	-
Amount due within one year under current liabilities	(1,800,000)	-	-	-
	2,180,000	-	-	-
	6,751,710	41,902,672	-	34,489,067

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	GROUP		COMPANY	
	2012	(Restated) 2011	2012	2011
	RM	RM	RM	RM
Current liabilities				
Bank overdrafts	100,832	414,213	-	-
Bankers acceptance	50,355,000	60,195,000	-	-
Block discounting loans	-	4,904,320	-	-
Finance lease liabilities	5,375,680	2,776,383	12,382	20,194
Islamic Medium Term Notes (Note 17)	28,275,721	9,900,000	28,275,721	9,900,000
Onshore foreign currency loans	6,135,337	7,850,277	-	-
Revolving credits	-	3,000,000	-	-
Term loan	1,800,000	-	-	-
	92,042,570	89,040,193	28,288,103	9,920,194

The currency profile of borrowings is as follows :

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	92,658,943	123,092,588	28,288,103	44,409,261
Japanese Yen	6,135,337	7,850,277	-	-
	98,794,280	130,942,865	28,288,103	44,409,261

GROUP

Included in finance lease liabilities is an amount of **RM1,120,857** (2011 : RM Nil) payable to the Group's associate.

The borrowings of the subsidiaries (except for finance lease liabilities) are secured by way of :

- (i) Legal charge over the freehold and long term leasehold land of a subsidiary,
- (ii) Negative pledge over the assets of the subsidiaries,
- (iii) Trade Financing General Agreement,
- (iv) Pledge of fixed deposits, and
- (v) Corporate guarantee of the Company.

The finance lease liabilities are secured over the leased assets and corporate guarantee of a subsidiary and of the Company.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

A summary of the average effective interest rates and the maturity of the borrowings (except for Islamic Medium Term Notes where maturity period is disclosed in Note 17) is as follows :

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2012					
Bank overdrafts	7.35	100,832	100,832	-	-
Bankers acceptance	3.21 to 4.11	50,355,000	50,355,000	-	-
Finance lease liabilities	2.56 to 6.00	9,947,390	5,375,680	3,418,015	1,153,695
Onshore foreign currency loans	1.90 to 3.05	6,135,337	6,135,337	-	-
Term loan	5.84	3,980,000	1,800,000	1,800,000	380,000
2011					
Bank overdrafts	7.05	414,213	414,213	-	-
Bankers acceptance	3.07 to 4.30	60,195,000	60,195,000	-	-
Block discounting loans	2.64 to 3.65	9,434,012	4,904,320	2,757,027	1,772,665
Finance lease liabilities	2.55 to 6.02	5,672,678	2,776,383	1,920,102	976,193
Onshore foreign currency loans	1.70 to 3.01	7,850,277	7,850,277	-	-
Revolving credits	4.05	3,000,000	3,000,000	-	-
COMPANY					
2012					
Finance lease liabilities	3.50	12,382	12,382	-	-
2011					
Finance lease liabilities	3.50	32,576	20,194	12,382	-

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**17. ISLAMIC COMMERCIAL PAPERS (“ICP”) AND/OR ISLAMIC
MEDIUM TERM NOTES (“IMTN”)**

	GROUP AND COMPANY	
	2012	2011
	RM	RM
Islamic Medium Term Notes (Note 16)		
Total amount repayable	28,350,000	44,550,000
* Less : Issuance expenses	(74,279)	(173,315)
	<hr/>	<hr/>
Repayable within one year	28,275,721	44,376,685
	(28,275,721)	(9,900,000)
	<hr/>	<hr/>
Repayable later than one year but not later than two years	-	34,476,685
	<hr/>	<hr/>
* Analysis of issuance expenses :		
Balance at beginning	173,315	272,351
Less : Recognised in profit or loss	(99,036)	(99,036)
	<hr/>	<hr/>
Balance at end	74,279	173,315
	<hr/>	<hr/>

On 10 October 2006, the Company obtained the approval from the Securities Commission (“SC”) to issue up to RM100 million nominal value of ICP/IMTN under the Islamic financing principle of Murabahah.

The ICP/IMTN Programme shall have a tenor not exceeding seven years from the date of the first issue. The first issuance of the ICP/IMTN shall be made within twenty four months from the date of approval by the SC of the ICP/IMTN Programme.

The proceeds from the issuance of ICP/IMTN should be utilised for the following purposes :

- (i) to finance future Shariah-compliant investments and Shariah-compliant capital expenditure, and
- (ii) to finance for Shariah-compliant working capital requirements.

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

The ICP/IMTN have the following features :

- (i) The ICP shall be issued at a discount to face value in accordance with the rules of the Fully Automated Systems for Issuing/Tendering (“FAST”) in respect of Private Debt Securities approved by Bank Negara Malaysia (“BNM”). The ICP shall be issued either one, two, three, six, nine or twelve months tenure at the option of the issuer.
- (ii) The IMTN are to be issued at par or at a discount to nominal value. The issue price is calculated in accordance with the formula specified in the FAST rules approved by BNM. For IMTN issued at par, the profit shall be payable semi-annually calculated at the actual number of days elapsed in a year of three hundred and sixty-five days. The IMTN shall have tenors of a minimum of one year and maximum of seven years.

The ICP/IMTN Programme shall be subject to the following facility limit reduction :

Anniversary date from 1st issue	Reduction in facility limit RM million	Balance of facility limit RM million
1st	-	100
2nd	-	100
3rd	-	100
4th	-	100
5th	-	100
6th	50	50
7th	50	-

On 6 December 2006, the Company has issued IMTN with a total nominal value of RM35 million. The IMTN is subject to a profit of 6.50% per annum and is repayable in one lump sum on 7 December 2012.

During the financial year 2007, the Company has issued ICP with a total nominal value of RM25 million. The ICP is subject to a profit of 5.25% per annum and is for three months tenure on a roll-over basis. The ICP has matured and fully settled during financial period ended 31 March 2009.

On 20 February 2008, the Company has issued IMTN with a total nominal value of RM10 million. The IMTN is subject to a profit of 6.50% per annum and is repayable in one lump sum on 22 February 2011 which is deferred to 22 February 2012 as approved by all the Noteholders on 8 December 2009.

The ICP/IMTN are secured by way of legal charge over the Finance Service account and Principal Service Account of the Company.

All direct costs incurred for the ICP/IMTN Programme amounting to RM602,588 are capitalised as future finance charges and deducted against the total borrowings. These costs are charged to the profit or loss over the maturity period of the financial instruments as appropriate.

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As at 31 March 2009, the Company has breached the covenanted debt to equity ratio of 1.5 times and the Company had negotiated with the Noteholders for a variation to the financial covenants of the ICP/IMTN Programme with a view to regularise the relevant financial covenants.

At an extraordinary general meeting held on 8 December 2009 of all the Noteholders of the ICP/IMTN Programme of up to RM100 million in nominal value issued by the Company as constituted by a Trust Deed dated 14 November 2006 between the Company and Malaysian Trustees Berhad (“Noteholders EGM”), the Noteholders had approved the following :

- i. The Company is permitted to create further indebtedness by the issuance of the same nominal value of the Redemption Issue under the ICP/IMTN Programme on the Redemption Date (“Replacement Issue”) to the same holders of the Redemption Issue and to be held by them on the Redemption Date for the tenor of two years expiring on 22 February 2012. There shall be no fresh cash proceeds to the Company arising from the Replacement Issue as the funds shall be settled by way of set-off against the Redemption Issue,
- ii. The profit rate for the Replacement Issue shall be 6.50% per annum,
- iii. The Finance Service Cover ratios (“FSCR”) and Debt to Equity ratios (“D/E Ratio”) shall be allowed to be amended*,
- iv. A first legal charge of the Designated Account and credit balances therein,
- v. A debenture creating a fixed and floating charge over the present and future assets of the Company in favour of the Security Trustee save and except for the shares in Boon Koon Vehicles Industries Sdn. Bhd. (“BKVI”) and the assets of BKVI, and
- vi. An equitable assignment of all future net cash proceeds receivable by the Company to the Security Trustee which shall include new share issue and/or private placement by the Company, proceeds from the disposal of investment in certain subsidiaries, and the proceeds from the disposal of vacant land by a subsidiary.

On 27 May 2010, the Company has amended the Principal Terms and Conditions (“PTC”) of its ICP/IMTN Programme to reflect the removal of the underwriting commitment for the ICPs. The amendments to the PTC were reflected in the supplemental agreements duly executed by the relevant transaction parties on 8 February 2010 pursuant to the restructuring exercise undertaken on the ICP/IMTN Programme.

There are currently no ICPs outstanding under the ICP/IMTN Programme and the Company will not issue any more ICPs and/or IMTNs without prior consent of Malaysian Trustees Berhad as the Trustee, AmInvestment Bank as the Facility Agent of the ICP/IMTN Programme and/or the holders of the ICP/IMTN Programme.

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* The amended FSCR and D/E Ratio tables are as follows :

Financial year ended	FSCR
31 March 2010	1.30 times
31 March 2011	1.30 times
31 March 2012	0.70 times
Financial year ended/ending	D/E Ratio
31 March 2010	4.00 times
31 March 2011	3.50 times
31 March 2012	2.50 times
31 March 2013	1.50 times

18. TRADE PAYABLES

Trade payable are non-interest bearing and are normally settled within **30 to 120 days** (2011 : 30 to 120 days) credit terms.

The currency profile of trade payables is as follows :

	GROUP	
	2012	2011
	RM	RM
Ringgit Malaysia	7,569,643	3,746,514
Japanese Yen	1,745,045	2,032,297
Singapore Dollar	311,482	151,576
US Dollar	202,398	24,000
Pound Sterling	476,975	148,688
Hong Kong Dollar	66,280	-
Chinese Renminbi	-	25,809
	10,371,823	6,128,884

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
* Other payables	961,392	820,570	3,276	3,472
# Amount due to a director of a subsidiary	984,270	1,260,712	-	-
Refundable deposits	295,197	828,161		
Deposits received from customers	2,302,237	-	-	-
Accruals	2,627,796	5,383,126	894,726	1,069,352
	7,170,892	8,292,569	898,002	1,072,824

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GROUP

- * Included herein is an amount of **RM180** (2011 : RM Nil) due to the Group's associate.
- # The amount due to a director of a subsidiary is non-trade related, non-interest bearing, unsecured and is repayable on demand.

