

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

| | Note | Quarter ended 30.09.13 RM'000 | Quarter ended 30.09.12 RM'000 | Year to date 30.09.13 RM'000 | Year to date 30.09.12 RM'000 |
|-----------------------------------------------------------------------|-----------|----------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|
| Revenue | 17 | 25,092 | 41,826 | 44,577 | 82,325 |
| Operating expenses | | (24,031) | (40,534) | (42,878) | (79,690) |
| Other income | | 330 | 200 | 560 | 368 |
| Operating profit | | <u>1,391</u> | <u>1,492</u> | <u>2,259</u> | <u>3,003</u> |
| Finance costs | | (643) | (1,152) | (1,808) | (2,301) |
| Profit after finance costs | | 748 | 340 | 451 | 702 |
| Share of profit/(loss) from associate companies | | 71 | 5 | 77 | 24 |
| Profit before taxation | 18 | <u>819</u> | <u>345</u> | <u>528</u> | <u>726</u> |
| Taxation | 19 | (23) | 169 | (26) | 182 |
| Profit for the period | | <u>796</u> | <u>514</u> | <u>502</u> | <u>908</u> |
| Other comprehensive income | | | | | |
| Foreign currency translation differences on foreign operations | | - | (28) | (2) | (29) |
| Total comprehensive income for the period | | <u>796</u> | <u>486</u> | <u>500</u> | <u>879</u> |
| Attributable to : | | | | | |
| Owners of the Parent | | 771 | 230 | 465 | 718 |
| Non-controlling interests | | 25 | 284 | 37 | 190 |
| Profit for the period | | <u>796</u> | <u>514</u> | <u>502</u> | <u>908</u> |
| Attributable to : | | | | | |
| Owners of the Parent | | 771 | 202 | 463 | 689 |
| Non-controlling interests | | 25 | 284 | 37 | 190 |
| Total comprehensive income for the period | | <u>796</u> | <u>486</u> | <u>500</u> | <u>879</u> |
| Earnings/(loss) per share attributable to owners of the parent | | | | | |
| - Basic (sen) | 25 | <u>0.28</u> | <u>0.17</u> | <u>0.17</u> | <u>0.52</u> |
| Diluted earnings per share (sen) | 25 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Notes:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013
(The figures have not been audited)

| | | As At 30.09.13 RM'000 | (Audited) As At 31.03.13 RM'000 |
|-----------------------------------------------------------------------|-----------|-----------------------------|------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 48,398 | 50,470 |
| Investment in associates | | 2,485 | 2,425 |
| Deferred tax assets | | 3,350 | 3,350 |
| | | <u>54,233</u> | <u>56,245</u> |
| Current assets | | | |
| Inventories | | 48,075 | 42,920 |
| Trade receivables | | 26,350 | 28,469 |
| Other receivables, deposits and prepayments | | 7,927 | 3,416 |
| Tax recoverable | | 204 | 102 |
| Cash and bank balances | 21 | 7,368 | 12,457 |
| | | <u>89,924</u> | <u>87,364</u> |
| TOTAL ASSETS | | <u>144,157</u> | <u>143,609</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Parent | | | |
| Share capital | | 55,350 | 69,188 |
| Foreign currency translation reserve | | (18) | (16) |
| Warrant reserve | | 9,801 | - |
| Accumulated losses | 23 | 7,539 | (24,638) |
| | | <u>72,672</u> | <u>44,534</u> |
| Non-controlling interest | | 128 | 91 |
| Total equity | | <u>72,800</u> | <u>44,625</u> |
| Non-current liabilities | | | |
| Borrowings | 24 | 3,778 | 19,294 |
| Deferred tax liabilities | | 1,790 | 1,670 |
| | | <u>5,568</u> | <u>20,964</u> |
| Current liabilities | | | |
| Trade payables | | 16,887 | 11,863 |
| Other payables and accruals | | 7,187 | 4,304 |
| Provision for claim | | 129 | 1,127 |
| Borrowings | 24 | 41,586 | 60,726 |
| | | <u>65,789</u> | <u>78,020</u> |
| Total liabilities | | <u>71,357</u> | <u>98,984</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>144,157</u> | <u>143,609</u> |
| Net assets per share attributable to owners of the Parent (RM) | | 0.26 | 0.32 |

