BOON KOON GROUP BERHAD

(NO. SYARIKAT: 553434-U)

(Incorporated in Malaysia)

Strengthening & Moving Forward

Annual Report 2011

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Goh Boon Koon
Executive Chairman

Mohd Kamal Bin Omar
Executive Vice Chairman

Goh Boon Leong
Group Chief Executive Officer

Independent Non-Executive Directors

Ho Kok Loon
Murelidaran A/L M Navaratnam
Ang Poh Gin

COMPANY SECRETARIES

Chee Wai Hong (MIA 17181)
Foo Li Ling (MAICSA 7019557)

AUDIT COMMITTEE

Ho Kok Loon (Chairman)
Murelidaran A/L M Navaratnam (Member)
Ang Poh Gin (Member)

REGISTERED OFFICE

51-13-A Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.
Tel : 604-228 9700
Fax : 604-227 9800

BUSINESS ADDRESS

1177 Jalan Dato Keramat
14300 Nibong Tebal
Seberang Perai Selatan, Penang
Tel : 604-593 1504
Fax : 604-598 1696
E-mail : bkgb@boonkoon.com

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd. (50164-V)
Lot 10, The Highway Centre, Jalan 51/205
46050 Petaling Jaya, Selangor Darul Ehsan
Tel : 603-7784 3922
Fax : 603-7784 1988
E-mail : binawin@tm.net.my

AUDITOR

Grant Thornton (AF : 0042)
Chartered Accountants

SOLICITORS

Zaid Ibrahim & Co
Feroz & Co

PRINCIPAL BANKERS

AmBank (M) Berhad
Citibank Berhad
CIMB Bank Berhad
EON Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Code : 7187
Stock Name : BKOON

WEBSITE ADDRESS

www.boonkoon.com

PROFILE OF DIRECTORS

Dato' Goh Boon Koon, aged 58, Malaysian.

He is the founder of Boon Koon Group and was appointed as the Managing Director of the Company on 7 January 2004 and was re-designated as Executive Chairman on 19 February 2009. He is also a substantial shareholder of the Company.

Having being involved in the commercial vehicles industry for more than 25 years, he has acquired extensive experiences and exposures in the business. He is mainly responsible for the establishment of long term strategic planning and development of the Company's goals and objectives to ensure a sustainable growth in the near future. His entrepreneurial quality and spirit has played a vital role in transforming and ensuring the growth of the Boon Koon Group from a small existence to be the leader and the pioneer of the used/rebuilt commercial vehicles industry in Malaysia.

He is also a member of Remuneration Committee.

Mohd Kamal Bin Omar, aged 57, Malaysian.

He was appointed as an Executive Vice Chairman of the Company on 21 April 2009. He graduated from Northern Illinois University in 1980 with a Bachelor of Science (Computer Science) and has extensive management experience with Petronas, Malaysian L.N.G, Golden Hope Plantation Bhd, DRB-HICOM Group of companies and was the CEO of Berger International Ltd based in Singapore. He currently sits on the board of Metronic Global Berhad as Independent Non-Executive Director and several other private limited companies and is an active member of Majlis Ekonomi Melayu.

Goh Boon Leong, aged 51, Malaysian.

He was appointed as the Executive Director of the Company on 7 January 2004 and as Group Chief Executive Officer on 21 November 2007. He is also a substantial shareholder of the Company.

With his vast experience and knowledge in the industry of more than 20 years, he has led the Company to a consistent and profitable growth path, and has steered the Company's development and expansion program for both domestic and regional market, as demonstrated by his proven track record of delivering commendable business results through the setting of ambitious goals and achievable targets and objectives.

Ho Kok Loon, aged 45, Malaysian.

He is an Independent Non-Executive Director of the Company and was appointed to the Board on 7 January 2004. He graduated from University of Malaya in 1991 with a Bachelor of Accounting (Hons) and he obtained his Master degree in Business Administration from the University of Portsmouth, United Kingdom in 1999. He is a Chartered Accountant registered with Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

Upon graduation, he joined PriceWaterhouse before joining Southern Steel Berhad as Section Head of Internal Audit in year 1995. He became the Section Head of Business Development in 1996 and later the Finance and Administration Manager in 1997. In 1999, he joined Southern Rubber Works Sdn Bhd as Senior Manager, Corporate Finance & Business Development and was promoted as Chief Operating Officer in 2003. Currently he also holds directorships in other private limited companies.

He is also the Chairman of Audit Committee, Nomination Committee and Remuneration Committee.

Murelidaran A/L M Navaratnam, aged 45, Malaysian.

He is a Senior Independent Non-Executive Director of the Company and was appointed to the Board on 24 November 2004. He graduated from University of London in 1988 with LL.B (Hons) Degree and was called to the Bar of England and Wales on 27 July 1989 after having completed his Bar Finals course and passing the Bar Finals examination in June 1989. He is a Member of the Honourable Society of the Inner Temple, London and is an Utter Barrister at Law of the said Society. He was called to the Malaysian Bar in 1990.

He started his career as legal assistant with Messrs. Pregraves and Matthews in 1990 and joined Messrs Ghazi & Lim in 1992 as a legal assistant. He was subsequently made a partner in 1995. In 2003, he retired from the partnership to set up his own legal practice under the name and style of Messrs. Mureli Navaratnam.

He is also a member of Audit Committee, Nomination Committee and Remuneration Committee.

Ang Poh Gin, aged 57, Malaysian.

He is an Independent Non-Executive Director of the Company and was appointed to the Board on 7 January 2004. He has vast experience in the garment industry and is presently attached to Plas Industries Sdn Bhd as the Branch Manager of the Nibong Tebal Operations.

He is also a member of Audit Committee and Nomination Committee.

Notes:

1. Save as disclosed below, none of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company :-

   - Dato' Goh Boon Koon and Goh Boon Leong are brothers.

2. All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offences within the past ten years other than traffic offences, if any.

3. The Directors' shareholdings are disclose in page 98 of this Annual Report.

4. Save as disclosed below, none of the Directors of the Company hold or have held any Directorships in other public companies:-

   - Mohd Kamal Bin Omar is currently the Independent Non-Executive Director of Metronic Global Berhad.

CORPORATE STRUCTURE

BOONKOON®

BOON KOON GROUP BERHAD
(NO. SYARIKAT: 553434-U)
(Incorporated in Malaysia)

- 100% **BKVI**
  - 51% **BKCT**
- 54.63% **GKYM**
  - 100% **GKYER**
- 100% **BKM**
  - 70% **BKA**
- 100% **FPC**
- 100% **BKVPL**
  - 90% **PTBKC**
- 100% **BKFM**
- 100% **BKCV**

BKVI - Boon Koon Vehicles Industries Sdn. Bhd. (229508-X)
BKCT - BK Commercial Trucks Sdn. Bhd. (743834-V)
BKM - Boon Koon Marketing (East Malaysia) Sdn. Bhd. (351921-K)
BKA - BK Alliance Sdn. Bhd. (744621-H)
BKFM - BK Fleet Management Sdn. Bhd. (707434-D)
BKCV - BKCV Sdn Bhd (681623-W)
(formerly known as BK Continental Vehicles Sdn. Bhd.)

BKVPL - Boon Koon Vehicles Pte. Ltd. (200500240R)
PTBKC - PT Boon Koon Continental (Jakarta)
FPC - First Peninsula Credit Sdn. Bhd. (101631-U)
GKYM - GKY Machinery (M) Sdn. Bhd. (435227-P)
GKYER - GKY Equipment Rental (M) Sdn. Bhd. (642057-T)

CHAIRMAN'S STATEMENT

Dear Shareholders,
On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Boon Koon Group Berhad for the financial year ended 31 March 2011.

Business Performance

For the financial year ended 31 March 2011, the Group recorded a turnover of RM158.3 million as compared to RM154.0 million for the previous financial year, an increase of approximately RM4.3 million (2.8%). The Group recorded a profit for the year of RM2.2 million for the financial year of 2011 as compared to RM0.26 million for the previous financial year, an increase of RM1.9 million (733%). The key improvements were mainly attributed to our intense focus on our core competency in the rebuilt commercial vehicles business, effective and decisive measures in reducing the operational costs, a more effective inventory management and an improvement in credit control. In such a challenging environment, our ONE BKG team has indeed performed a fantastic job in maintaining our competitiveness and has delivered a stronger profitability to the Group.

Outlook for the Upcoming Financial Year

Going forward, we anticipate a steady demand for rebuilt commercial vehicles and reconditioned forklifts in Malaysia. The 10th Malaysia Plan by the Government of Malaysia focused a lot on infrastructure and development of mega projects. 60-70% of the allocated RM7 billion funds for the 10th Malaysia Plan will be utilised to support the development, enhancement or establishment to back-up the building of the infrastructure in Malaysia. Therefore, we anticipate rebuilt commercial vehicles and reconditioned forklifts to play an important supporting role in the overall infrastructure and development process. As the economy is recovering, we expect investors to be cautious and careful towards their investments. As a cheaper and more value-for-money alternative to new vehicles, rebuilt commercial vehicles and reconditioned forklift are more viable and attractive alternative to cater for their needs.

In addition, Boon Koon Group Berhad will continue to utilise the company resources effectively to ensure the steady implementation of long term initiatives as follow:-

1. To continuously focus on increasing the productivity level, the effectiveness and the efficiency of our operations.

2. To gradually enhance our core business activities while cautiously venturing into any new business.

Dividend

The Board of Directors do not recommend any dividend for the financial year ended 31 March 2011.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank you for your continued support. I appreciate the hard work and commitment of our employees and would like to thank my fellow directors on the Board for their invaluable guidance in the past year. I also want to thank our bankers, bondholders, customers and all business associates for their continued support and confidence to make Boon Koon Group Berhad a profitable enterprise in the next financial year.

DATO' GOH BOON KOON
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Boon Koon Group Berhad ("BKG") appreciates the importance of adopting high standards of corporate governance and hence is fully committed to ensuring that the highest standards of corporate governance are practised in all areas throughout the Company and its subsidiaries ("the Group") towards propagating corporate accountability with the objective of safeguarding the interests of all stakeholders and enhancing shareholders' value. This statement illustrates the extent of which the Board has embodied the spirit and principles set out in Part 1 of the Malaysian Code on Corporate Governance ("the Code") and the extent of the Group's compliance with the Best Practices in Corporate Governance set out in Part 2 of the Code.

1. THE BOARD OF DIRECTORS

1.1 Composition and Attendance

The Board currently comprises of six (6) members, of which three (3) are Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with the one-third requirement for independent directors to be appointed to the Board under the Main Market Listing Requirements. The Board consists of individuals of high caliber who have diverse wealth of experience as well as skills and knowledge in the aspects of law, commercial, accounting and general management. The profile of each Director is provided on pages 3 to 4 of this Annual Report.

The Board met five (5) times for the financial year ended 31 March 2011. The Board meets within 2 months from the end of every quarter of the financial year where the Group's financial results are deliberated and approved prior release to Bursa Malaysia Securities Berhad and the Securities Commission.

The composition of the Board and the individual Director's attendance of meetings during the financial year ended 31 March 2011 were as follows:

	Attendance
Dato' Goh Boon Koon	4/5
Mohd Kamal Bin Omar	5/5
Goh Boon Leong	4/5
Ho Kok Loon	5/5
Murelidaran A/L M Navaratnam	3/5
Ang Poh Gin	5/5

1.2 Duties and Responsibilities

The Board recognises their duties and responsibilities to the shareholders of the Company and has delegated specific duties to three (3) subcommittees (Audit, Nomination and Remuneration Committees). These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The presence of Independent Non-Executive Directors is necessary for the corporate accountability as they provide unbiased and independent views. Even though all Directors have equal responsibility for the Group's operations, the role of Independent Non-Executive Directors is particularly important in ensuring the strategies proposed by the Executive management are discussed and examined while taking into account the long-term implications of the business, the Group, shareholders and other stakeholders' interests.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms their commitment to ensuring that such situations of conflicts are avoided.

1. THE BOARD OF DIRECTORS (cont'd)

1.3 Supply of information

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. All Directors are provided with the agenda and a full set of Board papers before each Board Meeting is convened. In addition to discussing the Group's performances in the meeting, certain matters which are reserved specifically for the Board's decision are discussed. These includes the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group and key policies, procedures and authority limits.

Senior management staff, investment bankers,accountants or solicitors will be appointed to act as advisers for any corporate proposal to be undertaken by BKG, and will be invited to attend Board meetings at which the corporate proposal is to be deliberated, in order to provide the Board with professional opinion and advice, and to clarify issues that may be raised by any Director. The Board is regularly updated and advised by the Company Secretary on new statutory as well as regulatory requirements. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretary and the senior management.

Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on the matters being deliberated.

2. Re-election of Directors

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. Article 95(1) also provides that one-third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM"). Provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. In addition, the Directors to retire in every year shall be those who have been longest in office since their last election.

Pursuant to Article 102 of the Company's Articles of Association, any Directors who are appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the following AGM and being eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotations at that meeting.

Directors over the age seventy (70) years are required to render themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The details of the Directors seeking re-election at the forthcoming Ninth AGM are disclosed in page 19 of this Annual Report.

3. Board Committees

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain Committees, namely Nomination Committee, Remuneration Committee and Audit Committee. Each Committee will operate within its clearly defined terms of reference. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings.

a) Nomination Committee

The Nomination Committee which was formed in 2 August 2004, currently comprises entirely of Non-Executive Directors with all being independent as follows:

Ho Kok Loon – Chairman
Murelidaran A/L M Navaratnam – Member
Ang Poh Gin – Member

3. Board Committees (cont'd)

a) Nomination Committee (cont'd)

The primary function of the Nomination Committee is to identify and recommend to the Board, persons who are technically competent and of integrity and a strong sense of professionalism to be appointed as Directors of the Company. The Committee will also assess the suitability of an individual to be appointed to the Board by taking into consideration the individual's other commitments and time available in determining his/her ability to contribute inputs to the Board before recommendation is made for the Board's approval.

The Committee is also tasked with reviewing annually, if necessary, the required mix of skill and experience and other qualities and competencies and the contribution of each individual Director and shall also review the composition, structure and size of the Board.

During the financial year, the committee has assessed the effectiveness of the Board, the committee of the board and the contribution of each individual director, including Independent Non-Executive Directors as well as reviewed the proposed re-election of the retiring Directors of the Company.

b) Remuneration Committee

The Remuneration Committee which was formed in 2 August 2004, currently comprises mainly Non-Executive Directors with majority being independent as follows:

Ho Kok Loon - Chairman
Dato' Goh Boon Koon - Member
Murelidaran A/L M Navaratnam - Member

The Remuneration Committee's primary responsibilities are to recommend to the Board from time to time, the remuneration package and terms of employment of each Executive Director. Each Executive Director is to abstain from deliberating and voting on the decision in respect of his/her own remuneration package. The Board as a whole decides on the remuneration of the Non-Executive Directors. The individual concerned is to abstain from deliberating his/her own remuneration package. All Directors' fees must be approved by the shareholders at the AGM.