The deposits received from customers are for purchase of goods and non-refundable.

The currency profile of other payables and accruals is as follows :

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	7,162,525	8,278,636	898,002	1,072,824
Singapore Dollar	8,367	7,157	-	-
Japanese Yen	-	6,776	-	-
	7,170,892	8,292,569	898,002	1,072,824

20. DERIVATIVE FINANCIAL LIABILITIES

	GROUP			
	2012		2011	
	RM		RM	
	Nominal	Liabilities	Nominal	Liabilities
	value		value	
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	3,763,876	191,420	6,145,182	124,949

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's borrowings denominated in currencies other than the functional currency of the Group. The forward exchange contracts have maturity period of less than one year after the end of the reporting period.

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21. REVENUE

	GROUP (Restated)		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of commercial vehicles, forklifts, heavy machineries and bodyworks	138,492,980	141,656,752	-	-
Rental and fleet management service income	14,962,931	13,218,531	-	-
Interest income	313,772	309,413	1,434,711	1,813,435
Management fee income	92,000	-	1,296,000	1,296,000
	<u>153,861,683</u>	<u>155,184,696</u>	<u>2,730,711</u>	<u>3,109,435</u>

22. COST OF SALES

	GROUP (Restated)	
	2012 RM	2011 RM
Cost of commercial vehicles and bodyworks	120,352,870	121,678,011
Rental and fleet management service expenses	9,298,630	7,505,858
	<u>129,651,500</u>	<u>129,183,869</u>

23. OTHER INCOME

	GROUP (Restated)		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Impairment loss on receivables recovered	64,208	91,015	-	-
Interest income	86,582	345,793	-	-
Balance carried forward	150,790	436,808	-	-

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	GROUP		COMPANY	
	2012	(Restated) 2011	2012	2011
	RM	RM	RM	RM
Balance carried forward	150,790	436,808	-	-
Gain on disposal of investment in a subsidiary	4,053,534	-	6,563,285	-
Gain on disposal of non-current assets held for sale	364,446	70,000	-	-
Gain on disposal of property, plant and equipment	261,000	218,913	-	111,073
Realised gain on foreign exchange	73,609	327,839	-	-
Rental income	-	4,970	-	-
Unrealised gain on foreign exchange	204,665	14,917	569,951	-
Others	526,269	714,466	25,000	-
	5,634,313	1,787,913	7,158,236	111,073

24. FINANCE COSTS

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest on :				
Bank overdrafts	16,190	23,637	-	-
Bankers acceptance	2,547,945	2,956,766	-	-
Finance lease	529,606	360,109	1,466	2,769
* Islamic Medium Term				
Notes	2,093,566	2,214,543	2,093,566	2,214,543
Onshore foreign currency loans	168,176	151,201	-	-
Revolving credits	70,460	156,586	-	-
Term loan	123,524	171,008	-	-
	5,549,467	6,033,850	2,095,032	2,217,312

* Share of profit at 6.50% per annum.

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25. TAXATION

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysian income tax :				
Based on results for the year				
- Current tax	(391,300)	(477,000)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	1,386,029	(71,051)	-	-
	<u>994,729</u>	<u>(548,051)</u>	-	-
Over/(Under) provision in prior year				
- Current tax	(49,007)	(45,362)	-	21,000
- Deferred tax	631,300	200,500	-	-
	<u>582,293</u>	<u>155,138</u>	-	<u>21,000</u>
	<u>1,577,022</u>	<u>(392,913)</u>	-	<u>21,000</u>
Comprise of the following :				
Taxation from continuing operations	1,659,516	(187,640)	-	21,000
Taxation from discontinued operations	(82,494)	(205,273)	-	-
	<u>1,577,022</u>	<u>(392,913)</u>	-	<u>21,000</u>

The reconciliation of tax expense of the Group and of the Company is as follows :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before taxation				
-Continuing operations	3,888,927	1,913,672	4,177,210	(3,561,050)
-Discontinued operations	410,275	678,294	-	-
Less : Share of results of associate	206,235	-	-	-
	<u>4,505,437</u>	<u>2,591,966</u>	<u>4,177,210</u>	<u>(3,561,050)</u>

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	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Income tax at Malaysian statutory tax rate of 25%	(1,126,359)	(647,991)	(1,044,303)	890,262
Different tax rates in other countries	12,375	(4,853)	-	-
Income not subject to tax	545,858	75,461	1,789,559	-
Expenses not deductible for tax purposes	(547,831)	(1,518,414)	(739,645)	(875,001)
Utilisation of unabsorbed tax losses	1,346,956	198,090	-	-
Utilisation of unabsorbed capital allowances	-	1,048,455	-	-
Recognition of previously unrecognised tax losses	1,100,000	850,000	-	-
Deferred tax assets not recognised	(336,270)	(548,799)	(5,611)	(15,261)
Over provision in prior year	582,293	155,138	-	21,000
	1,577,022	(392,913)	-	21,000

The deferred tax (assets)/liabilities not recognised as at the end of the reporting period are in relation to the following (gross amount) :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Unabsorbed tax losses	(33,642,000)	(42,644,000)	-	-
Unabsorbed capital allowances	(1,423,000)	(607,000)	-	-
Other deductible temporary differences	591,000	336,000	59,000	81,000
	(34,474,000)	(42,915,000)	59,000	81,000

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These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

26. DISCONTINUED OPERATIONS

During the financial year, the Company sold its equity interest in FPC which resulted in a loss of control. FPC was the only subsidiary operating under the insurance and financing segment and as such this segment is considered as discontinued. Accordingly, the comparative figures have been restated to conform with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations.

Analysis of the results of the discontinued operations are as follows :

	GROUP	
	2012	(Restated)
	RM	2011
		RM
Revenue		
- Hire purchase interest income	1,347,168	2,096,125
- Insurance commission income	429,580	898,547
- Interest income	88,292	162,934
Total revenue	1,865,040	3,157,606
Cost of sales	(864,132)	(1,719,361)
Gross profit	1,000,908	1,438,245
Other income	220,701	196,133
*Administrative expenses	(811,334)	(956,084)
Profit before taxation	410,275	678,294
Taxation (Note 25)	(82,494)	(205,273)
Profit for the year	327,781	473,021

*Included herein are finance cost amounting to **RM419,929** (2011 : RM704,608).

The cash flows attributable to the discontinued operations are as follows :

Operating activities	813,093	4,035,485
Investing activities	(399,238)	6,023
Financing activities	382,897	(3,433,306)
Effects on cash flows	796,752	608,202

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27. PROFIT/(LOSS) FOR THE YEAR

This is arrived at :

	GROUP (Restated)		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
After charging :				
Amortisation of IMTN issuance expenses	99,036	99,036	99,036	99,036
Audit fee				
- Statutory audit				
- Company's auditors	83,500	79,000	14,500	12,500
- Other auditors	7,278	7,039	-	-
- Other services				
- Company's auditors	4,472	5,540	4,472	5,540
Bad debts	259,105	160,176	-	-
Depreciation	6,547,167	7,725,466	51,277	60,710
Directors' remuneration for non-executive directors				
- Allowance	5,600	2,600	5,600	2,600
- Fee	78,000	42,000	78,000	42,000
Fair value loss on derivative financial instrument	191,420	124,949	-	-
Impairment loss on receivables	2,567,522	1,861,565	-	-
Impairment loss on investment in subsidiaries	-	-	-	1,252,254
Inventories written down	1,010	-	-	-
Inventories written off	80,663	-	-	-
Property, plant and equipment written off	64,646	22,452	-	-
Realised loss on foreign exchange	47,918	169,054	828	39
Rental of equipment	258,470	302,043	-	-
Rental of premises	339,548	299,146	78,000	78,000
* Staff costs	11,061,775	10,613,522	2,461,285	2,280,748
Unrealised loss on foreign exchange	4,584	-	-	-

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	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
* Staff costs				
- Salaries, wages, allowances, and bonus	9,824,216	9,480,765	2,158,603	2,013,029
- EPF	1,152,139	1,051,645	294,032	259,613
- SOCSO	85,420	81,112	8,650	8,106
	<u>11,061,775</u>	<u>10,613,522</u>	<u>2,461,285</u>	<u>2,280,748</u>

Directors’ remuneration

Included in the staff costs of the Group and of the Company are directors’ remuneration as shown below :

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors of the Company ⁽¹⁾ :				
- Salaries, allowances and bonus	817,400	875,854	817,400	754,165
- EPF	114,240	104,298	114,240	99,761
	<u>931,640</u>	<u>980,152</u>	<u>931,640</u>	<u>853,926</u>
Executive directors of subsidiaries ⁽²⁾ :				
- Salaries, allowances and bonus	741,358	935,990	-	-
- EPF	59,934	69,143	-	-
	<u>801,292</u>	<u>1,005,133</u>	<u>-</u>	<u>-</u>
	<u>1,732,932</u>	<u>1,985,285</u>	<u>931,640</u>	<u>853,926</u>
Directors’ fee :				
Executive directors of the Company	50,000	48,000	48,000	48,000
Executive directors of subsidiaries	22,800	4,800	-	-
	<u>72,800</u>	<u>52,800</u>	<u>48,000</u>	<u>48,000</u>
Balance carried forward	1,805,732	2,038,085	979,640	901,926

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	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Balance brought forward	1,805,732	2,038,085	979,640	901,926
Benefits-in-kind :				
Executive directors of the Company	55,178	30,200	55,178	30,200
Executive directors of subsidiaries	9,900	2,200	-	-
	65,078	32,400	55,178	30,200
	1,870,810	2,070,485	1,034,818	932,126

(1) Executive directors of the Company :

- Past directors	-	126,426	-	200
- Present directors	931,640	853,726	931,640	853,726
	931,640	980,152	931,640	853,926

(2) Executive directors of subsidiaries :

- Past directors	76,405	180,526	-	-
- Present directors	724,887	824,607	-	-
	801,292	1,005,133	-	-

28. BASIC EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows :

	GROUP	
	2012	2011
Profit from continuing operations (RM)	5,013,405	1,755,860
Profit from discontinued operations (RM)	327,781	473,021
Total profit attributable to the owners of the Parent (RM)	5,341,186	2,228,881

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	GROUP	
	2012	2011
Weighted average number of ordinary shares of RM0.50 each	138,375,000	138,375,000
Basic, profit from continuing operations (Sen)	3.62	1.27
Basic, profit from discontinued operations (Sen)	0.24	0.34
Basic, Net profit for the year (Sen)	3.86	1.61

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

29. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2012 RM	2011 RM
Corporate Guarantee		
Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries		
- Limit	76,201,570	94,474,750
- Amount utilised	69,684,033	85,416,310

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

	GROUP	
	2012 RM	2011 RM
Material Litigation		
Litigation claims by a creditor against two subsidiaries for services rendered which the subsidiaries are disputing	722,328	722,328

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30. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

Business Segments

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following :

- | | |
|---|--|
| (1) Commercial vehicles, forklifts, heavy machineries and bodyworks | Manufacturing and trading of rebuilt commercial vehicles, reconditioned forklifts, heavy machineries and the manufacture of bodyworks and their related services |
| (2) Insurance and financing * | Insurance agent, provision of hire purchase financing and its related services |
| (3) Rental and fleet management services | Rental of commercial vehicles, provision of fleet management and other related services |
| (4) Others | Investment holding and the provision of management services |

* During the financial year, the Group had disposed of 75% of its equity interest in FPC, which was the only subsidiary involved in the business of insurance and financing. Going forward, this business segment will be discontinued.