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

| | ----Attributable to Owners of the Parent---- | | | | | | Total Equity RM'000 |
|------------------------------------------------|----------------------------------------------|----------------------------------------------|------------------------------|---------------------------------|-----------------|----------------------------------------|---------------------------|
| | Share Capital RM'000 | Non-Distributable | | Distributable | | Non-controlling interests RM'000 | |
| | | Exchange Translation Reserve RM'000 | Warrant Reserve RM'000 | Accumulated Losses RM'000 | Total RM'000 | | |
| <u>6 months period ended 30 September 2012</u> | | | | | | | |
| Balance at 1 April 2012 (as restated) | 69,188 | 5 | - | (17,756) | 51,437 | 10,941 | 62,378 |
| Total comprehensive income for the period | - | (29) | - | 718 | 689 | 190 | 879 |
| At 30 September 2012 | <u>69,188</u> | <u>(24)</u> | <u>-</u> | <u>(17,038)</u> | <u>52,126</u> | <u>11,131</u> | <u>63,257</u> |
| <u>6 months period ended 30 September 2013</u> | | | | | | | |
| Balance at 1 April 2013 | 69,188 | (16) | - | (24,638) | 44,534 | 91 | 44,625 |
| Total comprehensive income for the period | - | (2) | - | 465 | 463 | 37 | 500 |
| Capital reduction | (41,513) | - | - | 41,513 | - | - | - |
| Warrant reserve | - | - | 9,801 | (9,801) | - | - | - |
| Share issued pursuant to rights issue exercise | 27,675 | - | - | - | 27,675 | - | 27,675 |
| At 30 September 2013 | <u>55,350</u> | <u>(18)</u> | <u>9,801</u> | <u>7,539</u> | <u>72,672</u> | <u>128</u> | <u>72,800</u> |

Notes:

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

| | Year to date 30.09.13 RM'000 | Year to date 30.09.12 RM'000 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|
| Profit before taxation | 528 | 726 |
| Adjustments for : | | |
| Amortisation of IMTN issuance expenses | - | 50 |
| Bad debts | 8 | - |
| Depreciation | 2,332 | 2,742 |
| Fair value (gain)/loss on derivative financial instrument | - | (136) |
| (Gain)/Loss on disposal of property, plant and equipment | (94) | (4) |
| Interest expense | 1,808 | 2,301 |
| Interest income | (119) | (66) |
| Property, plant and equipment written off | - | 1 |
| Share of results of associates | (77) | (24) |
| Unrealised gain on foreign exchange | - | 230 |
| Operating profit before changes in working capital | <u>4,386</u> | <u>5,820</u> |
| Changes in working capital | | |
| Changes in inventories | (5,155) | 601 |
| Changes in trade and other receivables | (2,381) | (3,347) |
| Changes in trade and other payables | 6,910 | 5,393 |
| Interest paid | (1,808) | (2,301) |
| Interest received | 42 | - |
| Income tax refund | 41 | - |
| Income tax paid | (50) | (483) |
| Net cash flows from operating activities | <u>1,985</u> | <u>5,683</u> |
| Investing activities | | |
| Interest received | 76 | 66 |
| Proceeds from disposal of property, plant and equipment | (5,918) | 1,085 |
| Investment in an associate company | - | (600) |
| Purchase of property, plant and equipment | 5,752 | (1,524) |
| Net cash flows used in investing activities | <u>(90)</u> | <u>(973)</u> |
| Financing activities | | |
| Withdrawal/(placement) of short-term deposits | - | 87 |
| Repayment of borrowings | (35,829) | (9,622) |
| Proceed from rights issue | 27,675 | - |
| Proceeds from borrowings | 1,173 | 1,339 |
| Net cash flows used in financing activities | <u>(6,981)</u> | <u>(8,196)</u> |
| Net (decrease)/increase in cash and cash equivalents | (5,086) | (3,486) |
| Effects of changes in exchange rates | (3) | (26) |
| Cash and cash equivalents at beginning of the period | 12,457 | 12,350 |
| Cash and cash equivalents at end of the period | <u>7,368</u> | <u>8,838</u> |
| Represented by : | | |
| Cash and cash equivalents | 7,368 | 9,563 |
| Bank overdrafts | - | (725) |
| | <u>7,368</u> | <u>8,838</u> |