4. Secretary and Minutes

The Company Secretary ensures there is a quorum for all meetings and that such meetings are convened in accordance with the relevant Terms of Reference. The minutes prepared by the Company Secretary memorialise the proceedings of all meetings including pertinent issues, the substances of inquiries and responses, members' suggestion and the decision made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

5. Directors' Remuneration

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For Non-Executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements.

The details of the remuneration for Directors during the financial year ended 31 March 2011 were as follows:

	Fees RM	Salary, Bonus & EPF RM	Meeting Allowances RM	Benefits-in-kind RM
Executive Directors	48,000	977,352	2,800	30,200
Non-Executive Directors	42,000	-	2,600	-

5. **Directors' Remuneration (cont'd)**

Range of Remuneration	Number of Directors Executive	Non-Exective
Below RM 50,000	1	3
RM 50,000 - RM 100,000	-	-
RM 100,001 - RM 150,000	1	-
RM 150,001 - RM 200,000	-	-
RM 200,001 - RM 250,000	-	-
RM 250,001 - RM 300,000	-	-
RM 300,001 - RM 350,000	-	-
RM 350,001 - RM 400,000	-	-
RM 400,001 - RM 450,000	1	-
RM 450,001 - RM 500,000	-	-
RM 500,001 - RM 550,000	1	-

6. **Directors Training**

All the Directors of BKG have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). They have also attended various training programmes under the Continuing Education Programmes pursuant to the requirements of Bursa Securities.

The following members of the Board had attended various undermentioned programmes:-

Name	**Description of training**
Goh Boon Leong	The Leader In You Property Investment 1 Day Training Course
Ho Kok Loon	Budget 2011 Proposals and Recent Developments
Dato' Goh Boon Koon Mohd Kamal Bin Omar Goh Boon Leong Ho Kok Loon Murelidaran A/L M Navaratnam Ang Poh Gin	Understanding of Financial Reporting

Save as disclosed above, the Directors are encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment. In addition, seminars and conferences organised by the relevant regulatory authorities and professional bodies on, inter-alia, areas relevant to the Group's operations; Directors' responsibilities, and corporate governance issues, as well as on changes to statutory requirements and regulatory guidelines, are informed to the Directors, for their participation in such seminars and conferences.

The Board, through the Nomination Committee will annually review the mix of skills of its members and institute a self assessment of its effectiveness.

7. **Shareholders**

The Board recognises the value of good investors' relation and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

The AGM is the principal forum for dialogue with all shareholders. The participation of shareholders, both individuals and institutional, at the Company's AGM are encouraged whilst request for briefings from the press and investment analyst are usually met as a matter of course.

The notice of AGM and the Annual report are dispatched to shareholders at least twenty-one (21) days prior to the meeting date.

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in Bursa Securities website (www.bursamalaysia.com).

8. Accountability and Audit

8.1 Directors' Responsibility Statement

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors prior to public release.

The Board acknowledges their responsibility to ensure that the financial statements of the Company and the Group are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs and the result of the Company and the Group. In preparing the financial statements for the year under review, the Board has adopted suitable accounting policies and which have been applied consistently, subject to any material departures disclosed and explained in the financial statements.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 6 July 2011.

8.2 Internal Control

The Board acknowledges its overall responsibility for ensuring that a sound system of internal control is maintained throughout the Group and the need to review its effectiveness regularly. Information pertaining to the Company's internal control is presented in the Statement on Internal Controls laid out on Page 14 to 15 of this Annual Report.

8.3 Relationship with the Auditors

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

9. Statement on the compliance with the best practices of the Code

The Board is committed to achieve high standards of corporate governance throughout the Group and high level of integrity and ethics in its business dealings. The Board has taken steps to ensure that the Group has implemented as far as possible the best practices as set out in the Code. The Board considers that all other best practices have been implemented in accordance with the Code.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 6 July 2011.

10. Other Information

During the financial year ended 31 March 2011, there were no:-

10.1 Share buy-back of the Company's shares.

10.2 Depository Receipt Programme.

10.3 Options, warrants or convertible securities exercised as the Company has not issued any options, warrants or convertible securities.

10.4 Recurrent related party transactions of a revenue or trading nature.

10.5 Material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest either still subsisting as at 31 March 2011 or entered into since the end of the previous financial year.

10.6 Utilisation of Proceeds raised from any corporate proposals.

10.7 Material variations between the Group's audited results for the financial year ended 31 March 2011 and the unaudited results for the quarter ended 31 March 2011.

10. Other Information (cont'd)

10.8 Profit guarantee given by the Company.

10.9 Revaluation of landed properties as the Group does not adopt a policy of regular revaluation of its landed properties.

10.10 Public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

10.11 Non-audit fees were paid to the external auditors other than the taxation fees totaling RM48,500 paid to a company in which certain partners of the audit firm are shareholders and directors.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of Boon Koon Group Berhad views the need for corporate social responsibility (“CSR”) as an integral part of a business’s operations and practices. The CSR initiatives undertaken by the Group are summarised below:-

Environment

The Group acknowledges responsibilities for care of the environment. The Group considers safety and environmental factors in all operating decisions and explores feasible opportunities to minimise any adverse impact from manufacturing operations and waste disposal.

In addition, the Group has also initiated among its staff awareness towards recycling of waste materials, and continuous improvements in our manufacturing process. These steps contribute towards a greener environment.

Health & Safety

As an employer, the Group recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors.

The Group Chief Executive Officer has the ultimate responsibility for the health, safety and welfare for all employees, visitors and by delegation through individual companies’ health and safety structure, to provide a safe working environment.

Information on safety matters is communicated through various Health & Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

Ethical Policy

In addition, the Board of Directors of the Company has adopted the Code of Business Conduct and Ethics and Conflict of Interests policy for Board members. The Code is intended to focus the Board and each Director on the duties and responsibilities of Directors, provide guidance to Directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each Director must comply with the letter and spirit of this Code. No code or policy can anticipate every situation that may arise.

Accordingly, this Code is intended to serve as a source of guiding principles for Directors. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Nomination Committee, who may consult with internal or external legal counsel as appropriate.

We believe that principles of honesty, ethical practices, integrity and fairness are the cornerstones of a respectable and successful business. These principles are the heart of the Company’s philosophy and values. They are vital elements for establishing trust in our relationships with shareholders and stakeholders. They cannot be compromised. It is therefore important for our organisations, at every level, to understand and see value in upholding such principles, which must be applied holistically in all aspects of the Company’s and organisational objectives as an economic entity.

The Company is committed to uphold and be steered by the spirit of the six (6) principles of the Malaysian Code of Business Ethics and as such, will strive to instill these principles and values within the Company’s culture, with the management leading the way by example when formulating policies within the Company. The six (6) principles are:-

i. Sincerity in Business Dealings.
ii. Conscious of Responsibility towards Customers, Society and Environment.
iii. Geniality towards Fellow Humans.
iv. Moderation in Business Dealings.
v. Fair Treatment of Customers.
vi. Zeal in Business-Building.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board of Directors of Boon Koon Group Berhad("BKG") acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity periodically to safeguard the interest of shareholders and the Group's assets. The Group Chief Executive Officer ("CEO") and management played an integral role in assisting the design and implementation of the Board's policies on risk and control.

This statement describes the processes that form the internal control framework throughout the Group's business operations, which were regularly reviewed by the Board.

The internal control system was designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives.

In pursuing these objectives, internal control can provide only reasonable, and not absolute, assurance against material misstatements or losses.

Risk Management

Throughout the history of the Group's operations, risk management practices have been inherent in the way management has conducted its business. The practices, values and culture that have endured to the present day have a profound effect on management's conduct. The Board has always regarded risk management as an integral part of its conduct.

There is a formal group risk management policy that had been approved by the Audit Committee for adoption throughout all its subsidiaries.

Management Processes and Control Framework

BKG has a set of well-established standard operating procedures covering all critical and significant facets of the Group's business processes. Procedures were primarily geared towards prevention of assets loss, but also covered other major functional aspects of the Group's business operations. These functions included cost control, asset security and occupational safety procedures, human capital management, productivity benchmarks, product quality assurance, compliance with regulatory standards and disciplines, etc. The procedures were also subject to review as processes change, or to meet new business requirements. Compliance with these procedures was essential element of the internal control framework.

Well-defined management structures and disciplines further reinforced the internal control framework to ensure its continued relevance and effectiveness. Among the management disciplines were a pre-defined chart of responsibility and accountability that provided clear definition of delegated authority to the various management levels along functional lines.

The Group also operated a comprehensive information system, it enabled transactions to be captured, complied and reported in a timely and accurate manner. The information system is highly automated. It provided management with dependable data, analysis, variations, exceptions and other inputs relevant to their performance. In each of the Group's business operations, monthly meetings were held to ensure that progress, exceptions and variations were fully discussed and acted upon to meet business objectives.

For continued effectiveness of the internal control framework, the Group maintained a well-resourced human capital function to oversee its operations. This ensures that the people driving key operations are sufficiently skilled and exert the required qualities of professionalism and integrity in their conduct. Continuous education and training programs were also to enhance employees' skills and to reinforce such qualities.

Additionally, the Group maintained an elaborate annual business planning and review process to make certain that the interests of all its subsidiaries are well balanced.

Monitoring and Review

The Board delegated the day-to-day functions to the CEO, who is aided by a team of corporate officers. Part of his role is to drive each of the business operations in a manner to maintain the integrity of the internal control framework and to implement effective risk management practices throughout the year.

From a process view point, the CEO presided over all regular management meetings in each of the business operations. These meetings reviewed financial performance, operational and business issues including risk management and internal control matters.

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Company's assets. To ensure the system of internal control is functioning effectively, the internal audit function of the Company has been outsourced to an external consultant and the Board relies on the internal audit function to provide it with much assurance about the state of internal controls of the Group. The internal auditor reports directly to the Audit Committee. The fees paid to the internal auditor in respect of the internal audit functions of the Group for the financial year amounted to RM 32,000.

Summary

The system of internal controls comprising the internal control framework, management processes, monitoring and review process described in this statement are considered appropriate. Also the risks undertaken were at an acceptable level within the context of the business environment throughout the Group. It should be noted that such arrangements do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees. Human errors and/or other unforeseen circumstances can result in poor judgment. The system of internal controls that existed throughout the year provided a level of confidence on which the Board relied upon for assurance. In the year under review, it has not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

This statement is made in accordance with a resolution passed by the Board of Directors in a meeting held on 6 July 2011.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

The Audit Committee
Committee currently comprises of the following Directors:

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)*

The Terms of Reference of the Committee are as follows:

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. At least one member of the Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - he/she must has passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
  - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director.

2. Attendance of Meetings

The Head of Finance and Head of Internal Audit, if any, are invited to attend meetings of the Audit Committee. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee should meet with the external Auditors without executive Board Members present at least twice a year. The Company Secretary shall be the secretary of the Committee.

3. Frequency of Meetings

The Committee shall meet at least four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two members of the Committee who shall be Independent Non-Executive Directors.

4. Authority

The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.

5. Duties

The duties of the Committee shall include:-

5.1 to recommend and consider the appointment and re-appointment of the external auditors, their audit fee and any question of their resignation or dismissal to the Board.

5. Duties (cont'd)

5.2 to review with the external Auditors the audit plans, evaluation on the internal controls and their audit reports and to consider adequacy of Management's actions taken on external audit reports.

5.3 to discuss the nature and scope of the audit with the external auditors before the audit commences.

5.4 to review the assistance given by the employees of the Company to the external Auditors.

5.5 to review the quarterly results and year end financial statements of the Company and the Group before submission to the Board, focusing particularly on :-

- public announcements of results and dividend payment;
- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- significant and unusual events;
- the going-concern assumption;
- compliance with accounting standards; and
- compliance with stock exchange and legal requirements.

5.6 to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary).

5.7 to keep under review the effectiveness of internal control system and, in particular, review the external auditors' management letter and management's response.

5.8 to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transactions between the Company and any related parties outside the Group.

5.9 to review and approve the statements to be included in the annual report concerning internal controls and risk management.

5.10 to review the internal audit programs and results of the internal audit processes and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit functions.

5.11 to monitor and review the effectiveness of the Company's internal audit function in the context of the company's overall risk management system.

5.12 to approve the appointment and removal of the head of the internal audit function.

5.13 to consider and approve adequacy of the scope, functions, competency and resources of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

5.14 to ensure the function have adequate standing and are free from management or other restrictions.

5.15 to review and assess the annual internal audit plan.

5.16 to review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

5.17 to monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements.

5.18 to review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

5.19 ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, eg. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.

5. **Duties (cont'd)**

5.20 to support and provide directions to the Group's internal audit function to ensure its effectiveness.

5.21 to carry out such other functions and consider other topics, as may be agreed upon by the Board.

6. **Reporting Procedures**

The Company Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

7. **Attendance of Meetings**

During the financial year ended 31 March 2011, a total of 5 Audit Committee meetings were held. The details of attendance of the Committee members were as follows:

Name of Committee Member	Attendance
Ho Kok Loon	5/5
Murelidaran A/L M Navaratnam	3/5
Ang Poh Gin	5/5

8. **Summary of Activities**

The Audit Committee had during the financial year ended 31 March 2011 discharged the following duties:

a. Reviewed the quarterly unaudited financial results and made recommendations to the Board for approval.

b. Reviewed the draft audited financial statements with external auditors prior to the submission to the Board for approval.

c. Reviewed with the external auditors on their management letter and management's response.

d. Reviewed the internal audit reports of the Group.

e. Reviewed the audit plan and its scope of work.

f. Reviewed the related party transactions.

9. **Internal Audit Function and Summary of Activities**

The Group has outsourced its internal audit function to an independent consulting firm. In order to act independently from the management, the external consultant will report directly to the Audit Committee and assists the Audit Committee in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The Audit Committee approved the internal audit plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

Further details on the internal audit function and its activities are set out in the Statement on Internal Control on pages 14 to 15 of this Annual Report.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2011.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2011 at 9:00 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2011 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM90,000.00 for the financial year ended 31 March 2011. **Resolution 1**

3. To re-elect Mr. Goh Boon Leong who retires in accordance with Article 95(1) of the Company's Articles of Association. **Resolution 2**

4. To re-elect Mr. Murelidaran a/l M Navaratnam who retires in accordance with Article 95(1) of the Company's Articles of Association. **Resolution 3**

5. To re-appoint Messrs Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications the following resolutions :-

(i) ORDINARY RESOLUTION NO. 1
AUTHORITY TO ISSUE SHARES
"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

(ii) ORDINARY RESOLUTION NO. 2
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY
"That subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid up ordinary share capital, such purchases to be made through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

(i) the aggregate number of ordinary shares of RM0.50 each in Boon Koon Group Berhad ("BKOON Shares") which may be purchased or held by the Company shall not exceed ten per centum (10%) of its issued and paid-up ordinary share capital of the Company, subject to a restriction that the issued and paid-up ordinary share capital of BKOON does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the BKOON Shares under the Proposed Share Buy-Back shall not exceed the total amount of retained profit and/or share premium available for effecting the Proposed Share Buy-Back. Based on the audited financial statements of the Company for the financial year ended 31 March 2011, the accumulated losses of the Company stood at RM36,019,580 and the Company does not have a share premium account. The Company will only purchase its own shares wholly out of retained profits and/or the share premium account as required under paragraph 12.10 of the Main Market Listing Requirements of Bursa Securities.