Management monitors the operating results on its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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By business segments

	Commercial vehicles, forklifts, heavy machineries and bodyworks RM	Insurance and financing (Discontinued) RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
2012						
Revenue						
External customers	138,492,980	1,865,040	14,962,931	405,772	-	155,726,723
Inter-segment revenue	305,210	106,513	-	2,347,939	(2,759,662)	-
Total revenue	138,798,190	1,971,553	14,962,931	2,753,711		155,726,723
Results						
Segment results	8,442,099	(748,499)	366,962	5,043,766	(4,484,309)	8,620,019
Interest income	350,859	1,501,215	-	1,434,711	(1,431,971)	1,854,814
Interest expense	(4,007,038)	(433,799)	(865,498)	(2,095,032)	1,431,971	(5,969,396)
Share of results of an associate	-	-	-	(206,235)	-	(206,235)
Profit/(Loss) before taxation	4,785,920	318,917	(498,536)	4,177,210		4,299,202
Taxation	769,187	(82,494)	588,200	-	302,129	1,577,022
Profit for the year	5,555,107	236,423	89,664	4,177,210		5,876,224
Assets						
Segment assets	144,650,287	-	26,608,200	62,628,463	(69,490,673)	164,396,277
Tax recoverable	395,287	-	220,928	-	-	616,215
Deferred tax assets	1,950,000	-	-	-	-	1,950,000
Cash and bank balances	8,884,558	-	401,033	3,902,772	-	13,188,363
Total assets	155,880,132	-	27,230,161	66,531,235		180,150,855
Liabilities						
Segment liabilities	37,255,540	-	5,561,198	898,002	(25,980,605)	17,734,135
Borrowings	61,812,857	-	8,693,320	28,288,103	-	98,794,280
Provision for taxation	-	-	-	-	58,561	58,561
Deferred tax liabilities	24,000	-	1,552,000	-	(389,896)	1,186,104
Total liabilities	99,092,397	-	15,806,518	29,186,105		117,773,080
Other information						
Capital expenditure	3,419,283	418,238	7,616,935	6,570	(8,000)	11,453,026
Depreciation and amortisation	2,311,920	17,705	4,246,485	150,313	(80,220)	6,646,203
Non-cash expenses/(income) other than depreciation and amortisation						
- Bad debts	200,000	29,095	30,010	-	-	259,105
- Gain on disposal of investment in a subsidiary	-	-	-	(6,563,285)	2,509,751	(4,053,534)
- Gain on disposal of property, plant and equipment	(269,000)	-	-	-	8,000	(261,000)
- Gain on disposal of non-current assets held for sale	(364,446)	-	-	-	-	(364,446)
- Impairment loss on receivables	317,228	217,801	2,032,493	-	-	2,567,522
- Others	113,624	4,220	60,426	(569,951)	529,339	137,658

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

	Commercial vehicles, forklifts, heavy machineries and bodyworks RM	Insurance and financing (Discontinued) RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
(Restated)						
2011						
Revenue						
External customers	141,656,752	3,157,606	13,218,531	309,413	-	158,342,302
Inter-segment revenue	924,385	276,131	-	2,800,022	(4,000,538)	-
Total revenue	142,581,137	3,433,737	13,218,531	3,109,435		158,342,302
Results						
Segment results	8,456,337	(994,368)	900,496	(3,157,173)	1,185,570	6,390,862
Interest income	423,935	2,350,401	-	1,813,435	(1,648,209)	2,939,562
Interest expense	(4,617,606)	(825,133)	(726,616)	(2,217,312)	1,648,209	(6,738,458)
Profit/(Loss) before taxation	4,262,666	530,900	173,880	(3,561,050)		2,591,966
Taxation	507,440	(205,273)	(535,479)	21,000	(180,601)	(392,913)
Profit/(Loss) for the year	4,770,106	325,627	(361,599)	(3,540,050)		2,199,053
Assets						
Segment assets	142,304,705	16,335,190	25,711,510	67,062,858	(76,181,756)	175,232,507
Tax recoverable	233,959	49,170	198,048	-	-	481,177
Deferred tax assets	850,000	-	-	-	-	850,000
Cash and bank balances	14,104,341	1,423,918	468,839	11,587,146	-	27,584,244
Total assets	157,493,005	17,808,278	26,378,397	78,650,004		204,147,928
Liabilities						
Segment liabilities	33,826,821	1,556,885	8,569,429	1,072,824	(30,479,557)	14,546,402
Borrowings	72,455,577	9,743,239	4,334,789	44,409,260	-	130,942,865
Provision for taxation	-	-	-	-	58,561	58,561
Deferred tax liabilities	37,000	14,000	2,140,200	-	(87,767)	2,103,433
Total liabilities	106,319,398	11,314,124	15,044,418	45,482,084		147,651,261
Other information						
Capital expenditure	1,728,885	19,274	11,375,677	10,458	(22,716)	13,111,578
Depreciation and amortisation	3,152,380	24,613	4,448,614	159,746	39,149	7,824,502
Non-cash expenses/(income) other than depreciation and amortisation						
- Bad debts	11,332	148,844	-	-	-	160,176
- Gain on disposal of property, plant and equipment	(95,883)	-	(12,242)	(111,073)	285	(218,913)
- Gain on disposal of non-current assets held for sale	(70,000)	-	-	-	-	(70,000)
- Impairment loss on receivables	1,798,601	280,550	235,322	-	(452,908)	1,861,565
- Others	132,055	429	-	-	-	132,484

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Information about Major Customers

Revenue from commercial vehicles, forklifts, heavy machineries and bodyworks segment amounting to **RM45,768,536** (2011 : RM74,327,932) arose from 1 (2011 : 3) major customers of the Group. A major customer is defined as one who contributes more than 10% to the Group's revenue.

Geographical Segments

The Group operated in three principal geographical areas namely Malaysia, Singapore and Indonesia.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows :

	Revenue		Non-current assets	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	155,726,723	158,342,302	57,506,302	59,141,866
Singapore	-	-	-	11,153
Indonesia	-	-	16,093	24,699
	<u>155,726,723</u>	<u>158,342,302</u>	<u>57,522,395</u>	<u>59,177,718</u>

Non-current assets information presented above consist of the following items as presented in the Group's statement of financial position :

	2012 RM	2011 RM
Property, plant and equipment	54,074,700	50,693,320
Investment in an associate	1,476,410	-
Goodwill	21,285	21,285
Deferred tax assets	1,950,000	850,000
Trade receivables	-	7,613,113
	<u>57,522,395</u>	<u>59,177,718</u>

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31. RELATED PARTY DISCLOSURES

	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
(i) Related party transactions				
Insurance expense to a subsidiary	-	-	(1,090)	(20,978)
Interest income from subsidiaries	-	-	1,120,939	1,504,022
Management fee income from subsidiaries	-	-	1,204,000	1,296,000
Rental expense to a subsidiary	-	-	(78,000)	(78,000)
Advisory fee paid to a past director of a subsidiary	-	(16,000)	-	-
Interest expense to FPC	(51,330)	-	-	-
Operating expense to FPC	(107,125)	-	-	-
Management fee income from FPC	92,000	-	92,000	-
Insurance premium Income from BKNT Resources Sdn. Bhd.	1,835	-	-	-
Rental expense to BKNT Resources Sdn. Bhd.	(164,800)	(116,800)	-	-
Rental income from BKNT Resources Sdn. Bhd.	-	2,400	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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FPC is an associate of the Company. In the previous financial year, FPC was a subsidiary.

BKNT Resources Sdn. Bhd. is a company related by virtue of certain directors of the Company having substantial financial interests.

(ii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors of the Company and of the subsidiaries, which their compensations have been shown in Note 27.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

32. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables (“L&R”), financial liabilities measured at amortised cost (“FL”) and fair value through profit or loss (“FVTPL”).