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the first quarter ended 30 September 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 2013. The explanatory notes attached to these interim financial statements provide an explanation of event and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted by the Group in preparing the interim financial statements were consistent with those adopted in the annual audited financial statements for the year ended 31 March 2013. 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 |
| Amendments to MFRS 10 | Consolidated Financial Statements : Investment entities | 1 January 2014 |
| Amendments to MFRS 12 | Disclosure of Interest in Other Entities : Investment Entities | 1 January 2014 |
| Amendments to MFRS 127 | Consolidated and Separate Financial Statement : Investment Entities | 1 January 2014 |
| Amendments to MFRS 132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to MFRS 136 | Recoverable Amount Disclosures for Non-Financial Assets | 1 January 2014 |
| Amendments to MFRS 139 | Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2013 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 the Company via its wholly owned subsidiary, Boon Koon Vehicles Industries Sdn Bhd had on 10 September 2013 subscribed 45% equity interest equivalent to 45 ordinary shares of RM1.00 each in BKGM Industries Sdn Bhd, of which 45 ordinary shares of RM1.00 each have been issued and fully paid up. After the said shares subscription, BKGM Industries Sdn Bhd became an associate company of Boon Koon Group Berhad.

The principal activities of BKGM Industries Sdn Bhd is involve in the business of constructing bodies of prime movers, lorries, trucks, etc and related services.

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

12. Contingent Liabilities

Corporate guarantee extended by the Group to banks and financial institutions for credit facilities granted to subsidiaries as at the end of current quarter under review were as follows :-

| | As At 30.09.13 RM'000 | As At 31.03.13 RM'000 |
|------------|-----------------------------|-----------------------------|
| - Limit | <u>53,284</u> | <u>56,261</u> |
| - Utilised | <u>44,645</u> | <u>53,582</u> |

13. Capital Commitments

There were no outstanding capital commitments at the end of 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 yet to be 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**");

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
- (b) 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

Proposed exemption to Dato' Goh Boon Koon, Goh Boon Leong and parties acting in concert ("**PAC**") with them under Paragraph 16.1 of
- (d) 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;

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

- (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.

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.

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.

On 26 April 2013, the High Court of Malaya at Kuala Lumpur had granted an order confirming the Proposed Capital Reduction. The sealed order had been extracted and an office copy of the order had been 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 had 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 had been taken effect from 7 May 2013.

Below were the announcement made in relation to the renounceable rights issue exercise on the respective date :

- (a) On 22 May 2013, the Board had fixed the price of the securities to be issued pursuant to the Rights Issue with the issue price of the Rights Share at RM0.20 per Rights Share and the exercise price of the Warrant at RM0.20 per Warrant. 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 5-day WAMP of BKG Shares up to and including 21 May 2013 of RM0.21 each, being the last trading day of BKG Shares immediately preceding the price-fixing date for the Rights Shares and Warrants.
- (b) On 27 May 2013, BKG had executed a Deed Poll constituting the Warrants.
- (c) On 29 May 2013, the Board of Directors of BKG had announced important relevant dates for the renounceable rights issue as follows:-

| | <u>Date</u> |
|-------------------------------------------------------------------------------------------------------|-------------|
| Despatch Date | 14/6/2013 |
| Date for commencement of trading of the rights | 13/6/2013 |
| Date for despatch of abridged prospectus and subscription forms | 14/6/2013 |
| Date for cessation of trading of the rights | 20/6/2013 |
| Date for announcement of final subscription result and basis of allotment of excess Rights Securities | 02/7/2013 |
| Listing date of the Rights Securities | 10/7/2013 |

| <u>Last date and time for</u> | <u>Date</u> | <u>at</u> | <u>Time</u> |
|---------------------------------------------|-------------|-----------|-------------|
| Sale of provisional allotment of rights | 19/6/2013 | at | 5:00:00 PM |
| Transfer of provisional allotment of rights | 24/6/2013 | at | 4:00:00 PM |
| Acceptance and payment | 27/6/2013 | at | 5:00:00 PM |
| Excess share application and payment | 27/6/2013 | at | 5:00:00 PM |