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

(a) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the BKOON Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) Upon completion of the purchase(s) of the BKOON Shares by the Company, the Directors of the Company be and are hereby authorised to cancel up to all the BKOON Shares so purchased or to retain the BKOON Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to be retained part of the BKOON Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

And that the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the BKOON Shares." **Resolution 6**

(iii) SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
"That the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved." **Resolution 7**

7. To transact any other business of which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

CHEE WAI HONG (MIA 17181)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 29 July 2011

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Explanatory Notes on Special Business

Resolution 5 – Authority to issue shares
The Ordinary Resolution proposed under item 6(i) above, if passed, primarily to renew the mandate to give authority to the Board of Directors to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, at any time in their absolute discretion without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Eighth Annual General Meeting held on 25 August 2010 and which will lapse at the conclusion of the Ninth Annual General Meeting to be held on 24 August 2011. A renewal of this authority is being sought at the Ninth Annual General Meeting under proposed Resolution 5.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 6 – Proposed Renewal of Share Buy-Back Authority
The Ordinary Resolution proposed under item 6(ii) above, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the issued and paid up capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting. Please refer to the Share Buy Statement in page 24 to 27 of this Annual Report.

Resolution 7 – Proposed Amendments to the Articles of Association of the Company
The Special Resolution proposed under item 6(iii) above, if passed, will give authority for the Company to amend Article 155 of the Company's Articles of Association in order to align with the amendments of the Listing Requirements pursuant to the directive from Bursa Malaysia Securities Berhad on the implementation of payment of electronic cash dividend, for clarification and enhancements.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

BOON KOON GROUP BERHAD (553434-U)

SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

“That the following existing Article 155 of the Articles of Association of the Company be hereby deleted in its entirety:-

155. Any dividend, interest or other money payable in cash in respect of securities may be paid by cheque, bankers draft, money order or warrant and sent through the post directed to the registered address of the holder in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder entitled to the security in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

and be replaced with a new Article 155 which reads as follows:-

155 **(1)** Any dividend, interest or other money payable in cash in respect of securities may be paid by **way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment (“eDividend”), direct debit, bank transfer,** cheque, bankers draft, money order or warrant or **via any other mode or manner as may be prescribed by the Act, Listing Requirements of Exchange and any other relevant authority for the time being in force.**

(2) **In the event that a member has not provided his bank account details to the Depository, any dividend, interest or other moneys payable in cash in respect of a securities may be paid by cheque, bank draft, dividend warrant or postal order (in the case of a cheque, bank draft, dividend warrant or postal order for such payment)** sent **by** post, **by courier or by hand** to the registered address of the holder **entitled as appearing** in the Record of Depositors.

(3) Every such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** shall be made payable to the order of the person to whom it is sent or such person as the holder entitled to the security in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** shall be sent at the risk of the person entitled to the money thereby represented. **The Company shall not be responsible for any inaccurate details supplied by the members or any errors, delay or power or electronic failure encountered during or in the course of transmission of data or payment or for any loss of any such eDividend, cheque, bank draft, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address or person or otherwise). No unpaid or unclaimed dividend or interest shall bear interest as against the Company.”**

1. Introduction

The Company had on 6 July 2011 announced that BKG is proposing to seek its shareholders' approval at the forthcoming Ninth Annual General Meeting ("Ninth AGM") of BKG to be held on 24 August 2011 for the renewal of the authority for the purchase by BKG of its own shares of up to ten percentage (10%) of the issued and paid-up share capital of BKG (the "Proposed Renewal of Share Buy-Back Authority").

The purpose of this Statement is to provide you with information on the Proposed Renewal of Share Buy-Back Authority together with your Directors' recommendation on the Proposed Renewal of Share Buy-Back Authority, and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming BKG Ninth AGM to be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2011 at 9.00 am.

The notice of the BKG Ninth AGM and the Form of Proxy are enclosed with the BKG 2011 Annual Report.

2. Details of the Proposed Renewal of Share Buy-Back Authority

At the Eighth AGM of BKG held on 25 August 2010, shareholders had, *inter alia*, approved the existing authority for the purchase by BKG of its own shares of up to ten percent (10%) of the issued and fully paid-up share capital of the Company ("Share Buy-Back Authority"). In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the resolution passed by the shareholders on 25 August 2010, Share Buy-Back Authority will expire at the conclusion of the BKG Ninth AGM to be held on 24 August 2011 unless renewed by an ordinary resolution passed by the shareholders.

The Board proposes to seek an authorisation from the shareholders for the Company to continue to purchase by BKG of its own shares of up to ten percent (10%) of the issued and paid-up capital at any point in time. The renewal of the authority from the shareholders for the purchase by BKG of its own shares will be effective immediately upon the passing of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority at BKG Ninth AGM to be held on 24 August 2011 until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

3. Source of Funds

The Listing Requirements stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits and/or share premium account of the listed company. BKG therefore proposes to allocate an amount not exceeding the audited retained profits and share premium account of BKG for the purpose of the Proposed Renewal of Share Buy-Back Authority.

Based on the latest audited financial statements of BKG for the financial year ended 31 March 2011, the amount of accumulated losses of BKG stood at RM36,019,580 and it did not have a share premium account. The Company will only purchase its own shares wholly out of retained profits and/or the share premium account as required under paragraph 12.10 of the Main Market Listing Requirements of Bursa Securities. The funding for the purchase by BKG of its own shares is expected to be internally generated and is not expected to have a material impact on the cash flow position of the Company.

The actual number of ordinary shares of RM0.50 each in BKG ("BKG Shares") to be purchased, the total amount of funds involved for each purchase and timing of the purchase would depend on market conditions and the amount of retained profits and share premium account, if any, of BKG.

4. Rationale for the Proposed Renewal of Share Buy-Back Authority

Proposed Renewal of Share Buy-Back Authority will provide BKG with another option to utilise its financial resources more efficiently. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand of BKG Shares as well as the price of BKG Shares. All things being equal, the Proposed Renewal of Share Buy-Back Authority, irrespective of whether the BKG Shares that have been previously bought-back pursuant to previous or the existing Share Buy-Back Authority ("Purchased BKG Shares") are held as treasury shares or cancelled, will result in a lower number of BKG Shares being taken into account for the purpose of computing the earnings per share ("EPS") of BKG Shares. The cost of the Purchased BKG Shares, whether held as treasury shares or cancelled, will be excluded from the shareholders' funds of BKG and its subsidiaries ("BKG Group") in the computation of return on equity ("ROE") of BKG, which in turn is expected to have a positive impact on the share price of BKG Shares.

5. Potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority

The Proposed Renewal of Share Buy-Back Authority, if exercised, is expected to potentially benefit BKG and its shareholders as follows:-

(i) the EPS of BKG Shares and the ROE of BKG (all other things being equal) would be enhanced. This is expected to have a positive impact on the market price of BKG Shares which will benefit shareholders of BKG; and

(ii) if the Purchased BKG Shares are retained as treasury shares, it will provide the Directors with the option to sell the Purchased BKG Shares at a higher price and generate profits for BKG. Alternatively, the Purchased BKG Shares retained as treasury shares may be distributed as share dividend to shareholders.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if exercised, will be the reduction in the financial resources of BKG. This may result in BKG foregoing other investment opportunities that may emerge in the future. However, the financial resources of BKG will increase upon the resale of the Purchased BKG Shares which are held as treasury shares in the open market.

6. Effects of the Proposed Renewal of Share Buy-Back Authority

The effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets and working capital and earnings of BKG, shareholdings of the Directors and substantial shareholders of BKG, assuming BKG purchases BKG Shares up to the maximum ten percent (10%) of the enlarged issued and paid-up share capital of BKG, are set out as follows:-

6.1 Share Capital

In the event that all the Purchased BKG Shares are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Renewal of Share Buy-Back Authority on the issued and paid-up share capital of BKG as at 30 June 2011, are as follows:-

	Number of BKG Shares of RM0.50 each	RM
As at 30 June 2011	138,375,000	69,187,500
Cancellation of Purchased BKG Shares	13,837,500	6,918,750
After the Proposed Renewal of Share Buy-Back Authority	124,537,500	62,268,750

However, in the event that all BKG Shares bought-back are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued and paid-up share capital of BKG.

6. Effects of the Proposed Renewal of Share Buy-Back Authority

6.2 Net Assets ("NA")

The Proposed Renewal of Share Buy-Back Authority may increase or decrease the NA per BKG Share depending on the purchase price(s) of BKG Shares bought-back pursuant to the Proposed Renewal of Share Buy-Back Authority. The NA per BKG Share will increase if the purchase price is less than the NA per BKG Share and will decrease if the purchase price exceeds the NA per BKG Share at the time when the BKG Shares are purchased.

In the event the Purchased BKG Shares which are retained as treasury shares are resold, the NA of BKG Shares will increase or decrease depending on whether a gain or loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the Purchased BKG Shares, retained as treasury shares, which are resold.

6.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the BKG Group, the quantum of which will depend on the number of BKG Shares purchased and the purchase price(s) of the BKG Shares.

6.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the earnings of BKG will depend on, *inter alia*, the number of BKG Shares purchased and the purchase price(s) of the BKG Shares.

6.5 Shareholdings of the Directors and Substantial Shareholders

(i) Shareholdings of Directors

The proforma effects of Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of BKG based on the Record of Depositors as at 30 June 2011 are as follows:-

Directors	As at 30 June 2011				After the Proposed Renewal of Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Goh Boon Koon	31,847,373	23.02	3,619,838#	2.62	31,847,373	25.57	3,619,838#	2.91
Goh Boon Leong	11,080,556	8.01	-	-	11,080,556	8.90	-	-
Ho Kok Loon	33,750	0.02	-	-	33,750	0.03	-	-
Ang Poh Gin	33,750	0.02	-	-	33,750	0.03	-	-
Murelidaran A/L M Navaratnam	21,937	0.02	-	-	21,937	0.02	-	-
Mohd Kamal Bin Omar	-	-	-	-	-	-	-	-

Other interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965

(ii) Shareholdings of Substantial Shareholders

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Substantial Shareholders of BKG based on the Register of Substantial Shareholders as at 30 June 2011 are as follows:-

Shareholders	As at 30 June 2011				After the Proposed Renewal of Share Buy-Back Authority			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Goh Boon Koon	31,847,373	23.02	-	-	31,847,373	25.57	-	-
Goh Boon Leong	11,080,556	8.01	-	-	11,080,556	8.90	-	-

7. Public Shareholding Spread

The Proposed Renewal of Share Buy-Back Authority shall be in compliance with Section 67A of the Companies Act, 1965 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Securities. Based on the public shareholding spread of BKG as at 30 June 2011 of 64.66%, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented up to ten percent (10%) of the issued and paid-up share capital of BKG and that the number of BKG Shares held directly and indirectly by the substantial shareholders and the Directors of BKG remain unchanged, the public shareholding spread of BKG is expected to be 60.73%.

8. Implications of the Proposed Renewal of Share Buy-Back Authority in relation to the Malaysian Code On Take-Overs And Mergers, 2010 ("the Code")

The Proposed Renewal of Share Buy-Back Authority if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation under the Code, approval would be sought from the Securities Commission for the exemption under Paragraph 24 Practice Note 9 of the Code, subject to certain conditions as set out in the Practice Note being met since the increase in their shareholdings is inadvertent and is a result of action that is outside their direct participation. In this respect, the Board is mindful of the provision under the Code.

9. Purchases and resale of BKG Shares made in the last financial year

The Company has not purchase any of its shares during the financial year ended 31 March 2011.

10. Directors', Major Shareholders', persons connected with Directors' and Major Shareholders' Interests

None of the Directors, Major Shareholders, persons connected with Directors and Major Shareholders have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

11. Directors' recommendation

The Board of Directors (the "Board"), having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, are of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of BKG.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the BKG Ninth AGM to be held on 24 August 2011.

12. Bursa Securities' disclaimer liability

Bursa Securities has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

13. FURTHER INFORMATION

Save as disclosed herein, the Directors do not have any knowledge of any other information concerning the Proposed Share Buy-Back Renewal as shareholders and their professional advisers would reasonably require and expect to find in the Share Buy-Back Statement for the purpose of making an informed assessment as to the merits of approving the Proposed Share Buy-Back Renewal and the extent of the risks involved in doing so.

Reports and Financial Statements

DIRECTORS' REPORT

For The Financial Year Ended 31 March 2011

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 2011.**

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 reporting period.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the year	**2,199,053**	**(3,540,050)**
Attributable to :		
Owners of the Parent	**2,228,881**	**(3,540,050)**
Minority interests	**(29,828)**	**-**
	2,199,053	**(3,540,050)**

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 2011** 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.

DIVIDENDS

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

The Company is not in a position to pay any dividend in view of the current year loss and the accumulated losses as at reporting date.

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
Mohd Kamal Bin Omar
Goh Boon Leong
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 :

	Number of ordinary shares of RM0.50 each			
	Balance at 1.4.10	**Bought**	**Sold**	**Balance at 31.3.11**
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
Ang Poh Gin	33,750	-	-	33,750
Murelidaran A/L M Navaratnam	21,937	-	-	21,937
Other Interest :				
Dato' Goh Boon Koon *	3,619,838	-	-	3,619,838

* By virtue of interest of the spouse and children

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 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

(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.

OTHER STATUTORY INFORMATION (cont'd)

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.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 34 to the financial statements.

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 : 12 July 2011

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 35 to 94 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 2011** 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 : 12 July 2011

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 35 to 94 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)
12th day of **July 2011**)

Goh Boon Leong

Before me,

Goh Suan Bee (No. P125)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

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 2011** 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 35 to 94.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these 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 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.

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 2011** 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' report of 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 accounts 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 accounts 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 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.

