

**BOON KOON GROUP BERHAD**  
**Company No. 553434-U**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2006**  
**(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.06 RM'000	Preceding Year Corresponding Quarter 30.6.05 RM'000	Current Year To Date 30.6.06 RM'000	Preceding Year Corresponding Quarter 30.6.05 RM'000
Revenue	50,849	43,976	92,975	75,833
Operating expenses	(44,615)	(38,937)	(80,292)	(66,488)
Other operating income	412	75	700	76
Profit from operations	6,646	5,114	13,383	9,421
Finance cost	(1,004)	(409)	(1,866)	(665)
Profit after finance cost	5,642	4,705	11,517	8,756
Share of loss from associated company	-	-	(16)	-
Exceptional item	-	-	-	-
Profit before taxation	5,642	4,705	11,501	8,756
Taxation	(1,590)	(1,288)	(3,008)	(2,403)
Net profit for the period	<u>4,052</u>	<u>3,417</u>	<u>8,493</u>	<u>6,353</u>
Attributable to Equity holders of the parent	3,976	3,393	8,254	6,327
Minority interest	76	24	239	26
	<u>4,052</u>	<u>3,417</u>	<u>8,493</u>	<u>6,353</u>
Basic earnings per share attributable to equity holders of the parent based on weighted average weighted average number of shares in issue (RM)	<u>0.03</u>	<u>0.04</u>	<u>0.07</u>	<u>0.08</u>
Diluted earnings per share (RM)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements of Boon Koon Group Berhad for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**BOON KOON GROUP BERHAD**  
Company No. 553434-U

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2006**  
(The figures have not been audited)

	As At End Of Current Quarter 30.6.06 RM'000	(Audited) (Restated) As At Preceding Financial Year End 31.12.05 RM'000
<b>Property, plant and equipment</b>	52,240	51,646
<b>Long term hire purchase receivables</b>	2,232	2,155
<b>Investment in an associated company</b>	-	36
<b>Goodwill</b>	26	-
<b>Current assets</b>		
Inventories	64,260	72,765
Receivables	53,435	47,131
Short term hire purchase receivables	3,083	2,988
Tax recoverable	168	91
Cash and bank balances	6,820	2,744
	<u>127,766</u>	<u>125,719</u>
<b>Current liabilities</b>		
Payables	10,784	10,040
Short term borrowings	75,084	80,876
Provision for taxation	2,248	1,540
	<u>88,116</u>	<u>92,456</u>
<b>Net current assets</b>	39,650	33,263
	<u>94,148</u>	<u>87,100</u>
<b>Share capital</b>	61,500	61,500
<b>Foreign currency translation reserve</b>	(99)	(35)
<b>Retained profits</b>	17,114	13,165
	<u>78,515</u>	<u>74,630</u>
<b>Minority interest</b>	1,815	1,255
<b>Total equity</b>	80,330	75,885
<b>Deferred taxation</b>	1,228	1,139
<b>Long term liabilities</b>	12,590	10,076
	<u>94,148</u>	<u>87,100</u>

Note :

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements of Boon Koon Group Berhad for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**BOON KOON GROUP BERHAD**  
**Company No. 553434-U**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2006**  
**(The figures have not been audited)**

	-- Non-Distributable --			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Retained Profit RM'000	Minority Interest RM'000	
<b>Second quarter ended 30 June 2006</b>						
Balance as at 1 January 2006	61,500	-	(35)	13,165	1,255	75,885
Foreign currency translation differences	-	-	(64)	-	-	(64)
Acquisition of subsidiary companies	-	-	-	-	321	321
Net profit for the period	-	-	-	8,254	239	8,493
Payment of dividends	-	-	-	(4,305)	-	(4,305)
Balance as at 30 June 2006	<u>61,500</u>	<u>-</u>	<u>(99)</u>	<u>17,114</u>	<u>1,815</u>	<u>80,330</u>
<b>Second quarter ended (Restated) 30 June 2005</b>						
Balance as at 1 January 2005	40,000	7,290	-	15,662	-	62,952
Foreign currency translation differences	-	-	36	-	-	36
Acquisition of subsidiary companies	-	-	-	-	490	490
Net profit for the period	-	-	-	6,327	26	6,353
Payment of dividends	-	-	-	(3,000)	-	(3,000)
Balance as at 30 June 2005	<u>40,000</u>	<u>7,290</u>	<u>36</u>	<u>18,989</u>	<u>516</u>	<u>66,341</u>

Note :

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Statements of Boon Koon Group Berhad for the year ended 31 December 2005.