- (d) On 2 July 2013, AmInvestment Bank Berhad had, on behalf of Board of Directors of BKG, announced that as at the close of acceptance and payment for the Rights Issue at 5.00 p.m. on 27 June 2013 ("Closing Date"), BKG had received valid acceptances and excess applications for a total of 176,277,593 Rights Shares (together with the corresponding number of Warrants). This represents an over-subscription of 27.39% over the total number of 138,375,000 Rights Shares (together with the corresponding number of Warrants) available for subscription under the Rights Issue.

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

The details of the valid acceptances and excess applications received as at the Closing Date are set out below:-

| | <u>No. of Rights Shares</u> | <u>%</u> |
|-------------------------------------------------|-----------------------------|--------------|
| Total valid acceptances | 92,427,282 | 66.79 |
| Total valid excess applications | 83,850,311 | 60.60 |
| Total valid acceptances and excess applications | 176,277,593 | 127.39 |
| Total available for subscription | 138,375,000 | 100.00 |
| Over-subscription | 37,902,593 | 27.39 |

The Board has approved the basis of allocation for the excess Rights Shares (together with the corresponding number of Warrants) ("Excess Rights Shares") on a fair and equitable basis and in the following priority:-

- i) firstly, to minimise the incidence of odd lots;
- ii) secondly, for allocation to the 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 12 June 2013;
- iii) thirdly, for allocation to the 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
- iv) 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.

On 10 July 2013, AmInvestment Bank Berhad had, on behalf of Board of Directors of BKG, announced that the Rights Issue has been (e) completed following the listing of and quotation for 138,375,000 Rights Shares and 138,375,000 Warrants on the Main Market of Bursa Securities.

On 14 November 2013, the Board of Directors of BKG announced that the Company had fully utilised the proceeds of RM27,675,000 raised from the Rights Issue by way of issuance of 138,375,000 new ordinary shares of RM0.20 each at an issue price of RM0.20 each per share.

The total proceeds raised of RM27,675,000 have been fully utilised in the following manner :-

| Purpose | Proposed Utilisation RM | Actual Utilisation RM | Intended Timeframe for utilisation from the date of listing of the Rights Shares ^(a) RM | Deviation | |
|-------------------------------------------------|----------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------|------|
| | | | | RM | % |
| Repayment of bank borrowings | 25,000,000 | 25,000,000 | Within 24 months | - | - |
| General working capital purposes ^(b) | 1,175,000 | 1,241,419 | Within 12 months | 66,419 ^(c) | 5.65 |
| Expenses relating to the corporate exercise | 1,500,000 | 1,433,581 | Immediate | 66,419 ^(c) | 4.43 |
| TOTAL | 27,675,000 | 27,675,000 | | | |

Note:-

- (a) The listing of and quotation for 138,375,000 new ordinary shares of RM0.20 each was completed on 10 July 2013.
- (b) For the Group's day-to-day operations to support the existing business operations which include the purchase of raw materials.
- (c) The amount allocated of RM1.50 million is based on the estimated cost for the corporate exercise and the excess amount was utilised for our general working capital.