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. 708/03/12 (J/PH)
Chartered Accountant

Date : 12 July 2011

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 March 2011

	NOTE	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	50,693,320	55,687,112
Goodwill	5	21,285	-
Trade receivables	6	7,613,113	10,813,024
Deferred tax assets	7	850,000	-
		59,177,718	66,500,136
Current assets			
Inventories	8	62,076,683	66,944,250
Trade receivables	6	46,246,902	46,238,974
Other receivables, deposits and prepayments	9	2,857,389	11,609,942
Tax recoverable		481,177	369,470
Cash and bank balances	11	27,584,244	34,254,484
		139,246,395	159,417,120
Non-current asset held for sale	12	5,723,815	930,000
		144,970,210	160,347,120
TOTAL ASSETS		204,147,928	226,847,256
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	13	69,187,500	69,187,500
Exchange translation reserve	14	741,041	733,102
Accumulated losses		(23,838,153)	(26,067,034)
		46,090,388	43,853,568
Minority interests		10,406,279	10,637,032
Total equity		56,496,667	54,490,600
Non-current liabilities			
Borrowings	15	41,902,672	53,238,781
Deferred tax liabilities	7	2,103,433	1,382,884
		44,006,105	54,621,665
Current liabilities			
Trade payables	17	6,128,884	9,902,733
Other payables and accruals	18	8,292,569	6,897,373
Borrowings	15	89,165,142	100,819,342
Provision for taxation		58,561	115,543
		103,645,156	117,734,991
Total liabilities		147,651,261	172,356,656
TOTAL EQUITY AND LIABILITIES		204,147,928	226,847,256

The notes set out on pages 46 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2011

	NOTE	2011 RM	(Restated) 2010 RM
Revenue	19	**158,342,302**	153,997,573
Cost of sales	20	**(130,903,230)**	(130,276,297)
Gross profit		**27,439,072**	23,721,276
Other income	21	**1,969,129**	3,092,016
Administrative expenses		**(17,700,607)**	(16,860,896)
Selling and distribution expenses		**(3,081,778)**	(3,053,720)
Operating profit		**8,625,816**	6,898,676
Finance costs	22	**(6,033,850)**	(6,726,957)
Share of results of associates		**-**	(67,927)
Profit before taxation	23	**2,591,966**	103,792
Taxation	24	**(392,913)**	160,256
Profit for the year		**2,199,053**	264,048
Other comprehensive income : Foreign currency translation differences on foreign operations		**7,939**	(129,693)
Total comprehensive income for the year		**2,206,992**	134,355
Profit for the financial year attributable to :			
Owners of the Parent		**2,228,881**	(412,992)
Minority interests		**(29,828)**	677,040
		2,199,053	264,048
Total comprehensive income attributable to :			
Owners of the Parent		**2,236,820**	(542,685)
Minority interests		**(29,828)**	677,040
		2,206,992	134,355
Earnings/(loss) per share attributable to owners of the parent **- Basic (sen)**	26	**1.61**	(0.30)

The notes set out on pages 46 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 March 2011

	Attributable to Owners of the Parent					
		Non-Distributable				
	Share Capital RM	**Exchange Translation Reserve RM**	**Accumulated losses RM**	**Total RM**	**Minority Interests RM**	**Total Equity RM**
2011						
At 1 April 2010	**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 minority interest	**-**	**-**	**-**	**-**	**(200,925)**	**(200,925)**
At 31 March 2011	**69,187,500**	**741,041**	**(23,838,153)**	**46,090,388**	**10,406,279**	**56,496,667**
2010						
At 1 April 2009	69,187,500	862,795	(25,654,042)	44,396,253	9,959,992	54,356,245
Total comprehensive income for the year	-	(129,693)	(412,992)	(542,685)	677,040	134,355
At 31 March 2010	69,187,500	733,102	(26,067,034)	43,853,568	10,637,032	54,490,600

The notes set out on pages 46 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 March 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2,591,966**	103,792
Adjustments for :		
Amortisation of commercial papers issuance expenses	**99,036**	99,036
Bad debts	**160,176**	784,366
Depreciation	**7,725,466**	7,185,710
Gain on disposal of investment in a subsidiary	**-**	(2)
Gain on disposal of non-current asset held for sale	**(70,000)**	-
Gain on disposal of property, plant and equipment	**(218,913)**	(1,265,156)
Impairment loss on receivables	**1,861,565**	469,027
Interest expense	**6,738,458**	7,553,017
Interest income	**(2,939,562)**	(3,239,201)
Loss on disposal of investment in an associate	**-**	142,099
Property, plant and equipment written off	**22,452**	303,295
Share of results of associates	**-**	67,927
Unrealised loss/(gain) on foreign exchange	**110,032**	(144,352)
Operating profit before working capital changes	**16,080,676**	12,059,558
Decrease in inventories (1)	**8,608,119**	11,979,997
Decrease in receivables	**9,946,577**	9,206,404
(Decrease)/Increase in payables	**(2,378,653)**	4,088,994
Cash generated from operations	**32,256,719**	37,334,953
Interest paid	**(6,738,458)**	(7,553,017)
Interest received	**2,585,544**	2,834,590
Income tax paid	**(805,376)**	(943,522)
Income tax refund	**114,323**	5,101,709
Net cash from operating activities carried forward	**27,412,752**	36,774,713

The notes set out on pages 46 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For The Financial Year Ended 31 March 2011

	2011 RM	2010 RM
Net cash from operating activities brought forward	**27,412,752**	36,774,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in an associate	**-**	39,797
Acquisition of remaining equity interest in existing subsidiary (2)	**(222,210)**	-
Cash flow from disposal of investment in a subsidiary	**-**	2
Interest received	**352,831**	401,826
Withdrawal of fixed deposits	**53,460**	-
Proceeds from disposal of an associate	**-**	241,140
Proceeds from disposal of property, plant and equipment	**454,215**	4,618,627
Proceeds from disposal of non-current assets held for sale	**1,000,000**	-
Purchase of property, plant and equipment (3)	**(7,943,828)**	(1,668,209)
Net cash (used in)/from investing activities	**(6,305,532)**	3,633,183
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bankers acceptance and onshore foreign currency loans	**(12,027,594)**	(7,607,832)
Payment of finance lease	**(3,233,093)**	(4,921,188)
Withdrawal/(Placement) of short-term deposits	**2,467,475**	(2,465,000)
(Repayment)/Drawdown of block discounting loans	**(2,274,257)**	804,956
Repayment of Islamic Medium Term Notes	**(450,000)**	-
Repayment of term loans	**(2,492,049)**	(797,922)
Repayment of revolving credits	**(2,144,000)**	(3,056,000)
Net cash used in financing activities	**(20,153,518)**	(18,042,986)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**953,702**	22,364,910
Effects of changes in exchange rates	**(97,172)**	(22,154)
CASH AND CASH EQUIVALENTS AT BEGINNING	**24,573,476**	2,230,720
CASH AND CASH EQUIVALENTS AT END	**25,430,006**	24,573,476

The notes set out on pages 46 to 94 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For The Financial Year Ended 31 March 2011

	2011 RM	2010 RM
Represented by:		
Cash and bank balances	**25,844,219**	29,993,524
Bank overdrafts	**(414,213)**	(5,420,048)
	25,430,006	24,573,476
(1) **Decrease in inventories**		
Changes in inventories	**4,867,567**	10,005,514
Transfer from property, plant and equipment	**3,740,552**	1,974,483
Working capital changes	**8,608,119**	11,979,997
(2) **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**	-
(3) **Purchase of property, plant and equipment**		
Total acquisition cost	**13,111,578**	2,829,409
Acquired under finance lease	**(5,167,750)**	(1,161,200)
Total cash acquisition	**7,943,828**	1,668,209

The notes set out on pages 46 to 94 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As At 31 March 2011

	NOTE	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	**143,202**	255,505
Investment in subsidiaries	4	**42,595,871**	43,625,915
		42,739,073	43,881,420
Current assets			
Other receivables, deposits and prepayments	9	**119,637**	168,802
Amount due from subsidiaries	10	**24,204,149**	30,855,824
Cash and bank balances	11	**11,587,146**	7,653,481
		35,910,932	38,678,107
TOTAL ASSETS		**78,650,005**	82,559,527
EQUITY AND LIABILITIES			
Share capital	13	**69,187,500**	69,187,500
Accumulated losses		**(36,019,580)**	(32,479,530)
Total equity		**33,167,920**	36,707,970
Non-current liabilities			
Borrowings	15	**34,489,067**	44,760,225
Current liabilities			
Other payables and accruals	18	**1,072,824**	1,051,441
Borrowings	15	**9,920,194**	18,891
Provision for taxation		**-**	21,000
		10,993,018	1,091,332
Total liabilities		**45,482,085**	45,851,557
TOTAL EQUITY AND LIABILITIES		**78,650,005**	82,559,527

The notes set out on pages 46 to 94 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2011

	NOTE	2011 RM	2010 RM
Revenue	19	3,109,435	3,654,646
Other income	21	111,073	5,545
Administrative expenses		(4,564,246)	(11,649,694)
Operating loss		(1,343,738)	(7,989,503)
Finance costs	22	(2,217,312)	(2,278,646)
Loss before taxation	23	(3,561,050)	(10,268,149)
Taxation	24	21,000	(27,649)
Net loss, representing total comprehensive loss for the year		(3,540,050)	(10,295,798)

The notes set out on pages 46 to 94 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2011

	Share Capital RM	Accumulated Losses RM	Total Equity RM
2011			
At 1 April 2010	**69,187,500**	**(32,479,530)**	**36,707,970**
Total comprehensive loss for the year	**-**	**(3,540,050)**	**(3,540,050)**
At 31 March 2011	**69,187,500**	**(36,019,580)**	**33,167,920**
2010			
At 1 April 2009	69,187,500	(22,183,732)	47,003,768
Total comprehensive loss for the year	-	(10,295,798)	(10,295,798)
At 31 March 2010	69,187,500	(32,479,530)	36,707,970

The notes set out on pages 46 to 94 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For The Financial Year Ended 31 March 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(3,561,050)**	(10,268,149)
Adjustments for :		
Amortisation of commercial papers issuance expenses	**99,036**	99,036
Waiver of debts to subsidiaries	**-**	7,763,380
Depreciation	**60,710**	74,327
(Gain)/Loss on disposal of property, plant and equipment	**(111,073)**	2,336
Interest expense	**2,217,312**	2,278,646
Interest income	**(1,813,435)**	(2,358,646)
Impairment loss on investment in subsidiaries	**1,252,254**	291,045
Operating loss before working capital changes	**(1,856,246)**	(2,118,025)
Decrease in receivables	**50,352**	14,229
Increase/(Decrease) in payables	**21,383**	(86,363)
Cash used in operations	**(1,784,511)**	(2,190,159)
Income tax paid	**-**	(1,531)
Income tax refund	**-**	649,534
Interest paid	**(2,217,312)**	(2,278,646)
Interest received	**1,812,248**	2,360,865
Net cash used in operating activities	**(2,189,575)**	(1,459,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investment in a subsidiary	**(222,210)**	-
Net change in subsidiaries balances	**6,651,675**	6,523,569
Proceeds from disposal of property, plant and equipment	**173,124**	2,766
Purchase of property, plant and equipment	**(10,458)**	(2,600)
Net cash from investing activities	**6,592,131**	6,523,735
Balance carried forward	**4,402,556**	5,063,798

The notes set out on pages 46 to 94 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (cont'd)
For The Financial Year Ended 31 March 2011

	2011 RM	2010 RM
Balance brought forward	**4,402,556**	5,063,798
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal/(Placement) of short-term deposits	**2,467,475**	(2,465,000)
Payment of finance lease	**(18,891)**	(19,393)
Repayment of Islamic Medium Term Notes	**(450,000)**	-
Net cash from/(used in) financing activities	**1,998,584**	(2,484,393)
NET INCREASE IN CASH	**6,401,140**	2,579,405
CASH AND CASH EQUIVALENTS AT BEGINNING	**4,445,981**	1,866,576
CASH AND CASH EQUIVALENTS AT END	**10,847,121**	4,445,981
Represented by :		
Cash and bank balances	**720,247**	4,445,981
Short term funds with licensed financial institutions	**10,126,874**	-
	10,847,121	4,445,981

The notes set out on pages 46 to 94 form an integral part of these financial statements.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 July 2011.

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 reporting period.

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 new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM").

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 area of critical judgement in applying accounting policies that have a significant effect on the amount recognised in the financial statements.

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 reporting period are discussed below :

(i) **Useful lives of machinery and factory equipment**

The depreciable costs of machinery and factory equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2.2 Key sources of estimation uncertainty (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**

Reviews are made by management for damage, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(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.

2.3 Adoption of New and Revised FRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs and IC Interpretations mandatory for the reporting period :

(a) **Mandatory for financial periods beginning on or after 1 July 2009**

FRS 8	Operating Segments

(b) **Mandatory for financial periods beginning on or after 1 January 2010**

FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs (cont'd)

(b) **Mandatory for financial periods beginning on or after 1 January 2010 (cont'd)**

Amendments to FRS 2	Share Based Payment. Amendments relating to vesting conditions and cancellations
Amendments to FRS 132	Financial Instruments : Presentation. Amendments relating to puttable financial instruments and effective date and transition of the classification of compound instruments
Amendments to FRS 139, FRS 132 and IC Interpretation 9	Financial Instruments : Recognition and Measurement, Financial Instruments : Disclosure and Reassessment of Embedded Derivatives. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 January 2010.

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

(c) **Mandatory for financial periods beginning on or after 1 March 2010**

Amendment to FRS 132	Financial Instruments : Presentation. Amendments relating to classification of rights issues

The Group and the Company have adopted FRS 4 Insurance Contract and TR *i*-3 Presentation of Financial Statements of Islamic Financial Institutions on 1 April 2010. These FRSs are, however, not relevant to the operations of the Group and of the Company.

Initial application of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial statements of the Group and of the Company except for the following :

FRS 7 Financial Instruments : Disclosures

Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and for the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs (cont'd)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

Prior to 1 April 2010, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Following the adoption of FRS 8, the Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114_{2004}.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and by the Company.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group and the Company have adopted this as a prospective change in accounting policy.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below :

- Impairment of receivables :

  Prior to 1 April 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs (cont'd)

- Financial guarantee contracts :

  During the current period and prior years, the Company provided financial guarantees to banks in connection with bank borrowings granted to its subsidiaries. Prior to 1 April 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 April 2010.

- Interest income on finance lease :

  Prior to 1 April 2010, interest income from hire purchase receivables was recognised based on the sum-of-digits method over the duration of the financing period. Following the adoption of FRS 139, interest income from hire purchase receivables is recognised in the profit of loss using the effective interest rate ("EIR") method.

  With the adoption of the EIR method, the amortised cost of hire purchase receivables ("loans") is calculated using effective interest rate and allocating the corresponding interest income over the tenure of the loans. The EIR is the rate that exactly discounts the estimated future cash receipts over the tenure of the loans.

2.4 Standards Issued But Not Yet Effective

The following are Standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and by the Company :

(a) **Effective for financial periods beginning on or after 1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 July 2010.

(b) **Effective for financial periods beginning on or after 1 January 2011**

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters. Amendment relating to transition provisions for first-time adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters. Amendment relating to transition provision for first-time adopters in the industry of oil and gas
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions. Amendments relating to the scope and accounting for group cash-settled share-based payments transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers *

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

2.4 **Standards Issued But Not Yet Effective (cont'd)**

(b) **Effective for financial periods beginning on or after 1 January 2011 (cont'd)**

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 January 2011.

* During the reporting period, MASB approved and issued IC Interpretation 18 - Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

(c) **Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendment relating to the treatment of prepayments of future contributions when there is a minimum funding requirement

(d) **Effective for financial periods beginning on or after 1 January 2012**

IC Interpretation 15	Agreements for the Construction of Real Estate
FRS 124	Related Party Disclosures (Revised)

The existing FRS 1, FRS 3, FRS 127 and FRS 124 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 201_{2004}. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions. IC Interpretation 12 is not expected to be relevant to the operations of the Group and of the Company.