	Carrying amount RM	L&R RM	FL RM	FVTPL RM
GROUP				
2012				
Financial assets				
Trade receivables	35,458,569	35,458,569	-	-
Other receivables and refundable deposits	4,852,684	4,852,684	-	-
Cash and bank balances	13,188,363	13,188,363	-	-
	53,499,616	53,499,616	-	-
Financial liabilities				
Trade payables	10,371,823	-	10,371,823	-
Other payables and accruals	4,868,655	-	4,868,655	-
Borrowings	98,794,280	-	98,794,280	-
Derivative financial liabilities	191,420	-	-	191,420
	114,226,178	-	114,034,758	191,420

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	Carrying amount RM	L&R RM	FL RM	FVTPL RM
2011				
Financial assets				
Trade receivables	53,860,015	53,860,015	-	-
Other receivables and refundable deposits	1,451,133	1,451,133	-	-
Cash and bank balances	27,584,244	27,584,244	-	-
	<u>82,895,392</u>	<u>82,895,392</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Trade payables	6,128,884	-	6,128,884	-
Other payables and accruals	8,292,569	-	8,292,569	-
Borrowings	130,942,865	-	130,942,865	-
Derivative financial liabilities	124,949	-	-	124,949
	<u>145,489,267</u>	<u>-</u>	<u>145,364,318</u>	<u>124,949</u>
COMPANY				
2012				
Financial assets				
Other receivables and refundable deposits	1,209,707	1,209,707	-	-
Amount due from subsidiaries	21,144,212	21,144,212	-	-
Cash and bank balances	3,902,772	3,902,772	-	-
	<u>26,256,691</u>	<u>26,256,691</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Other payables and accruals	898,002	-	898,002	-
Borrowings	28,288,103	-	28,288,103	-
	<u>29,186,105</u>	<u>-</u>	<u>29,186,105</u>	<u>-</u>

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	Carrying amount RM	L&R RM	FL RM	FVTPL RM
2011				
Financial assets				
Other receivables and refundable deposits	10,772	10,772	-	-
Amount due from subsidiaries	24,204,149	24,204,149	-	-
Cash and bank balances	11,587,146	11,587,146	-	-
	<u>35,802,067</u>	<u>35,802,067</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Other payables and accruals	1,072,824	-	1,072,824	-
Borrowings	44,409,261	-	44,409,261	-
	<u>45,482,085</u>	<u>-</u>	<u>45,482,085</u>	<u>-</u>

33. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

33.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

i. Trade receivables

The Group extends credit terms to customers that range between 30 to 180 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

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The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

The ageing of trade receivables and accumulated impairment loss of the Group is as follows :

	Gross RM	Impairment RM	Net RM
2012			
Not past due	21,947,509	-	21,947,509
1 to 30 days past due	2,698,307	(183,583)	2,514,724
31 to 60 days past due	1,453,520	(361,387)	1,092,133
61 to 90 days past due	2,148,992	-	2,148,992
Past due more than 90 days	10,017,286	(2,262,075)	7,755,211
	<u>16,318,105</u>	<u>(2,807,045)</u>	<u>13,511,060</u>
	<u>38,265,614</u>	<u>(2,807,045)</u>	<u>35,458,569</u>
2011			
Not past due	28,890,423	-	28,890,423
1 to 30 days past due	2,709,406	(5,497)	2,703,909
31 to 60 days past due	669,025	(36,400)	632,625
61 to 90 days past due	2,159,795	(81,260)	2,078,535
Past due more than 90 days	5,773,097	(1,551,965)	4,221,132
	<u>11,311,323</u>	<u>(1,675,122)</u>	<u>9,636,201</u>
	<u>40,201,746</u>	<u>(1,675,122)</u>	<u>38,526,624</u>

None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

The Group has trade receivables of **RM13,511,060** (2011 : RM9,636,201) that are past due but not impaired as the management is of the view that these debts will be recovered in due course.

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The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2011 : 3 customers) representing **18%** (2011 : 46%) of total trade receivables.

ii. Hire purchase receivables

The Group has a credit policy in place and the exposure to credit risk was monitored on an ongoing basis. Credit evaluations were performed on all customers and credit procedure process were monitored by management.

The hire purchase receivables were secured by the vehicles financed by the Group. In addition, personal guarantees were obtained from customers with weak credit evaluation.

The maximum exposure to credit risk arising from hire purchase receivables was represented by the carrying amount in the Group's statement of financial position.

However, the Group is no longer exposed to this credit risk as at the end of the reporting period as a result of the disposal of 75% of its equity interest in FPC during the financial year.

The ageing of hire purchase receivables and accumulated impairment loss of the Group was as follows :

	Gross RM	Impairment RM	Net RM
2011			
Not past due	14,069,451	-	14,069,451
1 to 30 days past due	97,292	-	97,292
31 to 60 days past due	289,009	-	289,009
61 to 90 days past due	171,790	-	171,790
Past due more than 90 days	1,010,656	(304,807)	705,849
	<u>1,568,747</u>	<u>(304,807)</u>	<u>1,263,940</u>
	<u>15,638,198</u>	<u>(304,807)</u>	<u>15,333,391</u>

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Hire purchase receivables that were individually determined to be impaired as at the end of the reporting period relate to customers that were in significant financial difficulties or have defaulted on repayments.

The Group had no concentration of credit risk on its hire purchase receivables.

iii. Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

iv. Financial guarantees

The Company provides unsecured corporate guarantees to banks and financial institutions in respect of credit facilities granted to certain subsidiaries.

The maximum exposure to credit risk is disclosed in Note 29, representing the outstanding credit facilities of the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

33.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profiles, operating cash flows and availability of funding so as to ensure that all repayments and funding needs are met. As part of their overall prudent liquidity managements, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments :

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2012					
Interest bearing borrowings	98,794,280	99,592,541	92,625,267	5,391,057	1,576,217
Trade payables	10,371,823	10,371,823	10,371,823	-	-
Other payables and accruals	4,868,655	4,868,655	4,868,655	-	-
	114,034,758	114,833,019	107,865,745	5,391,057	1,576,217
(Restated) 2011					
Interest bearing borrowings	130,942,865	132,234,675	89,730,446	39,496,370	3,007,859
Trade payables	6,128,884	6,128,884	6,128,884	-	-
Other payables and accruals	8,292,569	8,292,569	8,292,569	-	-
	145,364,318	146,656,128	104,151,899	39,496,370	3,007,859
COMPANY					
2012					
Interest bearing borrowings	28,288,103	28,362,635	28,362,635	-	-
Other payables and accruals	898,002	898,002	898,002	-	-
	29,186,105	29,260,637	29,260,637	-	-
2011					
Interest bearing borrowings	44,409,261	44,584,295	9,921,660	34,662,635	-
Other payables and accruals	1,072,824	1,072,824	1,072,824	-	-
	45,482,085	45,657,119	10,994,484	34,662,635	-

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TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

33.3 Interest rate risk

The Group's and the Company's fixed rate receivables, deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate deposits and borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and Company's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows :

	GROUP		COMPANY	
	2012	(Restated) 2011	2012	2011
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	-	15,333,391	10,765,840	15,750,683
Financial liabilities	38,223,111	59,483,375	28,288,103	44,409,261
	<hr/>	<hr/>	<hr/>	<hr/>
Floating rate instruments				
Financial assets	8,650,739	21,287,086	3,256,932	10,866,899
Financial liabilities	60,571,169	71,459,490	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point would have (decreased)/increased in profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
(Decrease)/Increase in profit before taxation	(159,523)	(164,494)	23,023	24,841
	<hr/>	<hr/>	<hr/>	<hr/>

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
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33.4 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on purchases and advances to foreign subsidiaries that are denominated in currencies other than the functional currency of the Group and of the Company. The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar (“USD”), Singapore Dollar (“SGD”) and Japanese Yen (“JPY”).

The Group’s and the Company’s exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows :

	USD RM	SGD RM	JPY RM
GROUP			
2012			
Other receivables	-	142,612	-
Cash and bank balances	88,920	76,230	456,387
Trade payables	(202,398)	(311,482)	(1,745,045)
Other payables	-	(8,367)	-
*Borrowings unhedged	-	-	(2,562,881)
Net exposure	<u>(113,478)</u>	<u>(101,007)</u>	<u>(3,851,539)</u>
2011			
Trade receivables	34,945	-	-
Other receivables	93,752	-	112,350
Cash and bank balances	77,180	50,078	444,066
Trade payables	(24,000)	(151,576)	(2,032,297)
Other payables	-	(7,157)	(6,776)
*Borrowings - unhedged	-	-	(1,830,044)
Net exposure	<u>181,877</u>	<u>(108,655)</u>	<u>(3,312,701)</u>

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COMPANY	USD RM	SGD RM	JPY RM
2012			
Amount due from subsidiaries	-	2,142,021	-
Cash and bank balances	-	274	6,755
	<hr/>	<hr/>	<hr/>
Net exposure	-	2,142,295	6,755
	<hr/>	<hr/>	<hr/>
2011			
Amount due from subsidiaries	-	1,603,279	-
Cash and bank balances	4,315	289	-
	<hr/>	<hr/>	<hr/>
Net exposure	4,315	1,603,568	-
	<hr/>	<hr/>	<hr/>
		2012	2011
		RM	RM
* Borrowings denominated in JPY (Note 16)		6,135,337	7,850,277
Less : Amount hedged using foreign currency forward contracts		(3,572,456)	(6,020,233)
		<hr/>	<hr/>
Amount unhedged		2,562,881	1,830,044
		<hr/>	<hr/>

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and of the Company's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

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	GROUP		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
USD	11,348	(18,188)	-	(432)
SGD	10,100	10,866	(214,230)	(160,357)
JPY	385,154	331,270	(676)	-
Increase/(Decrease) in profit before taxation	406,602	323,948	(214,906)	(160,789)

33.5 Capital management

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts.

The directors determine and monitor to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements as disclosed in Note 17.

As at the end of the reporting period, the gearing ratio of the Group are as follows :

	GROUP (Restated)		COMPANY	
	2012 RM	2011 RM	2012 RM	2011 RM
Total borrowings	98,794,280	130,942,865	28,288,103	44,409,261
Less : Cash and bank balances *	(13,188,363)	(26,584,244)	(3,902,772)	(11,587,146)
Net debt	85,605,917	104,358,621	24,385,331	32,822,115
Total equity	62,377,775	56,496,667	37,345,130	33,167,920
Gearing ratio	1.37	1.85	0.65	0.99

* Cash and bank balances exclude the fixed deposits which are pledged to licensed banks.