16. Related Party Transactions

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

| | Quarter ended 30.09.13 RM'000 | Year to date 30.09.13 RM'000 |
|---------------------------------------------|----------------------------------------|---------------------------------------|
| Operating expenses paid to an associate | (15) | (17) |
| Hire purchase interest paid to an associate | (48) | (102) |
| Purchase from an associate | (873) | (873) |
| Sales to associate companies | 2,102 | 2,447 |
| Rental received from associate companies | 29 | 42 |
| Handling charges received from an associate | 9 | 26 |

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

17. Detailed Analysis of Performance

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

The Group comprises of the following main business segments :

- | | | |
|-----|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Commercial vehicles, 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 |

| | Quarter ended 30.06.13 RM'000 | Quarter ended 30.09.13 RM'000 | Quarter ended 30.09.12 RM'000 | Year to date 30.09.13 RM'000 | Year to date 30.09.12 RM'000 |
|---------------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------|
| Revenue | | | | | |
| (a) Commercial vehicles, forklifts, heavy machineries and bodyworks | 17,156 | 22,850 | 38,815 | 40,006 | 76,997 |
| (b) Rental and fleet management services | 2,289 | 2,313 | 3,129 | 4,602 | 6,466 |
| (c) Other Segment | 313 | 316 | 550 | 629 | 1,104 |
| | <u>19,758</u> | <u>25,479</u> | <u>42,494</u> | <u>45,237</u> | <u>84,567</u> |
| Less : Elimination | (273) | (387) | (668) | (660) | (2,242) |
| Total | <u>19,485</u> | <u>25,092</u> | <u>41,826</u> | <u>44,577</u> | <u>82,325</u> |

Profit/(Loss) before taxation

| | | | | | |
|---------------------------------------------------------------------|--------------|------------|--------------|------------|--------------|
| (a) Commercial vehicles, forklifts, heavy machineries and bodyworks | 839 | 1,599 | 2,434 | 2,438 | 3,713 |
| (b) Rental and fleet management services | (70) | (47) | (100) | (117) | (106) |
| (c) Other Segment | (1,078) | (686) | (945) | (1,764) | (1,635) |
| | <u>(309)</u> | <u>866</u> | <u>1,389</u> | <u>557</u> | <u>1,972</u> |
| Less : Elimination | 12 | (118) | (1,049) | (106) | (1,270) |
| | <u>(297)</u> | <u>748</u> | <u>340</u> | <u>451</u> | <u>702</u> |
| Share of profit from associates | 6 | 71 | 5 | 77 | 24 |
| Total | <u>(291)</u> | <u>819</u> | <u>345</u> | <u>528</u> | <u>726</u> |

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 RM22.9 million, a decrease of 41.1% compared to RM38.8 million in the previous year's corresponding quarter. Lower demand recorded from the commercial vehicles division and the disposal of GKY Machinery (M) Sdn. Bhd. in Q4 financial year 2013 has resulted in lower revenue and lower profit before taxation in the current quarter under review.

(b) For rental and fleet management services segment, total revenue for the current quarter was RM2.3 million, a decrease of RM0.8 million as compared to RM3.1 million in the previous year's corresponding quarter. The decrease was mainly due to the expiry of fleet management contracts for commercial vehicles and the expiry of rental contracts for forklifts respectively in the current quarter. Lower loss before taxation as compared to the previous year's corresponding quarter was mainly due to lower operating expenses and finance costs incurred in the current quarter.

(c) Other Segment refers to BKG company level operation. Total revenue for the current quarter was RM0.3 million, a decrease of RM0.3 million as compared to RM0.6 million in previous year's corresponding quarter. Loss before taxation decreased mainly due to lower financial costs incurred in the current quarter.

Comparison with preceding quarter

(a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, total revenue for the current quarter was RM22.9 million, an increase of 33.2% compared to RM17.2 million in the preceding quarter. Higher revenue was mainly due to a higher sales recorded in commercial vehicles division in the current quarter. The improvement in profit before taxation in this quarter was mainly attributed to higher profit margin in respect of favorable sales mix and continuous focus on costs control as compared to the immediate preceding quarter.

(b) For rental and fleet management services segment, total revenue for both quarters were consistent at RM2.3 million. However, loss before taxation reduced by RM0.02 million mainly due to lower operating expenses recorded in the current quarter under review.

(c) For Other Segment refer to BKG company level operation, total revenue for both quarters were consistent at RM0.3 million. However, loss before taxation decreased by RM0.4 million from RM1.1 million to RM0.7 million. This was mainly due to lower financial costs incurred in the current quarter as compared to the preceding quarter.