The directors anticipate that the adoption of these new/revised FRSs, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following :

FRS 3 Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard requires losses to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

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

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the reporting period. The Group adopts the acquisition method of consolidation.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the statement of financial position. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

2.6 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	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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Property, Plant and Equipment (cont'd)

The residual values, useful life and depreciation method are reviewed at 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 included in profit or loss.

2.7 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of its subsidiaries at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent period.

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in these circumstances is measured based on the relative fair values of the operations disposed of and portion of the cash-generating unit retained.

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

A finance lease which includes hire purchase arrangements, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

Operating Leases

An operating lease is a lease other than finance lease.

Operating lease income or operating lease rental are credited or charged to profit or loss on a straight line basis over the period of the lease.

2.9 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.

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

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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

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

Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to achieve cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income previously, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade receivables, intercompany balances and majority of the other receivables fall into this category of financial instruments.

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.

2.12 Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as hire purchase and trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of hire purchase and trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 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.

2.14 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.

2.15 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.

2.16 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of FRS 139, are 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 financial instrument. The Group and the Company classified its financial liabilities as other financial liabilities.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, intercompany balances and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 **Financial Liabilities (cont'd)**

Other financial liabilities (cont'd)

For other financial liabilities, gains and losses recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.17 **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

2.18 **Income Recognition**

(i) Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Rental and fleet management service income is recognised on a straight-line basis over the term of the lease.

(iii) Interest income on hire purchase is recognised over the period of financing using the effective interest rate method.

(iv) 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 state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the profit or loss as incurred.

2.20 **Income Tax**

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period 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 as 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income Tax (cont'd)

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 at the reporting date. Deferred tax is recognised in the 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 Company's functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. As at the end of the reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date unless hedged by foreign currency forward contract in which case the rates specified in such contract are used. All exchange gains or losses are included in the profit or loss.

The financial statements of foreign subsidiaries are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the end of the reporting period for statement of financial position items and at the approximate average rate of exchange of the reporting period for profit or loss items. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

2.22 Segment Reporting

Following the adoption of FRS 8, Operating Segments, 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 is the Board of Directors of the Company, 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.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity. Otherwise they are charged to profit or loss.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At Cost								
2011	**At 1 April 2010 RM**	**Additions RM**	**Transfer to inventories RM**	**Reclassification RM**	**Disposals RM**	**Written-off RM**	**Reclassified to non-current assets held for sale RM**	**Foreign currency translation RM**	**At 31 March 2011 RM**
Freehold land	17,684,727	-	-	(851,519)	-	-	(3,833,528)	-	12,999,680
Long term leasehold land	-	-	-	851,519	-	-	-	-	851,519
Buildings	18,907,361	-	-	-	-	-	(2,240,795)	-	16,666,566
Machinery and factory equipment	30,449,312	10,569,523	(6,075,313)	-	(1,962,146)	(703,509)	-	461	32,278,328
Office equipment, furniture and fittings	5,903,765	162,594	-	-	(3,919)	(1,087)	-	(867)	6,060,486
Motor vehicles	12,660,893	2,350,408	-	-	(1,951,080)	-	-	(3,277)	13,056,944
Capital expenditure in progress	589,955	29,053	-	-	-	-	-	-	619,008
	86,196,013	13,111,578	(6,075,313)	-	(3,917,145)	(704,596)	(6,074,323)	(3,683)	82,532,531

	Accumulated Depreciation								
	At 1 April 2010 RM	**Current charge RM**	**Transfer to inventories RM**	**Reclassification RM**	**Disposals RM**	**Written-off RM**	**Reclassified to non-current assets held for sale RM**	**Foreign currency translation RM**	**At 31 March 2011 RM**
Freehold land	-	-	-	-	-	-	-	-	-
Long term leasehold land	-	30,411	-	-	-	-	-	-	30,411
Buildings	2,907,307	379,308	-	-	-	-	(350,508)	-	2,936,107
Machinery and factory equipment	15,614,740	4,201,796	(2,334,761)	-	(1,806,938)	(681,486)	-	485	14,993,836
Office equipment, furniture and fittings	4,062,012	597,750	-	-	(507)	(658)	-	(747)	4,657,850
Motor vehicles	7,924,842	2,516,201	-	-	(1,218,471)	-	-	(1,565)	9,221,007
Capital expenditure in progress	-	-	-	-	-	-	-	-	-
	30,508,901	7,725,466	(2,334,761)	-	(3,025,916)	(682,144)	(350,508)	(1,827)	31,839,211

	Carrying amount at 31 March 2011 RM
Freehold land	12,999,680
Long term leasehold land	821,108
Buildings	13,730,459
Machinery and factory equipment	17,284,492
Office equipment, furniture and fittings	1,402,636
Motor vehicles	3,835,937
Capital expenditure in progress	619,008
	50,693,320

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

2010	At Cost							
	At 1 April 2009 RM	Additions RM	Transfer to inventories RM	Disposals RM	Written-off RM	Reclassified to non-current assets held for sale RM	Foreign currency translation RM	At 31 March 2010 RM
Freehold land	20,269,487	-	-	(1,654,760)	-	(930,000)	-	17,684,727
Buildings	18,911,126	-	-	(3,765)	-	-	-	18,907,361
Machinery and factory equipment	33,367,529	2,208,454	(2,950,122)	(1,859,920)	(321,385)	-	4,756	30,449,312
Office equipment, furniture and fittings	5,905,932	151,758	-	(84,046)	(80,173)	-	10,294	5,903,765
Motor vehicles	13,396,069	359,242	-	(1,113,999)	-	-	19,581	12,660,893
Capital expenditure in progress	480,000	109,955	-	-	-	-	-	589,955
	92,330,143	2,829,409	(2,950,122)	(4,716,490)	(401,558)	(930,000)	34,631	86,196,013

	Accumulated Depreciation							
	At 1 April 2009 RM	Current charge RM	Transfer to inventories RM	Disposals RM	Written-off RM	Reclassified to non-current assets held for sale RM	Foreign currency translation RM	At 31 March 2010 RM
Freehold land	-	-	-	-	-	-	-	-
Buildings	2,524,659	382,648	-	-	-	-	-	2,907,307
Machinery and factory equipment	13,371,869	3,780,049	(975,639)	(481,998)	(80,601)	-	1,060	15,614,740
Office equipment, furniture and fittings	3,408,784	697,416	-	(32,670)	(17,662)	-	6,144	4,062,012
Motor vehicles	6,440,466	2,325,597	-	(848,351)	-	-	7,130	7,924,842
Capital expenditure in progress	-	-	-	-	-	-	-	-
	25,745,778	7,185,710	(975,639)	(1,363,019)	(98,263)	-	14,334	30,508,901

	Carrying amount at 31 March 2010 RM
Freehold land	17,684,727
Buildings	16,000,054
Machinery and factory equipment	14,834,572
Office equipment, furniture and fittings	1,841,753
Motor vehicles	4,736,051
Capital expenditure in progress	589,955
	55,687,112

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2011			
At cost			
At 1 April 2010	**173,598**	**212,312**	**385,910**
Additions	**10,458**	**-**	**10,458**
Disposals	**(3,919)**	**(119,675)**	**(123,594)**
At 31 March 2011	**180,137**	**92,637**	**272,774**
Accumulated depreciation			
At 1 April 2010	**51,836**	**78,569**	**130,405**
Current charge	**31,924**	**28,786**	**60,710**
Disposals	**(507)**	**(61,036)**	**(61,543)**
At 31 March 2011	**83,253**	**46,319**	**129,572**
Carrying amount	**96,884**	**46,318**	**143,202**
2010			
At cost			
At 1 April 2009	176,398	212,312	388,710
Additions	2,600	-	2,600
Disposals	(5,400)	-	(5,400)
At 31 March 2010	173,598	212,312	385,910
Accumulated depreciation			
At 1 April 2009	20,270	36,106	56,376
Current charge	31,864	42,463	74,327
Disposals	(298)	-	(298)
At 31 March 2010	51,836	78,569	130,405
Carrying amount	121,762	133,743	255,505

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

(i) Freehold land with carrying amount of **RM Nil** (2010 : RM3,851,757) is pledged as security for banking facilities granted to a subsidiary.

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Forklifts	**6,194,083**	5,552,664	**-**	-
Office equipment, furniture and fittings	**-**	38,197	**-**	-
Motor vehicles	**2,317,265**	1,155,946	**46,319**	64,846
Capital expenditure in progress	**480,000**	480,000	**-**	-
	8,991,348	7,226,807	**46,319**	64,846

(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	
	2011	2010
	RM	RM
Unquoted shares, at cost	**67,733,583**	67,511,373
Less : Impairment loss		
At 1 April 2010/2009	**23,885,458**	23,594,413
Current year	**1,252,254**	291,045
At 31 March	**(25,137,712)**	(23,885,458)
	42,595,871	43,625,915

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

Name	**Effective Equity Interest**		**Principal Activities**
	2011	2010	
	%	%	
Direct			
Boon Koon Vehicles Industries Sdn. Bhd.	**100**	100	Manufacture and assemble commercial vehicles and the provision of related service.
Boon Koon Marketing (East Malaysia) Sdn. Bhd.	**100**	100	Sale of commercial vehicles and the provision of related service.
First Peninsula Credit Sdn. Bhd.	**100**	100	Provision of hire purchase financing and insurance agent.

4. INVESTMENT IN SUBSIDIARIES (cont'd)

	Name	Effective Equity Interest 2011 %	2010 %	Principal Activities
	Direct			
#	Boon Koon Vehicles Pte. Ltd. (Incorporated in Republic of Singapore)	**100**	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related service.
	BKCV Sdn. Bhd. (formerly known as BK Continental Vehicles Sdn. Bhd.)	**100**	100	Marketing and selling of reconditioned, rebuilt and used continental commercial vehicles.
	BK Fleet Management Sdn. Bhd.	**100**	89	Sale and rental of commercial vehicles, provision of fleet management and other related services.
	GKY Machinery (M) Sdn. Bhd.	**54**	54	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	Sale of commercial vehicles and the provision of related services.
	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.	**54**	54	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.
	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 the provision of related services.

Not audited by Grant Thornton.

2011

On July 2010, the Company 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.

4. INVESTMENT IN SUBSIDIARIES (cont'd)

2010

(i) On 16 November 2009, the Company through its wholly-owned subsidiary Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI") re-organised the shareholding of its indirect subsidiary, BK Commercial Trucks Sdn. Bhd. by transferring the shareholding from Boon Koon Sales & Marketing Sdn. Bhd. to BKVI.

(ii) On 24 December 2009, the Company through its wholly-owned subsidiary, BKVI, disposed of its entire equity interest in Boon Koon Sales & Marketing Sdn. Bhd. comprising 510,000 ordinary shares of RM1 for a cash consideration of RM2.

5. GOODWILL

	GROUP	
	2011	2010
	RM	RM
Arising from acquisition of subsidiaries :		
At 1 April 2010/2009	**2,805,496**	2,805,496
Addition	**21,285**	-
At 31 March	**2,826,781**	2,805,496
Less : Impairment loss on goodwill	**(2,805,496)**	(2,805,496)
	21,285	-

Impairment test on goodwill

The goodwill arose from the acquisition of certain subsidiaries and have been allocated to their respective business segment as the cash generating unit ("CGU").

The addition of goodwill during the year arose from the acquisition of additional interest in BKFM.

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.

6. TRADE RECEIVABLES

	GROUP 2011 RM	2010 RM
Non-current assets		
Hire purchase receivables	**7,613,113**	10,813,024
Current assets		
Trade receivables		
Total amount	**40,201,746**	38,208,345
Less : Impairment of receivables		
At 1 April 2010/2009	**773,047**	806,641
Additional allowance	**1,581,016**	230,825
Doubtful debts recovered	**(91,015)**	(145,591)
Written off	**(587,926)**	(118,828)
At 31 March	**(1,675,122)**	(773,047)
	38,526,624	37,435,298
Hire purchase receivables	**7,720,278**	8,803,676
	46,246,902	46,238,974

Trade receivables are generally given **30 to 180 days** (2010 : 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	GROUP 2011 RM	2010 RM
Hire purchase receivables		
Total receivables	**17,965,850**	23,330,150
Unearned interest income	**(2,327,652)**	(3,202,203)
	15,638,198	20,127,947
Less : Impairment of receivables		
At 1 April 2010/2009	**511,247**	274,585
Additional allowance	**280,549**	238,202
Doubtful debts recovered	**(716)**	-
Written off	**(486,273)**	(1,540)
At 31 March	**(304,807)**	(511,247)
	15,333,391	19,616,700
Less : Receivable under current assets	**(7,720,278)**	(8,803,676)
Receivable under non-current assets	**7,613,113**	10,813,024

6. TRADE RECEIVABLES (cont'd)

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

	GROUP	
	2011	2010
	RM	RM
Within one year	**7,720,278**	8,803,676
More than one year and less than two years	**4,390,236**	5,777,172
More than two years and less than five years	**3,202,696**	5,034,260
More than five years	**20,181**	1,592
	15,333,391	19,616,700

The currency profile of the trade receivables is as follows (foreign currency balances are unhedged) :

	GROUP	
	2011	2010
	RM	RM
Ringgit Malaysia	**57,815,157**	60,568,410
Indonesian Rupiah	**82,509**	300,222
Singapore Dollar	**-**	22,353
US Dollar	**34,945**	348,597
Japanese Yen	**-**	68,345
Australian Dollar	**29,549**	41,817
Thai Baht	**205,436**	188,751
	58,167,596	61,538,495
Less : Unearned interest income	**(2,327,652)**	(3,202,203)
Impairment of receivables	**(1,979,929)**	(1,284,294)
	53,860,015	57,051,998

7. DEFERRED TAX

	GROUP	
	2011	2010
	RM	RM
Deferred tax assets :		
Recognised in profit or loss/ Balance at end	**850,000**	-
Deferred tax liabilities :		
At 1 April 2010/2009	**1,382,882**	1,692,472
Recognised in profit or loss	**720,551**	(309,588)
At 31 March	**2,103,433**	1,382,884

7. DEFERRED TAX (cont'd)

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

	GROUP	
	2011	2010
	RM	RM
Deferred tax assets		
Excess of capital allowances over depreciation on property, plant and equipment	**(1,121,285)**	-
Unabsorbed tax losses	**8,587,921**	-
Deferred tax assets not recognised	**(6,616,636)**	-
	850,000	-
Deferred tax liabilities		
Excess of capital allowances over depreciation on property, plant and equipment	**2,357,053**	2,362,193
Unabsorbed capital allowances	**(227,000)**	(719,000)
Tax effect on unrealised profits	**(26,620)**	(260,309)
	2,103,433	1,382,884

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

8. INVENTORIES

	GROUP	
	2011	2010
	RM	RM
At cost		
Raw materials	**28,887,457**	17,903,954
Work-in-progress	**1,129,963**	883,891
Finished goods	**21,438,929**	32,614,430
	51,456,349	51,402,275
At net realisable value		
Work-in-progress	**760,159**	1,257,966
Finished goods	**9,860,175**	14,284,009
	10,620,334	15,541,975
	62,076,683	66,944,250

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Other receivables	**1,091,860**	3,189,337	**2,272**	-
Refundable deposits	**359,273**	670,820	**8,500**	500
Prepayments	**1,406,256**	7,749,785	**108,865**	168,302
	2,857,389	11,609,942	**119,637**	168,802

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

The currency profile of the other receivables, deposits and prepayments is as follows (foreign currency balances are unhedged) :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Ringgit Malaysia	**2,651,287**	11,447,055	**119,637**	168,802
Singapore Dollar	**-**	497	**-**	-
Japanese Yen	**112,350**	162,390	**-**	-
US Dollar	**93,752**	-	**-**	-
	2,857,389	11,609,942	**119,637**	168,802

10. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2011	2010
	RM	RM
Interest bearing	**15,750,683**	20,294,069
Non-interest bearing	**8,453,466**	10,561,755
	24,204,149	30,855,824

The currency profile of the amount due from subsidiaries is as follows (foreign currency balances are unhedged) :

	COMPANY	
	2011	2010
	RM	RM
Ringgit Malaysia	**22,600,870**	28,695,941
Singapore Dollar	**1,603,279**	2,159,883
	24,204,149	30,855,824

The amount due from subsidiaries is non-trade related, unsecured, and is repayable on demand. Interest is charged at **9%** (2010 : 9%) per annum on interest bearing amount.

11. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Unencumbered				
Short-term funds with licensed financial institutions	**13,327,061**	2,961,914	**10,126,874**	2,961,914
Investment in repo	**6,220,000**	-	**-**	-
Cash and bank balances	**6,297,158**	27,031,610	**720,247**	1,484,067
Cash and cash equivalents	**25,844,219**	29,993,524	**10,847,121**	4,445,981
Encumbered				
Fixed deposits with licensed banks	**1,000,000**	1,053,460	**-**	-
Short-term deposits with a licensed bank	**740,025**	3,207,500	**740,025**	3,207,500
	27,584,244	34,254,484	**11,587,146**	7,653,481

Analysis by currencies :

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Ringgit Malaysia	**26,962,420**	33,884,050	**11,577,008**	7,652,560
Singapore Dollar	**50,078**	77,076	**289**	289
Indonesian Rupiah	**45,598**	103,865	**632**	632
Japanese Yen	**444,066**	155,483	**-**	-
US Dollar	**77,180**	34,010	**4,315**	-
Others	**4,902**	-	**4,902**	-
	27,584,244	34,254,484	**11,587,146**	7,653,481

The encumbered fixed deposits are pledged to licensed banks 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 16).

A summary of the average effective interest rates are as follows :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	%	%	**%**	%
	per annum	per annum	**per annum**	per annum
Fixed deposits with licensed banks	**2.50**	2.50 to 3.50	**-**	-
Investment in repo	**1.60 to 2.30**	-	**-**	-
Short-term funds with licensed financial institutions	**2.75 to 2.76**	-	**2.75 to 2.76**	-

The profit sharing ratio between the Company and the bank on the short-term deposits range from **55% : 45% to 45% : 55%** (2010 : 40% : 60% to 60% : 40%) depending on the maturity period.

11. CASH AND BANK BALANCES (cont'd)

The maturities/redemption period are as follows :

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
Fixed deposits with licensed banks	**12 months**	12 months	**-**	-
Short-term deposits with a licensed bank	**2 to 5 months**	3 to 5 months	**2 to 5 months**	3 to 5 months
Investment in repo	**2 to 7 days**	-	**-**	-
Short-term funds with licensed financial institutions	**1 to 7 days**	-	**1 to 7 days**	-

12. NON-CURRENT ASSET HELD FOR SALE

	GROUP	
	2011	2010
	RM	RM
At 1 April 2010/2009	**930,000**	-
Reclassified from property, plant and equipment	**5,723,815**	930,000
Disposed during the year	**(930,000)**	-
At 31 March	**5,723,815**	930,000
Represented by :		
Freehold land	**3,833,528**	930,000
Office and factory buildings	**1,890,287**	-
	5,723,815	930,000

2011

A subsidiary of the Company had entered into sale and purchase agreements to dispose of the freehold land together with the office and factory buildings. These transactions are due to be completed in the next reporting period. Details of the sale and purchase agreements are disclosed in Note 34 to the financial statements.

13. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2011	2010	**2011**	2010
			RM	RM
Authorised	**200,000,000**	200,000,000	**100,000,000**	100,000,000
Issued and fully paid	**138,375,000**	138,375,000	**69,187,500**	69,187,500

14. EXCHANGE TRANSLATION RESERVE

GROUP

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

15. BORROWINGS

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Non-current liabilities				
Islamic Medium Term Notes (Note 16)	**34,476,685**	44,727,649	**34,476,685**	44,727,649
Term loans	**-**	1,643,862	**-**	-
Block discounting loans	**4,529,692**	6,154,374	**-**	-
Finance lease liabilities	**2,896,295**	712,896	**12,382**	32,576
	41,902,672	53,238,781	**34,489,067**	44,760,225
Current liabilities				
Islamic Medium Term Notes (Note 16)	**9,900,000**	-	**9,900,000**	-
Block discounting loans	**4,904,320**	5,553,895	**-**	-
Bank overdrafts	**414,213**	5,420,048	**-**	-
Bankers acceptance	**60,195,000**	74,246,000	**-**	-
Finance lease liabilities	**2,776,383**	3,655,392	**20,194**	18,891
Onshore foreign currency loans	**7,975,226**	5,951,820	**-**	-
Revolving credits	**3,000,000**	5,144,000	**-**	-
Term loan	**-**	848,187	**-**	-
	89,165,142	100,819,342	**9,920,194**	18,891

The borrowings of the subsidiaries are secured by way of :

(i) Negative pledge over the assets of the subsidiaries,
(ii) Trade Financing General Agreement,
(iii) Master agreement and assignment of the hire purchase agreements of a subsidiary,
(iv) Pledge of fixed deposits, and
(v) Corporate guarantee of the Company.

The currency profile of the borrowing is as follows (foreign currency balances are hedged, see Note 31.4) :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Ringgit Malaysia	**123,092,588**	148,106,303	**44,409,261**	44,779,116
Japanese Yen	**7,975,226**	5,951,820	**-**	-
	131,067,814	154,058,123	**44,409,261**	44,779,116

The term loan of RM4,200,000 was repayable over 62 equal monthly instalments of RM81,393 each commencing in January 2008. The term loan was fully repaid during the reporting period.

15. BORROWINGS (cont'd)

A summary of the effective interest rates and the maturities of the borrowings are 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					
2011					
Block discounting loans	**2.64 to 3.65**	**9,434,012**	**4,904,320**	**2,757,027**	**1,772,665**
Bank overdrafts	**7.05**	**414,213**	**414,213**	**-**	**-**
Bankers acceptance	**3.07 to 4.30**	**60,195,000**	**60,195,000**	**-**	**-**
Finance lease liabilities :					
Minimum lease payments	**2.55 to 6.02**	**6,130,541**	**3,054,182**	**1,912,535**	**1,163,824**
Finance charge		**(457,863)**			
Present value of minimum lease payments		**5,672,678**			
Onshore foreign currency loans	**1.70 to 3.01**	**7,975,226**	**7,975,226**	**-**	**-**
Revolving credits	**4.05**	**3,000,000**	**3,000,000**	**-**	**-**
2010					
Block discounting loans	2.58 to 3.78	11,708,269	5,553,895	3,893,030	2,261,344
Bank overdrafts	6.30 to 7.55	5,420,048	5,420,048	-	-
Bankers acceptance	1.88 to 3.95	74,246,000	74,246,000	-	-
Finance lease Liabilities :					
Minimum lease payments	2.55 to 6.02	4,573,148	3,833,131	712,909	27,108
Finance charge		(204,860)			
Present value of minimum lease payments		4,368,288			
Onshore foreign currency loans	2.32 to 2.80	5,951,820	5,951,820	-	-
Revolving credits	3.32 to 3.85	5,144,000	5,144,000	-	-
Term loan	7.05	2,492,049	848,187	901,365	742,497
COMPANY					
2011					
Finance lease liabilities :					
Minimum lease payments	**3.50**	**34,295**	**21,660**	**12,635**	**-**
Finance charge		**(1,719)**			
Present value of minimum lease payments		**32,576**			

15. BORROWINGS (cont'd)

	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
2010					
Finance lease liabilities :					
Minimum lease payments	3.50	55,955	21,660	34,295	-
Finance charge		(4,488)			
Present value of minimum lease payments		51,467			

16. ISLAMIC COMMERCIAL PAPERS ("ICP") AND/OR ISLAMIC MEDIUM TERM NOTES ("IMTN")

	GROUP AND COMPANY	
	2011 RM	2010 RM
Islamic Medium Term Notes (Note 15)		
Total amount repayable	**44,550,000**	45,000,000
* Less : Issuance expenses	**(173,315)**	(272,351)
	44,376,685	44,727,649
Repayable within one year	**(9,900,000)**	-
Repayable more than one year and less than two years	**34,476,685**	44,727,649
* Analysis of issuance expenses :		
At 1 April 2010/2009	**272,351**	371,387
Less : Charged to profit or loss	**(99,036)**	(99,036)
At 31 March	**173,315**	272,351

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.

16. ISLAMIC COMMERCIAL PAPERS ("ICP") AND/OR ISLAMIC MEDIUM TERM NOTES ("IMTN") (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.

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,

16. ISLAMIC COMMERCIAL PAPERS ("ICP") AND/OR ISLAMIC MEDIUM TERM NOTES ("IMTN") (cont'd)

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.

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

Financial year ended/ending	**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

17. TRADE PAYABLES

The currency profile of the trade payables is as follows (foreign currency balances are unhedged) :

	GROUP	
	2011	2010
	RM	RM
Ringgit Malaysia	**3,746,514**	8,375,061
Japanese Yen	**2,032,297**	1,527,672
Singapore Dollar	**151,576**	-
US Dollar	**24,000**	-
Pound Sterling	**148,688**	-
Chinese Renminbi	**25,809**	-
	6,128,884	9,902,733

Trade payable are non-interest bearing and are generally on **30 to 120 days** (2010 : 30 to 120 days) credit terms.

18. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Other payables	**820,570**	1,051,687	**3,472**	2,442
Amount due to a director of a subsidiary	**1,260,712**	1,428,585	**-**	-
Accruals	**5,383,126**	2,760,629	**1,069,352**	1,048,999
Deposits received	**828,161**	1,656,472	**-**	-
	8,292,569	6,897,373	**1,072,824**	1,051,441

The currency profile of the other payables and accruals is as follows (foreign currency balances are unhedged) :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Ringgit Malaysia	**8,278,636**	6,865,763	**1,072,824**	1,051,441
Singapore Dollar	**7,157**	7,576	**-**	-
Indonesian Rupiah	**-**	24,034	**-**	-
Japanese Yen	**6,776**	-	**-**	-
	8,292,569	6,897,373	**1,072,824**	1,051,441

GROUP

The amount due to a director of a subsidiary is non-trade related, non-interest bearing, unsecured and is repayable on demand.

19. REVENUE

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Sales of commercial vehicles, forklifts, heavy machineries and bodyworks	**141,656,752**	138,126,811	**-**	-
Rental and fleet management service income	**13,218,531**	11,845,943	**-**	-
Hire purchase interest income	**2,096,125**	2,630,703	**-**	-
Insurance commission income	**898,547**	881,623	**-**	-
Interest income	**472,347**	512,493	**1,813,435**	2,358,646
Management fee income	**-**	-	**1,296,000**	1,296,000
	158,342,302	153,997,573	**3,109,435**	3,654,646

20. COST OF SALES

	GROUP	
		(Restated)
	2011	2010
	RM	RM
Cost of commercial vehicles and body works	**121,678,011**	121,162,137
Direct operating cost for insurance and financing operations *	**1,719,361**	1,646,400
Rental and fleet management service expenses	**7,505,858**	7,467,760
	130,903,230	130,276,297

*Included herein is finance costs interest amounting to **RM704,608** (2010 : RM826,060).

21. OTHER INCOME

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Bad debt recovered	**60,712**	72,830	**-**	-
Doubtful debts recovered	**91,731**	145,591	**-**	-
Interest income	**371,090**	96,005	**-**	-
Gain on disposal of investment in subsidiary	**-**	2	**-**	-
Gain on disposal of property, plant and equipment	**218,913**	1,708,349	**111,073**	-
Gain on disposal of non-current asset held for sale	**70,000**	-	**-**	-
Realised gain on foreign exchange	**327,839**	437,275	**-**	45
Rental income	**4,970**	31,225	**-**	-
Unrealised gain on foreign exchange	**-**	144,352	**-**	-
Others	**823,874**	456,387	**-**	5,500
	1,969,129	3,092,016	**111,073**	5,545

22. FINANCE COSTS

	GROUP 2011 RM	GROUP (Restated) 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Interest on :				
Bank overdrafts	**23,637**	321,574	**-**	-
Bankers acceptance	**2,956,766**	2,911,885	**-**	-
Finance lease	**360,109**	534,269	**2,769**	4,071
* Islamic Medium Term Notes	**2,214,543**	2,274,575	**2,214,543**	2,274,575
Onshore foreign currency loans	**151,201**	205,639	**-**	-
Revolving credits	**156,586**	257,803	**-**	-
Term loan	**171,008**	220,638	**-**	-
Trade loan	**-**	574	**-**	-
	6,033,850	6,726,957	**2,217,312**	2,278,646

*Share of profit at 6.50% per annum.

23. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at :

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
After charging :				
Amortisation of commercial papers issuance expenses	**99,036**	99,036	**99,036**	99,036
Audit fees	**86,039**	90,716	**12,500**	12,500
Bad debts	**160,176**	784,366	**-**	-
Depreciation	**7,725,466**	7,185,710	**60,710**	74,327
Directors' fee				
- Non-executive directors of the Company				
- present	**42,000**	42,000	**42,000**	42,000
Directors' emoluments				
- Non-executive directors of the Company				
- present	**2,600**	8,300	**2,600**	8,300
- past	**-**	1,800	**-**	1,800
Impairment loss on receivables	**1,861,565**	469,027	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**1,252,254**	291,045
Loss on disposal of an associate	**-**	142,099	**-**	-
Loss on disposal of property, plant and equipment	**-**	443,193	**-**	2,336
Property, plant and equipment written off	**22,452**	303,295	**-**	-
Realised loss on foreign exchange	**169,054**	130,462	**39**	-
Rental of equipment	**302,043**	89,613	**-**	-
Rental of premises	**299,146**	272,774	**78,000**	78,000
* Staff costs	**10,613,522**	10,460,930	**2,280,748**	2,140,948
Unrealised loss on foreign exchange	**110,032**	-	**-**	-
Waiver of debts to subsidiaries	**-**	-	**-**	7,763,380

23. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
* **Staff costs**				
- Salaries, gratuity, allowance, wages and bonus	**9,480,765**	9,356,865	**2,013,029**	1,901,002
- EPF	**1,051,645**	1,025,706	**259,613**	230,835
- SOCSO	**81,112**	78,359	**8,106**	9,111
	10,613,522	10,460,930	**2,280,748**	2,140,948

Included in the staff costs are directors' remuneration as shown below :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Directors' emoluments				
Executive directors of the Company (1)				
- Salaries, gratuity, allowances and bonus	**875,854**	1,010,100	**754,165**	746,400
- EPF	**104,298**	119,180	**99,761**	90,380
	980,152	1,129,280	**853,926**	836,780
Executive directors of the subsidiaries (2)				
- Salaries, gratuity, allowances and bonus	**935,990**	1,199,340	**-**	-
- EPF	**69,143**	122,644	**-**	-
	1,005,133	1,321,984	**-**	-
	1,985,285	2,451,264	**853,926**	836,780
Director's fee				
Executive directors of the Company (3)	**48,000**	7,000	**48,000**	7,000
Executive directors of the subsidiaries (4)	**4,800**	4,800	**-**	-
	2,038,085	2,463,064	**901,926**	843,780
Benefits-in-kind				
Executive directors of the Company (5)	**30,200**	6,200	**30,200**	6,200
Executive directors of the subsidiaries (6)	**2,200**	600	**-**	-
	32,400	6,800	**30,200**	6,200
	2,070,485	2,469,864	**932,126**	849,980

23. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
[1] Executive directors of the Company				
- Past directors	**126,426**	3,400	**200**	3,400
- Present directors	**853,726**	1,125,880	**853,726**	833,380
	980,152	1,129,280	**853,926**	836,780
[2] Executive directors of the subsidiaries				
- Past directors	**180,526**	-	**-**	-
- Present directors	**824,607**	1,321,984	**-**	-
	1,005,133	1,321,984	**-**	-
[3] Executive directors of the Company				
- Present directors	**48,000**	7,000	**48,000**	7,000
[4] Executive directors of the subsidiaries				
- Present directors	**4,800**	4,800	**-**	-
[5] Executive directors of the Company				
- Present directors	**30,200**	6,200	**30,200**	6,200
[6] Executive directors of the subsidiaries				
- Present directors	**2,200**	600	**-**	-

24. TAXATION

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Malaysian income tax :				
Based on results for the year				
- Current tax	**(477,000)**	(457,275)	**-**	(21,000)
- Deferred tax relating to origination and reversal of temporary differences	**(71,051)**	166,938	**-**	-
	(548,051)	(290,337)	**-**	(21,000)
Over/(Under) provision in prior years				
- Current tax	**(45,362)**	307,943	**21,000**	(6,649)
- Deferred tax	**200,500**	142,650	**-**	-
	155,138	450,593	**21,000**	(6,649)
	(392,913)	160,256	**21,000**	(27,649)

24. TAXATION (cont'd)

The reconciliation of tax expense is as follows :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Profit/(Loss) before taxation	**2,591,966**	103,792	**(3,561,050)**	(10,268,149)
Share of results of associate	**-**	67,927	**-**	-
	2,591,966	171,719	**(3,561,050)**	(10,268,149)
Income tax at Malaysian statutory tax rate of 25%	**(647,991)**	(42,930)	**890,262**	2,567,037
Different tax rates in other countries	**(4,853)**	(9,578)	**-**	-
	(652,844)	(52,508)	**890,262**	2,567,037
Income not subject to tax	**75,461**	63,526	**-**	-
Expenses not deductible for tax purposes	**(1,518,414)**	(508,029)	**(875,001)**	(2,586,696)
Utilisation of tax losses	**198,090**	61,500	**-**	-
Utilisation of capital allowances	**1,048,455**	470,802	**-**	-
Unutilised tax losses recognised as deferred tax assets	**850,000**	-	**-**	-
Net deferred tax assets not recognised	**(548,799)**	(325,628)	**(15,261)**	(1,341)
	(548,051)	(290,337)	**-**	(21,000)
Over/(Under) provision in prior years	**155,138**	450,593	**21,000**	(6,649)
	(392,913)	160,256	**21,000**	(27,649)

The amount and future availability of unabsorbed tax losses and capital allowances for which the related tax effects have not been accounted for at the end of the reporting period are as follows :

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
Unabsorbed tax losses	**41,652,000**	49,506,000	**-**	-
Unabsorbed capital allowances	**593,000**	4,771,600	**-**	-

24. TAXATION (cont'd)

The following deferred tax (assets)/liabilities have not been recognised in the financial statements :

	GROUP		COMPANY	
	2011 RM	2010 RM	**2011 RM**	2010 RM
Excess of capital allowances over depreciation on property, plant and equipment	**81,548**	1,541,778	**19,647**	34,908
Unabsorbed tax losses	**(10,413,037)**	(12,376,808)	**-**	-
Unabsorbed capital allowances	**(148,423)**	(1,192,630)	**-**	-
	(10,479,912)	(12,027,660)	**19,647**	34,908

The potential deferred tax assets are not recognised in the financial statements as it is anticipated that the tax effects of such deferral will not reverse in the foreseeable future.

25. SEGMENTAL INFORMATION

(a) **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

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.

25. SEGMENTAL INFORMATION (cont'd)

By business segments

2011	Commercial vehicles, forklifts, heavy machineries and bodyworks RM	Insurance and financing RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
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 asset	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	33,701,872	1,556,885	8,569,429	1,072,824	(30,479,557)	14,421,453
Borrowings	72,580,526	9,743,239	4,334,789	44,409,260		131,067,814
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	197,459	429,822	1,348,819	(111,073)	285	1,865,312

25. SEGMENTAL INFORMATION (cont'd)

By business segments

2010	Commercial vehicles, forklifts, heavy machineries and bodyworks RM	Insurance and financing RM	Rental and fleet management services RM	Others RM	Elimination RM	Total RM
Revenue						
External customers	138,126,811	3,648,454	11,845,943	376,365	-	153,997,573
Inter-segment revenue	2,798,500	340,879	-	3,278,281	(6,417,660)	-
Total revenue	140,925,311	3,989,333	11,845,943	3,654,646		153,997,573
Results						
Segment results	14,187,433	(760,473)	895,477	(10,348,149)	511,247	4,485,535
Interest income	66,605	2,804,012	54,079	2,358,646	(2,044,141)	3,239,201
Interest expense	(5,265,013)	(1,069,213)	(982,580)	(2,278,646)	2,042,435	(7,553,017)
Share of results of associates	(67,927)	-	-	-	-	(67,927)
Profit/(loss) before taxation	8,921,098	974,326	(33,024)	(10,268,149)		103,792
Taxation	(31,440)	(186,239)	190,208	(27,649)	215,376	160,256
Profit/(loss) for the year	8,889,658	788,087	157,184	(10,295,798)		264,048
Assets						
Segment assets	157,076,223	19,776,138	24,166,141	74,906,046	(83,701,246)	192,223,302
Tax recoverable	94,416	78,847	196,207	-	-	369,470
Deposits with licensed banks	53,460	1,000,000	-	3,207,500	-	4,260,960
Cash and bank balances	24,864,239	335,596	347,708	4,445,981	-	29,993,524
Total assets	182,088,338	21,190,581	24,710,056	82,559,527		226,847,256
Liabilities						
Segment liabilities	41,657,167	2,473,428	7,328,913	1,051,441	(35,710,843)	16,800,106
Borrowings	92,696,066	12,537,376	4,045,565	44,779,116	-	154,058,123
Provision for taxation	35,982	-	-	21,000	58,561	115,543
Deferred tax liabilities	-	11,250	1,640,000	-	(268,366)	1,382,884
Total liabilities	134,389,215	15,022,054	13,014,478	45,851,557		172,356,656
Other information						
Capital expenditure	341,319	20,598	3,224,383	2,600	(759,491)	2,829,409
Depreciation and amortisation	3,317,167	24,256	4,143,898	173,362	(373,937)	7,284,746
Non-cash expenses/(income) other than depreciation and amortisation	(582,414)	294,131	784,078	2,337	(140,928)	357,204

25. SEGMENTAL INFORMATION (cont'd)

(b) **Information about major customers**

Revenue from commercial vehicles, forklifts, heavy machineries and bodyworks segment amounting to **RM74,327,932** (2010 : RM35,540,439) arose from **3** (2010 : 1) major customers of the Group. A major customer is defined as one who contributes more than 10% of the Group's revenue.

(c) **Geographical segments**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows :

	2011	
	Revenue RM	**Non-current assets RM**
Malaysia	**158,342,302**	**59,141,866**
Singapore	**-**	**11,153**
Indonesia	**-**	**24,699**
	158,342,302	**59,177,718**

	2010	
	Revenue RM	Non-current assets RM
Malaysia	153,997,573	66,438,582
Singapore	-	25,600
Indonesia	-	35,954
	153,997,573	66,500,136

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011 RM	2010 RM
Property, plant and equipment	**50,693,320**	55,687,112
Goodwill	**21,285**	-
Trade receivables	**7,613,113**	10,813,024
Deferred tax assets	**850,000**	-
	59,177,718	66,500,136

26. BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the reporting period calculated as follows :

	GROUP	
	2011	2010
Profit/(Loss) for the reporting period attributable to owners of the parent **(RM)**	**2,228,881**	(412,992)
Weighted average number of ordinary shares of RM0.50 each in issue	**138,375,000**	138,375,000
Basic earnings/(loss), for net profit/(loss) for the reporting period **(sen)**	**1.61**	(0.30)

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.

27. RELATED PARTY DISCLOSURES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM	RM	**RM**	RM
(i) Related party transactions				
Insurance expense to a subsidiary	**-**	-	**(20,978)**	(15,512)
Interest income from subsidiaries	**-**	-	**1,504,022**	1,982,281
Management fee income from subsidiaries	**-**	-	**1,296,000**	1,296,000
Rental expense to a subsidiary	**-**	-	**(78,000)**	(78,000)
Waiver of debts to subsidiaries	**-**	-	**-**	(7,763,380)
Advisory fee paid to a past director of a subsidiary	**(16,000)**	-	**-**	-
Rental expense to BKNT Resources Sdn. Bhd.	**(116,800)**	-	**-**	-
Rental income from BKNT Resources Sdn. Bhd.	**2,400**	9,600	**-**	-

BKNT Resources Sdn. Bhd. is a company related by virtue of certain directors of the Company having financial interest.

(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 which compensation has been shown in Note 23.

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.

28. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	2011	2010
	RM	RM
Corporate guarantee extended by the Company to banks for credit facilities granted to subsidiaries as at the end of the reporting period are as follows :		
- Limit	**94,474,750**	114,269,873
- Utilised	**85,416,310**	108,598,621

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.

29. COMMITMENTS

Cancellable operating lease commitments

(i) **The Group as lessor**

The future minimum lease payments receivable under cancellable operating lease commitments :

	GROUP	
	2011	2010
	RM	RM
Future minimum rentals receivable :		
Not more than one year	**5,309,669**	6,211,698
More than one year and less than five years	**1,127,700**	2,691,798
	6,437,369	8,903,496

Operating lease commitments represent rentals receivable for rent of commercial vehicles and forklifts. Leases are negotiated for terms of **one to five years** (2010 : one to five years).

(ii) **The Group as lessee**

The future minimum lease payments under cancellable operating lease commitments :

	GROUP	
	2011	2010
	RM	RM
Future minimum rentals payable :		
Not more than one year	**327,845**	223,150
More than one year and less than five years	**422,480**	255,600
	750,325	478,750

Operating lease commitments represent rentals payable for use of office, office equipment and hostel. Leases are negotiated for terms of **one to five years** (2010 : one to two years).

30. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows :

(i) Loans and receivables ("L&R"); and
(ii) Other liabilities measured at amortised cost ("AC")

	Carrying amount RM	L&R RM	AC RM
2011			
GROUP			
Financial assets			
Trade receivables (Note 6)	53,860,015	53,860,015	-
Other receivables and refundable deposits (Note 9)	1,451,133	1,451,133	-
Cash and bank balances (Note 11)	27,584,244	27,584,244	-
	82,895,392	82,895,392	-
Financial liabilities			
Trade payables (Note 17)	6,128,884	-	6,128,884
Other payables and accruals (Note 18)	8,292,569	-	8,292,569
Borrowings (Note 15)	131,067,814	-	131,067,814
	145,489,267	-	145,489,267
COMPANY			
Financial assets			
Other receivables and refundable deposits (Note 9)	10,772	10,772	-
Amount due from subsidiaries (Note 10)	24,204,149	24,204,149	-
Cash and bank balances (Note 11)	11,587,146	11,587,146	-
	35,802,067	35,802,067	-
Financial liabilities			
Other payables and accruals (Note 18)	1,072,824	-	1,072,824
Borrowing (Note 15)	44,409,261	-	44,409,261
	45,482,085	-	45,482,085

Comparative figures have not been presented for 31 March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

31. 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.

31.1 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 hire purchase and trade receivables. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

i. **Hire purchase receivables**

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers and credit procedure process are monitored by management.

The hire purchase receivables are secured by the vehicles financed by the Group. In addition, personal guarantees are obtained from customers with weak credit evaluation.

The maximum exposure to credit risk arising from hire purchase receivables is represented by the carrying amounts in the statement of financial position.

The ageing of hire purchase receivables and accumulated impairment loss of the Group is as follows :

	Gross RM	Impairment RM	Net RM
Hire purchase receivables			
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**
	1,568,747	**(304,807)**	**1,263,940**
	15,638,198	**(304,807)**	**15,333,391**

Hire purchase receivables that are individually determined to be impaired at the end of the reporting period relate to customers that are in significant financial difficulties and have defaulted on repayments.

The Group has no concentration of credit risk on its hire purchase receivables.

ii. **Trade receivables**

The Group extends credit terms of 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.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

31.1 Credit risk (cont'd)

ii. Trade receivables (cont'd)

The ageing of trade receivables and accumulated impairment loss of the Group is as follows :

	Gross RM	Impairment RM	Net RM
Trade receivables			
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
	11,311,323	(1,675,122)	9,636,201
	40,201,746	(1,675,122)	38,526,624

Total impairment loss relates to customers that have financial difficulties and have defaulted in repayment even after legal actions have been taken.

The Group has trade receivables amounting to RM9,636,201 that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

The Group has concentration of credit risk on 3 customers which represents 46% of total trade receivables.

iii. Intercompany balances

The Company obtains and provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

As at the date of this report, there was no indication that the advances to its subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

iv. Financial guarantee

The Company provides unsecured corporate guarantee to banks and financial institutions in respect of credit facilities granted to certain subsidiaries.

The maximum exposure to credit risk is disclosed in Note 28, 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 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.

31.2 **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date 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					
Interest bearing borrowings	**131,067,814**	**132,359,624**	**89,855,395**	**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**	**-**	**-**
	145,489,267	**146,781,077**	**104,276,848**	**39,496,370**	**3,007,859**
COMPANY					
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**	**-**

31.3 **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 interest-bearing financial instruments based on the carrying amount as at reporting date is as follows :

	GROUP RM	COMPANY RM
Fixed rate instruments		
Financial assets	**15,333,391**	**15,750,683**
Financial liabilities	**59,483,375**	**44,409,261**

	GROUP RM	COMPANY RM
Floating rate instruments		
Financial assets	**21,287,086**	**10,866,899**
Financial liabilities	**71,584,439**	**-**

Fair value 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.