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34. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of financial assets and financial liabilities (other than derivative financial liabilities) of the Group and of the Company as at the end of the reporting period approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

34.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
GROUP				
2012				
Financial liabilities				
Forward exchange contract	-	191,420	-	191,420
<hr/>				
2011				
Financial liabilities				
Forward exchange contract	-	124,949	-	124,949
<hr/>				

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35. COMPARATIVE FIGURES

In the previous financial year, the fair value of derivative financial liabilities was included under the Group's borrowings. The fair value of the derivative financial liabilities has been separately disclosed in this financial year and accordingly, the comparative figures have been restated to conform with this treatment as follows :

	Previously reported RM	Reclassification RM	Restated RM
GROUP			
Consolidated statement of financial position			
Borrowings	(131,067,814)	124,949	(130,942,865)
Derivative financial liabilities	-	(124,949)	(124,949)
Consolidated statement of comprehensive income			
Other income	1,772,996*	14,917	1,787,913
Administrative expenses	(16,744,523)*	(14,917)	(16,759,440)

* *After reclassification of discontinued operations.*

**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2012
TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

36. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of accumulated losses as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows :

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiaries :				
- Realised	(8,444,708)	(12,353,362)	(32,412,321)	(36,019,580)
- Unrealised	772,557	(1,280,053)	569,951	-
	<u>(7,672,151)</u>	<u>(13,633,415)</u>	<u>(31,842,370)</u>	<u>(36,019,580)</u>
Total share of losses of associate				
- Realised	(206,235)	-	-	-
Less : Consolidation adjustments	(10,618,581)	(10,204,738)	-	-
	<u>(18,496,967)</u>	<u>(23,838,153)</u>	<u>(31,842,370)</u>	<u>(36,019,580)</u>

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2013**
(The figures have not been audited)

	Note	Quarter ended 31.03.13 RM'000	Quarter ended 31.03.12 RM'000 (#)	Year to date 31.03.13 RM'000	Year to date 31.03.12 RM'000 (#)
Revenue	17	25,416	31,303	144,191	153,862
Operating expenses		(33,645)	(32,263)	(148,394)	(149,851)
Other income		682	205	1,250	5,634
Operating profit		<u>(7,547)</u>	<u>(755)</u>	<u>(2,953)</u>	<u>9,645</u>
Finance costs		(1,247)	(1,356)	(4,618)	(5,550)
Profit after finance costs		(8,794)	(2,111)	(7,571)	4,095
Share of profit/(loss) from an associate company		80	25	66	(206)
Profit before taxation	18	<u>(8,714)</u>	<u>(2,086)</u>	<u>(7,505)</u>	<u>3,889</u>
Taxation	19	906	2,112	1,092	1,659
Profit for the period from continuing operations		<u>(7,808)</u>	<u>26</u>	<u>(6,413)</u>	<u>5,548</u>
Discontinued operations					
Profit for the period from discontinued operations		-	-	-	328
		<u>(7,808)</u>	<u>26</u>	<u>(6,413)</u>	<u>5,876</u>
Other comprehensive income					
Foreign currency translation differences on foreign operations		16	23	(24)	5
Total comprehensive income for the period		<u>(7,792)</u>	<u>49</u>	<u>(6,437)</u>	<u>5,881</u>
Attributable to :					
Owners of the Parent					
- Continuing operations		(7,646)	(338)	(6,491)	5,013
- Discontinued operations		-	-	-	328
		<u>(7,646)</u>	<u>(338)</u>	<u>(6,491)</u>	<u>5,341</u>
Non-controlling interests		<u>(162)</u>	<u>364</u>	<u>78</u>	<u>535</u>
Profit for the period		<u>(7,808)</u>	<u>26</u>	<u>(6,413)</u>	<u>5,876</u>
Attributable to :					
Owners of the Parent					
- Continuing operations		(7,630)	(315)	(6,515)	5,018
- Discontinued operations		-	-	-	328
		<u>(7,630)</u>	<u>(315)</u>	<u>(6,515)</u>	<u>5,346</u>
Non-controlling interests		<u>(162)</u>	<u>364</u>	<u>78</u>	<u>535</u>
Total comprehensive income for the period		<u>(7,792)</u>	<u>49</u>	<u>(6,437)</u>	<u>5,881</u>
Earnings per share attributable to owners of the parent (Sen)	25				
- Basic, profit from continuing operations		(5.53)	(0.24)	(4.69)	3.62
- Basic, profit from discontinued operations		-	-	-	0.24
		<u>(5.53)</u>	<u>(0.24)</u>	<u>(4.69)</u>	<u>3.86</u>
Diluted earnings per share (sen)		-	-	-	-

Notes:

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2012.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial statements.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013
(The figures have not been audited)

	Note	(Restated)	
		As At 31.03.13 RM'000	As At 31.03.12 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		50,856	54,075
Goodwill		-	21
Investment in an associate company		2,419	1,476
Deferred tax assets		3,350	1,950
		<u>56,625</u>	<u>57,522</u>
Current assets			
Inventories		42,920	67,354
Trade receivables		28,458	35,460
Other receivables, deposits and prepayments		3,427	6,011
Tax recoverable		102	616
Cash and bank balances	21	12,457	13,188
		<u>87,364</u>	<u>122,629</u>
TOTAL ASSETS		<u>143,989</u>	<u>180,151</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		69,188	69,188
Exchange translation reserve		(19)	5
Accumulated losses	23	(24,247)	(17,756)
		<u>44,922</u>	<u>51,437</u>
Non-controlling interest		84	10,941
Total equity		<u>45,006</u>	<u>62,378</u>
Non-current liabilities			
Borrowings	24	27,879	6,752
Deferred tax liabilities		1,670	1,186
		<u>29,549</u>	<u>7,938</u>
Current liabilities			
Trade payables		11,876	10,372
Other payables and accruals		5,418	7,171
Borrowings	24	52,140	92,042
Derivative financial liabilities		-	191
Provision for taxation		-	59
		<u>69,434</u>	<u>109,835</u>
Total liabilities		<u>98,983</u>	<u>117,773</u>
TOTAL EQUITY AND LIABILITIES		<u>143,989</u>	<u>180,151</u>
Net assets per share attributable to owners of the Parent (RM)		0.32	0.37

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial statements.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2013
(The figures have not been audited)

	----Attributable to Owners of the Parent----			Total	Non-controlling interests	Total Equity
	Share Capital	Exchange Translation Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months period ended 31 March 2012</u>						
At 1 April 2011 (as previously stated)	69,188	741	(23,838)	46,091	10,406	56,497
Adjustment for MFRS 1	-	(741)	741	-	-	-
At 1 April 2011 (as restated)	69,188	-	(23,097)	46,091	10,406	56,497
Total comprehensive income for the period	-	5	5,341	5,346	535	5,881
At 31 March 2012	69,188	5	(17,756)	51,437	10,941	62,378
<u>12 months period ended 31 March 2013</u>						
At 1 April 2012 (as previously stated)	69,188	746	(18,497)	51,437	10,941	62,378
Adjustment for MFRS 1	-	(741)	741	-	-	-
At 1 April 2012 (as restated)	69,188	5	(17,756)	51,437	10,941	62,378
Total comprehensive income for the period	-	(24)	(6,491)	(6,515)	78	(6,437)
Disposal of equity interest in a subsidiary	-	-	-	-	(10,935)	(10,935)
At 31 March 2013	69,188	(19)	(24,247)	44,922	84	45,006

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2013
(The figures have not been audited)

	Year to date 31.03.13 RM'000	Year to date 31.03.12 RM'000 (#)
Profit before taxation		
- Continuing operations	(7,505)	3,889
- Discontinued operations	-	410
	<u>(7,505)</u>	<u>4,299</u>
Adjustments for :		
Amortisation of IMTN issuance expenses	74	99
Bad debts	-	259
Depreciation	5,516	6,547
Fair value (gain)/loss on derivative financial instrument	(15)	191
(Gain)/Loss on disposal of investment in a subsidiary	5,735	(4,054)
Gain on disposal of non-current assets held for sale	-	(364)
(Gain)/Loss on disposal of property, plant and equipment	17	(261)
Impairment loss on receivables	1,357	2,568
Impairment loss on goodwill	21	-
Interest expense	4,618	5,969
Interest income	(134)	(1,855)
Inventories written down	898	1
Inventories written off	-	81
Property, plant and equipment written off	23	65
Share of results of an associate	(65)	(206)
Unrealised gain on foreign exchange	(285)	(200)
Operating profit before changes in working capital	<u>10,255</u>	<u>13,139</u>
Changes in working capital		
Changes in inventories	4,270	(2,965)
Changes in trade and other receivables	328	(3,570)
Changes in trade and other payables	5,691	3,962
Interest paid	(4,618)	(5,969)
Interest received	12	1,658
Income tax refund	240	-
Income tax paid	(544)	(563)
Net cash flows from operating activities	<u>15,634</u>	<u>5,692</u>
Investing activities		
Interest received	122	103
Cash flow from disposal of investment in a subsidiary	511	8,545
Proceeds from disposal of property, plant and equipment	5,596	356
Proceeds from disposal of non-current assets held for sale	-	4,534
Investment in an associate company	(900)	-
Purchase of property, plant and equipment	(5,529)	(3,472)
Net cash flows used in investing activities	<u>(200)</u>	<u>10,066</u>
Financing activities		
Withdrawal/(placement) of short-term deposits	737	3
Repayment of borrowings	(45,525)	(35,445)
Proceeds from borrowings	29,478	6,528
Net cash flows used in financing activities	<u>(15,310)</u>	<u>(28,914)</u>
Net (decrease)/increase in cash and cash equivalents	124	(13,156)
Effects of changes in exchange rates	(17)	76
Cash and cash equivalents at beginning of the period	12,350	25,430
Cash and cash equivalents at end of the period	<u>12,457</u>	<u>12,350</u>
Represented by :		
Cash and cash equivalents	12,457	12,451
Bank overdrafts	-	(101)
	<u>12,457</u>	<u>12,350</u>

Notes :

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2012.

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial statements.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013**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 2012.

The Group has adopted the MFRS framework issued by the MASB with effect from 1 April 2012. This MFRS framework was introduced in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standard Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under MFRS framework. There were some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence were discussed in Note 2.1 Adoption of Malaysian Financial Reporting Standards (MFRS).

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 2012 except for the adoption of the following new MFRSs and IC Interpretations :-

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments : Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentations of Financial Statements
MFRS 102	Inventories
MFRS 107	Statements of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentations
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 115	Operating Leases - Incentives
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

2.1 Adoption of Malaysian Financial Reporting Standards (MFRS)

The audited financial statements of the Group for the year ended 31 March 2012 were prepared in accordance with Financial Reporting Standards (FRSs). As the requirements under FRS and MFRS are similar, the significant accounting policies and method of computation adopted in these quarterly interim financial reports are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 March 2012 except as discussed below :

(a) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. MFRS 1 provides the optional exemption that cumulative foreign currency translation differences for all foreign operations were deemed to be zero as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM741,044.36 were adjusted to retained earnings.