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

18. Profit Before Taxation

This was arrived at :

| | Quarter ended 30.09.13 RM'000 | Year to date 30.09.13 RM'000 |
|---------------------------------------------------|----------------------------------------|---------------------------------------|
| After charging : | | |
| Depreciation | 1,159 | 2,332 |
| Bad debts written off | 8 | 8 |
| Interest expenses | 643 | 1,808 |
| Realised loss on foreign exchange | 253 | 246 |
| And crediting : | | |
| Bad debts recovered | 118 | 168 |
| Interest income | 57 | 119 |
| Gain on disposal of property, plant and equipment | 76 | 94 |

19. Taxation

| | Quarter ended 30.09.13 RM'000 | Year to date 30.09.13 RM'000 |
|----------------------------------------------------|----------------------------------------|---------------------------------------|
| Malaysian taxation based on profit for the period: | | |
| -Current tax | (21) | (21) |
| -Deferred tax | (2) | (5) |
| | <u>(23)</u> | <u>(26)</u> |

20. Commentary of Prospects

BKG had completed its rights issue exercise at the beginning of current quarter under review and has utilized the proceeds to reduce its bank borrowing substantially. BKG has managed to improve its gross gearing ratio from 1.21 times in the first quarter to 0.62 times only in the current quarter. BKG will continue to look for new opportunities to expand its business particularly in new commercial vehicles sector. Barring any unforeseen circumstances, BKG anticipates to achieve a positive performance for the current financial year by focusing on its core businesses, strive to improve its efficiency & productivity and continue to implement cost control measures in order to remain competitive in the industry.

21. Cash and Bank Balances

| | As At 30.09.13 RM'000 | As At 31.03.13 RM'000 |
|---------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | <u>7,368</u> | <u>12,457</u> |

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 30 September 2013 were as follows:-

| | As At 30.09.13 RM'000 | As At 31.03.13 RM'000 |
|-------------------------------------------------------|-----------------------------|-----------------------------|
| Total accumulated losses | | |
| - Realised | 6,984 | (25,916) |
| - Unrealised | 1,570 | 2,219 |
| | <u>8,554</u> | <u>(23,697)</u> |
| Total share of gain/(loss) of associate | | |
| - Realised | (58) | (135) |
| | <u>8,496</u> | <u>(23,832)</u> |
| Less: Consolidation adjustments | (957) | (806) |
| Total accumulated losses as per consolidated accounts | <u>7,539</u> | <u>(24,638)</u> |

Notes to the Interim Financial Statements for the first quarter ended 30 September 2013

24. Group Borrowings and Debt Securities

Group borrowings as at 30 September 2013 were as follows:-

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------------|-------------------|---------------------|-----------------|
| <u>Current liabilities</u> | | | |
| Bankers acceptance / Trade loans | 38,908 | - | 38,908 |
| Finance lease liabilities | 2,678 * | - | 2,678 |
| Term loan | - | - | - |
| Sub-total | <u>41,586</u> | <u>-</u> | <u>41,586</u> |
| <u>Non-current liabilities</u> | | | |
| Finance lease liabilities | 3,778 * | - | 3,778 |
| Sub-total | <u>3,778</u> | <u>-</u> | <u>3,778</u> |
| Total | <u>45,364</u> | <u>-</u> | <u>45,364</u> |

* Included herein was an amount of RM2.4 million due to 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 30.09.13 | Year to date 30.09.13 |
|----------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| Profit for the period attributable to the owners of the Parent (RM'000) | <u>771</u> | <u>465</u> |
| Weighted average number of ordinary shares of RM0.20 each in issue ('000 units) | <u>276,750</u> | <u>276,750</u> |
| Basic Profit Per Share based on weighted average number of ordinary shares of RM0.20 each in issue (sen) | <u>0.28</u> | <u>0.17</u> |

Since the fair value of ordinary share is less than the warrant exercise price as at reporting date, any assumed exercise will be anti-dilutive and therefore the calculation of diluted Earnings Per Share was disregarded.

Date : 29 November 2013