31.3 **Interest rate risk (cont'd)**

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the beginning of the financial period would have decreased/increased 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 RM	COMPANY RM
(Decrease)/Increase in profit before taxation	(164,494)	24,841

31.4 **Foreign currency risk**

The Group and the Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group and the Company also holds 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"), Japanese Yen ("JPY") and others.

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows :

	USD RM	SGD RM	JPY RM	Others RM
GROUP				
Trade receivables	34,945	-	-	317,494
Other receivables	93,752	-	112,350	-
Cash and bank balances	77,180	50,078	444,066	50,500
Trade payables	(24,000)	(151,576)	(2,032,297)	(174,497)
Other payables	-	(7,157)	(6,776)	-
*Borrowings - unhedged	-	-	(1,830,044)	-
Net exposure	181,877	(108,655)	(3,312,701)	193,497
COMPANY				
Amount due from subsidiaries	-	1,603,279	-	-
Cash and bank balances	4,315	289	-	5,534
Net exposure	4,315	1,603,568	-	5,534

	RM
* Borrowings denominated in JPY (Note 15)	7,975,226
Less : Amount hedged using foreign currency forward contracts	(6,145,182)
Amount unhedged	1,830,044

31.4 **Foreign currency risk (cont'd)**

To minimise the exposure to foreign currency risk on its JPY borrowings, the Group enters into foreign currency forward contracts. Upon entering into such contracts, the Group recognises immediately in the profit or loss, the difference between the contracted rates and the book-in rates. The amount of gain recognised in the profit or loss for the outstanding hedged amount as at the end of the reporting period is RM69,604.

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.

	GROUP RM	COMPANY RM
USD	18,188	432
SGD	(10,866)	160,357
JPY	(331,270)	-
Others	19,350	553
(Decrease)/Increase in profit before taxation	(304,598)	161,342

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that re-priced to market interest rates on or near the reporting date.

33. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Directors determine and monitor to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements as disclosed in Note 16.

	GROUP RM	COMPANY RM
Total borrowings	131,067,814	44,409,261
Less: Cash and bank balances*	(26,584,244)	(11,587,146)
Net debt	104,483,570	32,822,115
Total equity	56,496,667	33,167,920
Gearing ratio	1.85	0.99

* Cash and bank balances excludes the fixed deposits which are pledged to licensed banks.

34. SUBSEQUENT EVENTS

(i) On 25 January 2011, a subsidiary of the Company entered into a Sale & Purchase Agreement with NKT Enterprise (Malaysia) Sdn. Bhd. to dispose of its land and building for a total consideration of RM1,830,000. The sale transaction was completed in April 2011.

(ii) On 20 April 2011, a subsidiary of the Company entered into a Sale & Purchase Agreement with Definite Solid Holdings Sdn. Bhd. to dispose of a piece of land for a total consideration of RM2,500,000.

(iii) On 22 April 2011, a subsidiary of the Company entered into a Sale & Purchase Agreement with Cakraindo (M) Sdn. Bhd. to dispose of its land and building for a total consideration of RM2,770,000.

35. COMPARATIVES FIGURES

The finance costs of First Peninsula Credit Sdn. Bhd. has been classified as a direct cost in this reporting period, and the related comparative figure has been restated to conform with this treatment as follows :

	Previously reported RM	Reclassification RM	Restated RM
Consolidated statement of comprehensive income			
31 March 2010			
Finance costs	(7,553,017)	826,060	(6,726,957)
Cost of sales	(129,450,237)	(826,060)	(130,276,297)

36. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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 RM	COMPANY RM
2011		
Total accumulated losses of the Company and its subsidiaries :		
- Realised	**(12,353,362)**	**(36,019,580)**
- Unrealised	**(1,280,053)**	**-**
	(13,633,415)	**(36,019,580)**
Less : Consolidation adjustments	**(10,204,738)**	**-**
Total accumulated losses as per statement of financial position	**(23,838,153)**	**(36,019,580)**

GROUP PROPERTIES

As At 31 March 2011

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount at 31.3.11 RM'000
Boon Koon Vehicles Industries Sdn.Bhd.							
1. GM 975, Lot 1804 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	2,853	Office & Factory	3-12 years		12 October 1999	
2. GM 454, Lot 1808 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	3-12 years		9,11 and 13 December 1999	
3. GM 455, Lot 1809 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	3-12 years		9,11 and 13 December 1999	Note A : 23,971
4. GM 456, Lot 1810 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	18,818	Office & Factory	3-12 years		12 October 1999	
5. H.S. (M) 592, Lot 5025 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	7,356	Office & Factory	3-12 years		20 October 1999	
6. Lot 16, DBKK Building No. 18, SMI 1, IZ 3 Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah	Leasehold Land 99 years	2,023	Office & Factory Building	9 years	31 December 2098	7 February 2007	985

GROUP PROPERTIES (cont'd)

As At 31 March 2011

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount at 31.3.11 RM'000
GKY Machinery (M) Sdn. Bhd.							
1. PTD 53914 (#) 1, Jalan Firma 1/5 Kawasan Perindustrian Tebrau 1, Johor Bahru, Johor	Freehold Land	4,246	Office & Factory Building	16 years		31 July 2002	2,399
2. PTD 53913 (#)(*) 3, Jalan Firma 1/5 Kawasan Perindustrian Tebrau 1, Johor Bahru, Johor	Freehold Land	2,733	Office & Factory Building	16 years		26 February 2004	1,771
3. PTD 56022 5, Jln Teratai 42, Taman Johor Jaya, Johor Bahru, Johor	Freehold Land	297	Land & Building -	24 years		12 August 2005	231
4. GM 266 Lot No. 240 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	13,506	Vacant Land			20 August 2007	2,364
5. GM 755 Lot No. 44506(#) Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	8,877	Vacant Land			20 August 2007	1,554

Note A:
Building erected on the adjoining parcels of land comprising of large single storey factory building with the following annexure:-

- 3 storey office building ; and
- 2 storey Sales & Marketing office building

Note (#) : Properties reclassified to non-current assets held for sale.

Note (*) : Sale transaction completed after the reporting period.

SHAREHOLDINGS STATISTICS
As At 30 June 2011

Authorised	: RM 100,000,000.00
Issued and Fully paid-up	: RM 69,187,500.00
Class of Share	: Ordinary Shares of RM0.50 each
Voting Rights	: One voting right for one ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Holdings		No of Shareholders	%	No. of Shares	%
1	- 99	168	8.35	7,797	0.00 *
100	- 1,000	499	24.80	162,711	0.12
1,001	- 10,000	773	38.42	3,873,827	2.80
10,001	- 100,000	460	22.86	14,774,495	10.68
100,001	- less than 5% of issued shares	110	5.47	76,628,241	55.38
5% and above of issued shares		2	0.10	42,927,929	31.02
TOTAL		**2,012**	**100.00**	**138,375,000**	**100.00**

* Negligible

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

		Direct		Indirect	
No	Name	No. of Shares	%	No. of Shares	%
1	Dato' Goh Boon Koon	31,847,373	23.02	3,619,838#	2.62
2	Goh Boon Leong	11,080,556	8.01	-	-
3	Ho Kok Loon	33,750	0.02	-	-
4	Ang Poh Gin	33,750	0.02	-	-
5	Murelidaran A/L M Navaratnam	21,937	0.02	-	-
6	Mohd Kamal Bin Omar	-	-	-	-

Other Interest held through his spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

		Direct		Indirect	
No	Name	No. of Shares	%	No. of Shares	%
1	Dato' Goh Boon Koon	31,847,373	23.02	-	-
2	Goh Boon Leong	11,080,556	8.01	-	-

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No	Name	No. of Shares	%
1	Dato' Goh Boon Koon	31,847,373	23.02
2	Goh Boon Leong	11,080,556	8.01
3	Sinoligent Sdn. Bhd.	6,831,400	4.94
4	Teoh Hai Peng	5,720,900	4.13
5	Teoh Huan Shim	5,506,700	3.98
6	Lee Teoh Kee	2,880,139	2.08
7	Tan Ba Tong	2,728,662	1.97
8	Koperasi Permodalan Felda Malaysia Berhad	2,500,000	1.81
9	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chin Boon Long*	2,312,400	1.67
10	Teoh Hai Hin	2,273,800	1.64
11	Teoh Ah Choo	2,226,900	1.61
12	Tan Yong Siang	2,130,462	1.54
13	Mohammad Ariffin Bin Yahaya	2,077,000	1.50
14	Ong Ah Hua	1,751,100	1.27
15	Ng Chee Wei	1,569,100	1.13
16	Eu Beng Ho	1,552,868	1.12
17	Youn-Wen & Brothers Sdn. Bhd.	1,500,000	1.08
18	Lee Eng Hock & Co. Sendirian Berhad	1,472,000	1.06
19	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Mun Seng*	1,257,743	0.91
20	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank For Kenny Khow Chuan Wah*	1,103,000	0.80
21	Ng Song Piau	1,011,600	0.73
22	Chong Yean Seang	849,756	0.61
23	Teoh Hin Heng	794,600	0.57
24	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Diong Mee*	780,000	0.56
25	Usha A/P K Gunagnanam	750,000	0.54
26	Oh Kong Yin	689,300	0.50
27	Khoo Seng Keat	663,000	0.48
28	Ng Yang Chan	649,000	0.47
29	Lee Keang Weng	644,700	0.47
30	Chow Siew Lee	632,250	0.46
	TOTAL	**97,786,309**	**70.66**

Notification on eDividend

29 July 2011

To All Shareholders of Boon Koon Group Berhad

Electronic Dividend Payment (eDividend)

The eDividend refers to the payment of cash dividends by a listed issuer directly crediting the shareholders' cash dividend into their respective bank accounts.

We wish to inform that all listed issuers who announce a books closing date for cash dividend entitlements on or after September 1, 2010 are directed to pay the cash dividends via eDividend to shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn Bhd ("BMD"). One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

1.1 The eDividend extends to all listed issuers and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of depositing the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorised deposit of dividend cheques.

1.2 When you register for eDividend you will enjoy the following additional benefits:
(a) The convenience of a one-off registration for entitlement to eDividend from all listed issuers; and

(b) The option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better account management.

2. Registration for eDividend

2.1 Registration for eDividend has commenced on April 19, 2010 for a period of 2 years until April 18, 2012, at no cost to the shareholders. An administrative charge will be imposed for registrations after the 2 years period.

To register for eDividend, you are required to provide to BMD through your stock broker, your bank account number and other information by completing the prescribed form. The prescribed form can be obtained from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia Berhad ("BURSA")'s website at http://www.bursamalaysia.com/website/bm/trading/edividend.html. You may find an eDividend information kit from BURSA's website to facilitate your better understanding with regards to eDividend.

2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:

(a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

(b) Copy of your bank statement/bank savings book/details of your bank account obtained from your bank's website that has been certified by your bank/copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents has been witnessed by an acceptable witness specified by BMD. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. **Notification of eDividend payments after registration**

   You are encouraged to provide in the prescribed form to BMD both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. **Additional information for shareholders**

   4.1 Your savings or current account must be an active bank account maintained with a local bank under your name or, in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: **http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer**

   - Affin Bank Berhad
   - Hong Leong Bank Berhad
   - Alliance Bank Malaysia Berhad
   - AmBank (M) Berhad
   - Bank Islam Malaysia Berhad
   - Malayan Banking Berhad
   - Bank Kerjasama Rakyat Malaysia Berhad
   - Public Bank Berhad
   - Bank Simpanan Nasional
   - CIMB Bank Berhad
   - The Royal Bank of Scotland Berhad
   - Deutsche Bank Berhad
   - EON Bank Berhad
   - HSBC Bank Malaysia Berhad
   - Bank Muamalat Malaysia Berhad
   - OCBC Bank (Malaysia) Berhad
   - Bank of America
   - RHB Bank Berhad
   - Standard Chartered Bank Malaysia Berhad
   - Citibank Berhad
   - United Overseas Bank (Malaysia) Bhd
   - Bank Pertanian Malaysia Berhad (Agrobank)
   - J.P. Morgan Chase Bank Berhad
   - Kuwait Finance House (Malaysia) Berhad

   4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

   4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after September 1, 2010, shall be paid to you via eDividend.

You may find more information pertaining to e-Dividend on the Bursa Malaysia website at
http://www.bursamalaysia.com/website/bm/trading/edividend_info_kit.html

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any enquiry relating to eDividend service, please do not hesitate to contact our Share Registrars, Bina Management (M) Sdn Bhd at 603-7784 3922.

Thank you.

Yours faithfully

DATO' GOH BOON KOON
Executive Chairman

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BOONKOON®

BOON KOON GROUP BERHAD
(NO. SYARIKAT: 553434-U)
(Incorporated in Malaysia)

PROXY FORM

*I / We ______________________________ of ______________________________
(Full Name in Block Letters)

______________________________ being a *member / members of the
(Full Address)

above-named Company, hereby appoint ______________________________
(Full Name in Block Letters)

of ______________________________
(Full Address)

or failing him, ______________________________ of ______________________________
(Full Name in Block Letters)

______________________________ or failing him, the Chairman of the
(Full Address)

meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company to be held at the Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 24 August 2011 at 9:00 am and at any adjournment thereof.

AGENDA

	Receive the Audited Financial Statements for the financial year ended 31 March 2011 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Approval of payment of Directors' fees for the financial year ended 31 March 2011		
2	Re-election of Mr. Goh Boon Leong as Director		
3	Re-election of Mr. Murelidaran a/l M Navaratnam as Director		
4	Re-appointment of Messrs. Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration		
5	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
6	Proposed Renewal of share buy-back authority		
7	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "x" in the appropriate spaces provided on how you wish your vote to be cast. If no specific discretion for voting is given, the proxy may vote as he thinks fit.

No. of shares held [ ]

Signed this __________ day of ______________ , 2011.

* Strike out whichever is not desired

____
Signature of Member (s)/ Common Seal

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

please fold across the line and close

stamp

The Company Secretary
Boon Koon Group Berhad
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah, 10050 Penang

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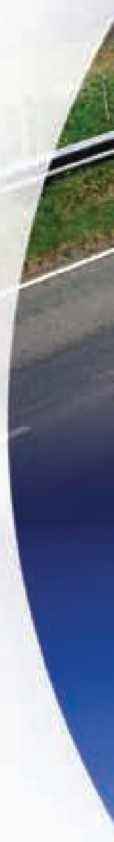

BOON KOON GROUP BERHAD

(NO. SYARIKAT: 553434-U)
(Incorporated in Malaysia)

1177 Jalan Dato Keramat,
14300 Nibong Tebal,
Seberang Perai Selatan, Penang
Tel : 604-593 1504
Fax : 604-598 1696
E-mail : bkgb@boonkoon.com
Website : www.boonkoon.com