The effect of the adoption of MFRS on the consolidated statement of financial position were as follows :

	As previously stated RM'000	Effect of adoption of MRFS RM'000	As restated RM'000
<u>Statement of Financial Position as at 1 Apr 2011</u>			
Exchange translation reserve	741	(741)	-
Accumulated losses	(23,838)	741	(23,097)
<u>Statement of Financial Position as at 31 Mar 2012</u>			
Exchange translation reserve	746	(741)	5
Accumulated losses	(18,497)	741	(17,756)

2.2 MFRS, Amendments to MFRSs and IC Interpretation Issued But Not Yet Effective

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 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	(Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 3	Business Combinations (IFRS 3 <i>Business Combinations</i> issued by IASB in March 2004)	1 January 2013
Amendments to MFRS 7	Disclosure-Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11, MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities : Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 101	(Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116	(Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
Amendments to MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 128	Investment in Associates (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 132	(Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 134	(Annual Improvements 2009-2011 Cycle)	1 January 2013

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2012 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 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 for the financial period under review.

10. Subsequent Events

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period under review except for below:-

(a) The Company via its wholly owned subsidiary, BKCVC Sdn Bhd had on 18 September 2012 subscribed 30% equity interest equivalent to 600,000 ordinary shares of RM1.00 each in CNMY Truck Sdn Bhd, of which 600,000 ordinary shares of RM1.00 each have been issued and fully paid up. After the said shares subscription, CNMY Truck Sdn Bhd became an associate company of Boon Koon Group Berhad. The principal activity of CNMY Truck Sdn Bhd is selling of new commercial vehicles and the provision of related services.

(b) The Company had on 11 March 2013 entered into a conditional share purchase agreement with its 54.63% owned subsidiary, GKY Machinery (M) Sdn Bhd ("GKYM"), in relation to the acquisition of 100% equity interest in GKY Equipment Rental (M) Sdn Bhd ("GKYER") for a cash consideration of RM10,144,257 ("Acquisition"). The Acquisition has been completed on 18 March 2013. Consequent to the Acquisition, GKYER become 100% owned subsidiary of Boon Koon Group Berhad.

(c) The Company had on 19 March 2013 entered into a conditional share purchase agreement with third (3rd) party in relation to the disposal of 54.63% equity interest in GKY Machinery (M) Sdn Bhd ("GKYM") for a cash consideration of RM7,421,911. The Disposal has been completed on 25 March 2013. With this, GKYM and its 55% owned subsidiary company, namely GKY Commercial (M) Sdn Bhd ceased to be subsidiaries of the Group accordingly.

12. Contingent Liabilities

Corporate guarantee extended by the Group to banks for credit facilities granted to subsidiaries as at the end of the current quarter under review were as follows :-

	As At 31.03.13 RM'000	As At 31.03.12 RM'000
- Limit	<u>56,956</u>	<u>76,202</u>
- Utilised	<u>54,277</u>	<u>69,684</u>

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

13. Capital Commitments

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

14. Profit Forecast Variance

Not applicable.

15. Corporate Proposals

Except for the following disclosure, there were no corporate proposals announced but not yet completed by the Group for the financial period under review.

On 25 October 2012, The Board of Directors of the BKG announced that the Company is proposing to undertake the following proposals:-

- (a) Proposed share capital reduction via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each in BKG pursuant to Section 64(1) of the Companies Act, 1965 ("**Proposed Capital Reduction**");
- (b) Proposed renounceable rights issue of up to 138,375,000 new ordinary shares of RM0.20 each in BKG together with up to 138,375,000 free detachable warrants on the basis of one (1) RM0.20 Share together with one (1) free Warrant for every one (1) RM0.20 Share each held on an entitlement date to be determined later ("**Proposed Rights Issue**");
- (c) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Capital Reduction ("**Proposed Amendments**"); and
- (d) Proposed exemption to Dato' Goh Boon Koon, Goh Boon Leong and parties acting in concert ("**PAC**") with them under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 ("**Code**") from the obligation to undertake a mandatory take-over offer to acquire the remaining RM0.20 Shares and Warrants not already held by Dato' Goh Boon Koon, Goh Boon Leong and their PACs upon the completion of the Proposed Rights Issue as prescribed under Part III of the Code ("**Proposed Exemption**");

On 7 December 2012, AmInvestment Bank Berhad had, on behalf of Board of Directors of BKG, announced that Bursa Securities had vide its letter dated 7 December 2012, resolved to approve the following:-

- (a) Admission to the Official List and the listing of and quotation for up to 138,375,000 Warrants to be issued pursuant to the Proposed Rights Issue;
- (b) The listing of up to 138,375,000 new RM0.20 Shares to be issued pursuant to the Proposed Rights Issue; and
- (c) The listing of up to 138,375,000 new RM0.20 Shares to be issued pursuant to the exercise of the Warrants.

The approval granted by Bursa Securities was subject to the following conditions:-

- (a) BKG and AmInvestment Bank must fully comply with the relevant provisions under the Bursa Securities Main Market Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
- (b) BKG and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;
- (c) BKG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the completion of the Proposed Rights Issue;
- (d) BKG is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable;
- (e) The Bank Negara Malaysia's approval for the issuance of the Warrants to the non-residents entitled shareholders of the Company pursuant to the Proposed Rights Issue and to furnish a copy of the said approval letter to Bursa Securities;
- (f) The SC's approval for the Proposed Exemption and to furnish a copy of the said approval letter to Bursa Securities;
- (g) The Sanction by the High Court of Malaya for the Proposed Capital Reduction and to furnish a copy of the court order to Bursa Securities; and
- (h) To incorporate the comments from Bursa Securities in the circular to the shareholders of BKG.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013 (Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

Apart from the above, the said corporate proposals had been approved by the relevant authorities and shareholders of the Company as follows :-

- (a) On 11 December 2012, Bank Negara Malaysia had vide its letter dated 5 December 2012 (which was received on 11 December 2012) approved the issuance of warrants pursuant to the Proposed Rights Issue to non-resident shareholders of BKG.
- (b) On 6 March 2013, the shareholders of the Company had approved all the resolutions as set out in the Notice of EGM dated 7 February 2013 via show of hands except for Ordinary Resolution 2 which was decided on a poll as required under the Malaysian Code on Take-Overs and Mergers 2010.
- (c) On 15 April 2013, Securities Commission had vide its letter dated 12 April 2013 (which was received on 15 April 2013) approved the Proposed Exemption.
- (d) On 26 April 2013, the High Court of Malaya at Kuala Lumpur had granted an order confirming the Proposed Capital Reduction. The sealed order will be extracted and an office copy of the order will be lodged with the Companies Commission of Malaysia for the Proposed Capital Reduction to take effect.
- (e) On 7 May 2013, the sealed order of the High Court of Malaya confirming the capital reduction has been lodged with the Companies Commission of Malaysia. This also marks the completion of BKG's capital reduction exercise. Consequently, the reduction of the par value of the ordinary shares of BKG from RM0.50 to RM0.20 per share will take effect from 7 May 2013.

16. Related Party Transactions

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

	Quarter ended 31.03.13 RM'000	Year to date 31.03.13 RM'000
Rental expense paid to other related party*	-	(97)
Operating expenses paid to an associate	(156)	(188)
Hire purchase interest paid to an associate	(59)	(213)
Sales to an associate	83	890
Rental received from an associate	13	18
Management fee received from an associate	23	230
Handling charges received from an associate	19	26

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

17. Detailed Analysis of Performance

Segmental information is presented in respect of the Group's business segments.

The Group comprises the following main business segments :

- | | |
|---|--|
| (a) Commercial vehicles, forklifts, heavy machineries and bodyworks | Manufacturing and trading of rebuilt commercial vehicles, reconditioned forklifts, heavy machineries and the manufacture of bodyworks and their related services |
| (b) Rental and fleet management services | Rental of commercial vehicles, provision of fleet management and other related services |
| (c) Other Segment | Investment holding and the provision of management services |
| (d) Insurance and financing (Discontinued) | Insurance agent, provision of hire purchase financing and its related services |

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

	Quarter ended 31.12.12 RM'000	Quarter ended 31.03.13 RM'000	Quarter ended 31.03.12 RM'000	Year to date 31.03.13 RM'000	Year to date 31.03.12 RM'000
Revenue					
Continuing operations					
(a) Commercial vehicles, forklifts, heavy machineries and bodyworks	36,585	21,473	26,669	135,056	140,835
(b) Rental and fleet management services	2,816	2,571	3,750	11,853	14,963
(c) Other Segment	555	461	629	2,119	2,730
	39,956	24,505	31,048	149,028	158,528
Less : Elimination	(3,506)	911	255	(4,837)	(4,666)
	36,450	25,416	31,303	144,191	153,862
Discontinued operations					
(d) Insurance and financing (Discontinued)	-	-	-	-	1,865
Total	36,450	25,416	31,303	144,191	155,727
	Quarter ended 31.12.12 RM'000	Quarter ended 31.03.13 RM'000	Quarter ended 31.03.12 RM'000	Year to date 31.03.13 RM'000	Year to date 31.03.12 RM'000
Profit/(Loss) before taxation					
Continuing operations					
(a) Commercial vehicles, forklifts, heavy machineries and bodyworks	1,182	5,131	(106)	9,913	4,071
(b) Rental and fleet management services	(211)	(594)	(1,656)	(910)	(499)
(c) Other Segment	(859)	(6,016)	259	(8,511)	4,177
	112	(1,479)	(1,503)	492	7,749
Less : Elimination	409	(7,315)	(608)	(8,063)	(3,654)
	521	(8,794)	(2,111)	(7,571)	4,095
Share of profit from an associate	(38)	80	25	66	(206)
	483	(8,714)	(2,086)	(7,505)	3,889
Discontinued operations					
(d) Insurance and financing (Discontinued)	-	-	-	-	328
Total	483	(8,714)	(2,086)	(7,505)	4,217

Comparison with corresponding period in the previous year

(a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, total revenue for the current quarter was RM21.5 million, a decrease of 19.5% compared to RM26.7 million in the previous year's corresponding quarter. The decrease was mainly due to lower revenue recorded after the disposal of forklift division in March 2013. However, an exceptional gain of RM8.1 million on disposal of a subsidiary, namely GKY Equipment Rental (M) Sdn Bhd ("GKYER") to BKG which was recorded in GKY Machinery (M) Sdn Bhd ("GKYM") has resulted in the higher profit before tax for the current quarter under review. The profit was eliminated in the group consolidation level.

(b) For rental and fleet management services segment, total revenue for the current quarter was RM2.6 million, a decrease of 31.4% compared to RM3.8 million in the previous year's corresponding quarter. The decrease was mainly due to the expiry of fleet management contracts of commercial vehicles in the current quarter. Lower operating expenses and lower provision for impairment loss on receivables had resulted in a higher profit before taxation in the current quarter under review.

(c) Other Segment refers to BKG company level operation. Total revenue for the current quarter was RM0.5 million, a decrease of RM0.1 million as compared to RM0.6 million in previous year's corresponding quarter. Profit before taxation decreased mainly due to an exceptional loss on disposal of a subsidiary of RM2.9 million, provision of impairment loss on receivables of RM1.1 million and impairment loss on investment in subsidiary of RM1.2 million recorded in the current quarter.

(d) For insurance and financing segment, there were no revenue and profit before tax recorded for the current quarter as First Peninsula Credit Sdn Bhd had ceased to be a subsidiary of BKG on 30 November 2011.

Comparison with preceding quarter

(a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, total revenue for the current quarter was RM21.5 million, a decrease of 41.3% compared to RM36.6 million in the preceding quarter. Lower revenue was mainly due to a relatively lower demand of commercial vehicles during festive season and lower revenue recorded in forklifts division as a result of disposal of forklift business in March 2013 as compared to the preceding quarter. Profit before taxation increased by RM3.9 million, mainly due to an exceptional gain on disposal of subsidiary, namely GKYER to BKG which was recorded in GKYM company level in the previous quarter. However the profit was eliminated in the group consolidation level.

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

(b) For rental and fleet management services segment, total revenue had decreased by 8.7% to RM2.6 million from RM2.8 million recorded in the preceding quarter. The decrease in revenue was mainly due to lower rental business recorded in forklift rental division in the current quarter. Higher loss before taxation was mainly due to higher provision for impairment loss on receivables compared to the preceding quarter.

(c) For Other Segment, the total revenue for both quarters was recorded at RM0.5 million, a decrease of 16.9% compared to RM0.6 million in the preceding quarter. Higher loss before taxation was mainly due to an exceptional loss of RM2.9 million on disposal of a subsidiary, provision of impairment loss on receivables of RM1.1 million and impairment loss in investment in subsidiaries of RM1.2 million recorded in the current quarter.

(d) For insurance and financing segment, there were no revenue and profit before tax recorded for the current quarter as First Peninsula Credit Sdn Bhd had ceased to be a subsidiary of BKG on 30 November 2011.

18. Profit Before Taxation

This was arrived at :

	Quarter ended 31.03.13 RM'000	Year to date 31.03.13 RM'000
After charging :		
Amortisation of commercial papers issuance expenses	-	74
Depreciation	1,484	5,516
Impairment loss on receivables	1,157	1,357
Impairment loss on goodwill	21	21
Inventories written down to net realisable value	898	898
Interest expenses	1,247	4,618
Loss on disposal of property, plant and equipment	(153)	17
Loss on disposal of investment in subsidiary	5,735	5,735
Property, plant and equipment written off	22	23
Realised (gain)/loss on foreign exchange	(17)	151
And crediting :		
Unrealised gain/(loss) on foreign exchange	267	285
Fair value gain/(loss) on derivative financial instrument	-	15
Bad debts recovered	2	19
Interest income	34	134

19. Taxation

	Quarter ended 31.03.13 RM'000	Year to date 31.03.13 RM'000
Malaysian taxation based on profit for the period:		
-Current tax	93	93
-Deferred tax	813	999
	<u>906</u>	<u>1,092</u>

The Group's effective tax rate for the financial period under review was lower than statutory tax rate. These were mainly due to recognition of deferred tax asset in a subsidiary and utilisation of unabsorbed tax losses and capital allowance brought forward for certain subsidiaries.

20. Commentary of Prospects

The Group managed to further consolidate its business by disposing GKY Machinery (M) Sdn Bhd in March 2013. After divesting its investment in GKY Machinery (M) Sdn Bhd, the Group is able to focus solely on its two core business namely commercial vehicles division (rebuilt and new) and rental & fleet management division (forklift and commercial vehicle) respectively. Upon the expected completion of the Group's proposed rights issue exercise in July 2013 and barring any unforeseen circumstances, the Group anticipates to have a favourable performance in the financial year 2014.

21. Cash and Bank Balances

	As At 31.03.13 RM'000	As At 31.03.12 RM'000
Cash and cash equivalents	12,457	12,451
Pledged fixed deposits and short-term deposits with licensed bank	-	737
	<u>12,457</u>	<u>13,188</u>

APPENDIX V – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 2013
(Cont'd)

Notes to the Interim Financial Statements for the fourth quarter ended 31 March 2013

22. Material Litigation

There were no material litigation for the financial period under review.

23. Realised and Unrealised Profits or Losses

The Group's total accumulated losses as at 31 March 2013 were as follows:-

	As At	(Restated) As At
	31.03.13	31.03.12
	RM'000	RM'000
Total accumulated losses		
- Realised	(25,723)	(7,704)
- Unrealised	1,984	773
	<u>(23,739)</u>	<u>(6,931)</u>
Total share of gain/(loss) of associate		
- Realised	66	(206)
	<u>(23,673)</u>	<u>(7,137)</u>
Less: Consolidation adjustments	(574)	(10,619)
Total accumulated losses as per consolidated accounts	<u>(24,247)</u>	<u>(17,756)</u>

24. Group Borrowings and Debt Securities

Group borrowings as at 31 March 2013 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
<u>Current liabilities</u>			
Islamic Medium Term Notes	-	-	-
Bank overdrafts	-	-	-
Bankers acceptance / Trade loans	44,862	-	44,862
Finance lease liabilities	4,452 *	-	4,452
Term loan	2,826	-	2,826
Sub-total	<u>52,140</u>	<u>-</u>	<u>52,140</u>
<u>Non-current liabilities</u>			
Term loan	24,354	-	24,354
Finance lease liabilities	3,525 *	-	3,525
Sub-total	<u>27,879</u>	<u>-</u>	<u>27,879</u>
Total	<u>80,019</u>	<u>-</u>	<u>80,019</u>

* Included herein was an amount of RM3.2 million obtained from First Peninsula Credit Sdn. Bhd., an associate of the Group.

25. 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 follows:

	Quarter ended	Year to date
	31.03.13	31.03.13
Profit for the period attributable to the owners of the Parent (RM'000)	<u>(7,646)</u>	<u>(6,491)</u>
Weighted average number of ordinary shares of RM0.50 each in issue (units'000)	<u>138,375</u>	<u>138,375</u>
Basic Profit Per Share based on weighted average number of ordinary shares of RM0.50 each in issue (sen)	<u>(5.53)</u>	<u>(4.69)</u>

There were no diluted earnings per share as the Company does not have any convertible financial instruments as at the current year quarter and current year to date.

Date : 22 May 2013

APPENDIX VI – DIRECTORS' REPORT



BOON KOON GROUP BERHAD
(NO. SYARIKAT: 553434-U)

Registered Office:
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

7 June 2013

The Shareholders of Boon Koon Group Berhad (“BKG” or the “Company”)

Dear Sir/ Madam,

On behalf of the Board of Directors of BKG (“Board”), I wish to report that after due enquiry by the Board in relation to the interval between the period from 31 March 2012 (being the date to which the last audited financial statements of the Company and its subsidiaries (“Group”) have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which has adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the Group;
- (e) there have been no default or any known event since the last audited financial statements of the Group that could give rise to a default situation on payments of either interest and/or principal sums for any borrowings of which the Board is aware of; and
- (f) save as disclosed in the latest unaudited financial statements of the Group for financial year ended 31 March 2013, there has been no material changes in the published reserves or unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully,
For and on behalf of the Board of
BOON KOON GROUP BERHAD

HO KOK LOON
Independent Non-Executive Director

APPENDIX VII – ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (b) As at the LPD, there is only one (1) class of share in our Company, namely ordinary share of RM0.20 each, all of which rank *pari passu* with one another.
- (c) As at the LPD, no person has been or is entitled to be given an option to subscribe for any securities in our Company or our subsidiaries, save for the subscribers of the Rights Shares who will be allotted with up to 138,375,000 Warrants to be issued pursuant to the Rights Issue. The Warrants are exercisable at an exercise price of RM0.20 per Share during the exercise period of ten (10) years from the date of its first issuance thereof.
- (d) Save for the Rights Issue and the changes in issued and paid-up share capital as disclosed in Section 2, Appendix II of this Abridged Prospectus, no securities of our Company have been issued, or proposed/ agreed to be issued, as fully or partly paid-up in cash or otherwise than in cash within the two (2) years immediately preceding the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

Article 103 – Remuneration of Directors

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:-

- (a) *fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;*
- (b) *salaries payable to executive Directors may not include a commission on or percentage of turnover;*
- (c) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and*
- (d) *any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

Article 104 – Reimbursement and special remuneration

- (1) *The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.*
- (2) *If by arrangement with the Director, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.*

Article 138 – Remuneration

The remuneration of the Managing Director and the Deputy Managing Director may subject to the terms of any agreement entered into any particular case, be by way of salary but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into (including contracts not reduced into writing) by our Group within two (2) years immediately preceding the date of this Abridged Prospectus:-

- (a) Share Purchase Agreement dated 14 October 2011 between BKG and Hitachi Capital Corporation pursuant to the disposal by BKG of 2,250,000 ordinary shares of RM1.00 each representing 75% equity interest in FPC to Hitachi Capital Corporation for a total cash consideration of RM9,006,000;
- (b) Shareholders' Agreement dated 14 October 2011 between BKG and Hitachi Capital Corporation pursuant to the scope and extent of the co-operation, obligations and dealings of BKG and Hitachi Capital Corporation vis-a-vis each other as the shareholders of FPC in relation to the Share Purchase Agreement dated 14 October 2011 as disclosed in Section 3(a), Appendix VII of this Abridged Prospectus;
- (c) Sale and Purchase Agreement dated 21 May 2012 between BKG and GKYM pursuant to the acquisition by BKG from GKYM of a piece of industrial land under Geran Mukim No. 755, Lot No. 44506, Mukim Tebrau, District of Johor Bahru, Johor for a total cash consideration of RM4,210,000 and an industrial land under Geran Mukim No. 266, Lot No. 240, Mukim Tebrau, District of Johor Bahru, Johor for a total cash consideration of RM2,546,000;
- (d) Shareholders Agreement dated 24 August 2012 between BKCV Sdn Bhd, P.H. Truck Parts Service Sdn Bhd, Global CV & Equipment Pte Ltd and GNT Capital Connection Sdn Bhd which shall govern and regulate the parties' relationship as shareholders of CNMY Truck Sdn Bhd;

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

- (e) Sale and Purchase Agreement dated 25 February 2013 between Goh Ting Keong and GKYM pursuant to the acquisition by GKYM from Goh Ting Keong of 583 units of forklifts for a total cash consideration of RM10,074,183;
- (f) Sale and Purchase Agreement dated 28 February 2013 between Boon Koon Fleet Management Sdn Bhd (*formerly known as GKY Equipment Rental (M) Sdn Bhd*) and Aktio Malaysia Sdn Bhd pursuant to the acquisition by Aktio Malaysia Sdn Bhd from Boon Koon Fleet Management Sdn Bhd (*formerly known as GKY Equipment Rental (M) Sdn Bhd*) of 44 units of used air compressor and generator set for a total cash consideration of RM1,800,000;
- (g) Share Purchase Agreement dated 11 March 2013 between BKG and GKYM pursuant to the acquisition by BKG of 2,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Boon Koon Fleet Management Sdn Bhd (*formerly known as GKY Equipment Rental (M) Sdn Bhd*) from GKYM for a total cash consideration of RM10,144,257;
- (h) Share Purchase Agreement dated 19 March 2013 between BKG and Goh Ting Keong pursuant to the disposal by BKG of 2,228,800 ordinary shares of RM1.00 each representing 54.63% equity interest in GKYM for a total cash consideration of RM7,421,911;
- (i) Deed of Rescission dated 4 April 2013 between Goh Ting Keong and GKYM to rescind the Sale and Purchase Agreement dated 25 February 2013 between Goh Ting Keong and GKYM for the acquisition of 583 units of forklifts as disclosed in Section 3(e), Appendix VII of this Abridged Prospectus; and
- (j) Deed Poll dated 27 May 2013 executed by our Company constituting the Warrants.

4. MATERIAL LITIGATIONS

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business, and our Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group.

(a) Suit No. 22-618-2010

BK Fleet Management Sdn Bhd (“Plaintiff”) vs Kurnia Milenium Sdn Bhd (“Defendant”)

Plaintiff sued for RM1,705,870 under the Master Vehicle Hire Agreement (the “**Agreement**”) and that Defendant had conducted as if the Agreement is still in place even after the existence of five (5) separate Hire Purchase Agreements involving a third party.

Defendant counter-claimed for declaration and damages on the basis that there was an oral contract to vary the Agreement and the matter was settled between the Plaintiff and Defendant based on the oral contract or in the alternative, the entering into five (5) separate Hire Purchase Agreements by Defendant with a third party as arranged and agreed by the Plaintiff which had legally discharge the Defendant from the Agreement.

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

The Registrar vacated the trial on 5 February 2013 and 6 February 2013 in view of the Defendant's solicitors' application to be discharged from the case.

The matter was fixed for hearing on 19 February 2013 for Messrs Bashir & Co to be discharged from acting as the Defendant's solicitor. On 28 March 2013, Messrs Haniff & Partners filed Notice of Change of Solicitors. The matter was fixed for case management on 30 April 2013 for Messrs Haniff & Partners to obtain cause papers from Messrs Bashir & Co.

As at 30 April 2013, Messrs Haniff & Partners had yet to obtain the cause papers from Messrs Bashir & Co. The learned Judge has fixed the matter for final case management on 30 May 2013.

The lawyers of the Plaintiff are of the opinion that there is a fair chance that judgement will be granted in favour of the Plaintiff.

In the event the Defendant's counter claim is successful, the likely liability will be the costs awarded to the Defendant in the region between RM20,000 to RM50,000.

(b) Suit No. 22-709-2009

Hap Seng Auto Sdn Bhd ("Plaintiff") vs Boon Koon Marketing (East Malaysia) Sdn Bhd ("Defendant")

Plaintiff claimed against the Defendant for the sum of approximately RM587,772 for services rendered and the Defendant filed a counter claim against the Plaintiff for the sum of RM460,000 for vehicles sold to Plaintiff.

The matter was fixed for decision on 22 February 2013 and the learned Judge had allowed the Plaintiff's claim against the Defendant for the sum of approximately RM587,772 with the interest at 5% per annum from 1 January 2009 until the date of payment. The learned Judge has also allowed the Defendant's part counter claim against the Plaintiff for the sum of RM115,000 with the interest at 5% per annum from 1 January 2009 until the date of payment.

This Suit No. 22-709-2009 and 22-710-2009 (as disclosed in Section 4(c), Appendix VII of this Abridged Prospectus) had been consolidated as one suit under this Suit No. 22-709-2009. The Court had granted the cost of RM60,000 in favour of the Plaintiff for both cases.

Boon Koon Marketing (East Malaysia) Sdn Bhd and Boon Koon Vehicles Industries Sdn Bhd had instructed their lawyers to appeal against the decision of the learned Judge and had filed an appeal to the Court of Appeal on 14 March 2013. The record of appeal was filed on 13 May 2013.

The matter is now pending the case management date from the Court of Appeal.

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

(c) Suit No. 22-710-2009

Hap Seng Auto Sdn Bhd (“Plaintiff”) vs Boon Koon Vehicles Industries Sdn Bhd (“Defendant”)

Plaintiff claimed against the Defendant for the sum of approximately RM341,499 for services rendered and the Defendant filed a counter claim against the Plaintiff for the sum of RM990,000 for losses suffered by the Defendant due to the Plaintiff’s failure to return the Defendant’s vehicles.

The matter was fixed for decision on 22 February 2013 and the learned Judge had allowed the Plaintiff’s claim against the Defendant for the sum of approximately RM341,499 with the interest at 5% per annum from 1 January 2009 until the date of payment. However, the learned Judge had dismissed the Defendant’s counter claim against the Plaintiff for the sum of RM990,000.

Suit No. 22-709-2009* and this Suit No. 22-710-2009 had been consolidated as one suit under Suit No. 22-709-2009*.

The status of this Suit No. 22-710-2009 is set out in Section 4(b), Appendix VII of this Abridged Prospectus.

*Note *- Disclosed in Section 4(b), Appendix VII of this Abridged Prospectus.*

(d) Suit No. 22NCVC-413-2011

Boon Koon Vehicles Industries Sdn Bhd (“Plaintiff”) vs Teoh Po Kwong t/a Swee Hing Vehicles Enterprise (“Defendant”)

Plaintiff is claiming RM318,172 under contract of sale and judgement was entered for RM318,172 on 22 July 2011.

Plaintiff had proceeded with Writ of Seizure and Sale against the vehicles found at the Defendant’s premises and the vehicles are now subject to third party claim from Hong Seng Assembly Sdn Bhd and it is pending exchange of affidavits between Plaintiff and Hong Seng Assembly Sdn Bhd.

On 28 February 2013, the learned Deputy Registrar directed that the matter shall proceed for trial as there are disputes on the ownership of vehicles seized.

The matter was fixed for case management on 10 April 2013 and the matter is now fixed for continued trial on 28 May 2013.

The lawyers are of the opinion that the chances of Plaintiff in defending the claim by Hong Seng Assembly Sdn Bhd are fair.

(e) Suit No. 22NCVC-42/01/2013

BK Fleet Management Sdn Bhd (“Plaintiff”) vs Stanson Marketing Sdn Bhd (“Defendant”)

Plaintiff claimed against the Defendant a sum of RM6,526,218 as at 31 December 2012, being the outstanding of unpaid service charges and disbursement together with the interest on the outstanding sum at 4% per annum from the date of judgement until the full settlement date. Plaintiff also seek declaration from the Court that the Plaintiff was the beneficial owner of the trucks set out in the contracts number BKF/S/01/06, BKF/S/02/06, BKF/S/03/06 and BKF/S/04/06 and ordered the Defendant to handover the trucks to the Plaintiff.

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

The Defendant had obtained a restraining order dated 8 March 2013 pursuant to Section 176(10) of the Act for a scheme of compromise and arrangement between the Defendant and its creditors which had been further extended to 60 days from 13 March 2013.

The matter is fixed for case management on 14 June 2013 in order to enable the counsel for the parties to put in the common agreed bundle of documents, statement of agreed facts, statement of issues and the summary of case for trial.

The lawyers of the Plaintiff are of the opinion that there is a fair chance that judgement will be granted in favour of the Plaintiff.

5. CONSENTS

- (a) Our Principal Adviser, Company Secretaries, Share Registrar, Bloomberg (Malaysia) Sdn Bhd, Solicitors for the Rights Issue and Principal Bankers have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references to them in the form and context in which they appear in this Abridged Prospectus.
- (b) Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion of their names and letters relating to our proforma consolidated statements of financial position as at 31 March 2012 and our Auditors' Report on the audited consolidated financial statements for the FYE 2012 and all references thereto in the form and context in which they appear in this Abridged Prospectus.

6. GENERAL

- (a) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (b) Save as disclosed in Section 8 of this Abridged Prospectus, our Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (c) After having made all reasonable enquiries and to the best of our Board knowledge and belief, save as disclosed in Sections 8, 9 and 11 of this Abridged Prospectus, the financial condition and operations of our Group are not likely to be affected adversely and materially by any of the following:-
 - (i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;
 - (ii) any material commitment for capital expenditure of our Group;
 - (iii) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations;

APPENDIX VII – ADDITIONAL INFORMATION (Cont'd)

- (iv) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenue or operating income; and
- (v) substantial increase in revenue.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at our registered office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (a) our Company's Memorandum and Articles of Association;
- (b) the Deed Poll;
- (c) audited consolidated financial statements of BKG for the past two (2) FYE 2011 and FYE 2012 and unaudited consolidated financial statements of BKG for the FYE 2013;
- (d) the material contracts referred to in Section 3, Appendix VII of this Abridged Prospectus;
- (e) the relevant cause papers in relation to the material litigations referred to in Section 4, Appendix VII of this Abridged Prospectus;
- (f) the letters of consent as referred to in Section 5, Appendix VII of this Abridged Prospectus;
- (g) the Undertakings referred to in Section 6 of this Abridged Prospectus;
- (h) our proforma consolidated statements of financial position as at 31 March 2012 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus; and
- (i) the Directors' Report as set out in Appendix VI of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and RSF have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement herein false or misleading.

AmlInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.