**BOON KOON GROUP BERHAD**

Company No. 553434-U

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2006  
(Unaudited)**

	Cumulative Current Year Quarter 30.6.06 RM'000	Cumulative Preceding Year Quarter 30.6.05 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	11,501	8,756
Adjustments for :		
- Non-cash items	1,397	1,001
- Non-operating items	1,844	659
Operating profit before working capital changes	14,742	10,416
Inventories	9,092	(20,850)
Receivables	(6,156)	(13,017)
Payables	780	2,826
Cash from/(used in) operations	18,458	(20,625)
Interest paid	(1,866)	(665)
Income tax paid	(2,289)	(1,446)
Net cash from/(used in) operating activities	14,303	(22,736)
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary company, net of cash acquired	(456)	-
Interest received	22	6
Proceeds from disposal of property, plant and equipment	-	226
Purchase of property, plant and equipment	(1,537)	(4,426)
Net cash used in investing activities	(1,971)	(4,194)
<b>Cash flows from financing activities</b>		
Payment of dividends	(4,305)	(3,000)
Proceeds from shares issued to minority shareholders of a subsidiary company	-	490
Proceed from borrowings	2,770	25,215
Repayment of borrowings	(4,543)	(135)
Net cash (used in)/from financing activities	(6,078)	22,570
Effects of changes in exchange rates	(92)	36
Net increase/(decrease) in cash and cash equivalents	6,162	(4,324)
Cash and cash equivalents at beginning	(978)	8,387
Cash and cash equivalents at end	5,184	4,063

Notes :

Cash and cash equivalents consists of net cash and bank balances and overdraft utilised.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statement of Boon Koon Group Berhad for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**SELECTED EXPLANATORY NOTES**

**1. Accounting Policies and Methods Of Computation**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Boon Koon Group Berhad ("BKOOON" or "Company") and its wholly-owned subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 December 2005.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2005.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006.

- FRS2 Share-based Payment
- FRS3 Business Combination
- FRS5 Non-current Assets Held for Sale And Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Estimates and Errors
- FRS 110 Events after the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Investments in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earning Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property

The adoption of all FRS mentioned above does not have significant financial impact on the Group.

**SELECTED EXPLANATORY NOTES**

**2. Audit Report**

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

**3. Seasonality or Cyclicity**

The Group's products and services are not subject to seasonality or cyclicity.

**4. Exceptional items**

There were no exceptional items for the current quarter to date under review.

**5. Estimates**

There were no changes to the estimates that have been used in the preparation of the current financial statements.

**6. Issuance or repayment of debt/equity securities**

There were no issuance or repayment of debt/equity securities for the current quarter to date under review.

**7. Dividends**

No other dividends have been declared or paid by the Company for the current quarter ended 30 June 2006 other than as disclosed below.

The Board has paid on 16 June 2006 a final tax exempt dividend of 3.5 sen per share, amounting to RM4,305,000 for the financial year ended 31 December 2005 as approved by the shareholders at the Company's annual general meeting held on 17 May 2006.

**SELECTED EXPLANATORY NOTES**

**8. Segmental Reporting**

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

The Group comprises the following main business segments :

- (a) Commercial vehicles and bodyworks Manufacture and trading of rebuilt, reconditioned and new commercial vehicles and the manufacture of bodyworks and
- (b) Insurance and financing Insurance agent, provision of hire purchase financing and its related services

	Commercial vehicles and body works RM'000	Insurance and financing RM'000	Others RM'000	Elimination RM'000	First quarter ended 30.6.06 RM'000
Revenue from external customers	92,454	521			92,975
Inter-segment revenue		337	456	(793)	-
Total revenue	<u>92,454</u>	<u>858</u>	<u>456</u>	<u>(793)</u>	<u>92,975</u>
Segment results					13,345
Interest expense					(1,866)
Interest income					22
Share of results of an associated company					(16)
Profit before taxation					<u>11,501</u>
Taxation					(3,008)
Profit after taxation					<u>8,493</u>
Minority interest					(239)
Net profit for the period					<u>8,254</u>

**9. Valuation of Property, Plant and Equipment**

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the year ended 31 December 2005.

**10. Subsequent Events**

In the opinion of the Directors, no material events have been arisen between the end of the reporting quarter and the date of this announcement.

**SELECTED EXPLANATORY NOTES**

**11. Change In The Composition of The Group**

There was no change in the composition of the Group for the current quarter to date save as follows :

- 1) On 25 March 2006 , a wholly owned subsidiary company, namely, Boon Koon Marketing (East Malaysia) Sdn Bhd increased its enlarged issued and paid-up share capital by RM 900,000 to RM 1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each at par for cash.
- 2) On 30 March 2006 , a wholly owned subsidiary company, namely, Boon Koon Vehicles Pte. Ltd increased its enlarged issued and paid-up share capital by SGD 400,000 to SGD 500,000 comprising 500,000 ordinary shares of SGD1.00 each at par for cash.
- 3) On 28 April 2006, the Company announced that it proposed to subscribe for additional 510,000 ordinary shares of RM 1.00 each in BK Fleet Management Sdn Bhd ("BKFM") (Formerly known as Nuwheels Sdn Bhd). Pursuant to the Proposed Subscription, the equity interest of BKG in BKFM has increased from 40% to 61%, in consequent thereof, BKFM became a subsidiary of BKG on 9 May 2006.

**12. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets of a material nature as at the date of this report.

**13. Capital Commitments**

The outstanding capital commitments at the end of the current quarter is as follows :

	RM'000
Contracted but not provided for :	
Purchase of property, plant and equipment	<u>19</u>

**14. Review Of Performance**

Revenue and profit before tax increased by 22.60% and 31.35% respectively as compared with the preceding year corresponding quarter.

The improved revenue and profit before tax is mainly due to the continuous strong demand of rebuilt commercial vehicles, recent penetration in the provision of fleet management services for commercial vehicles and geographical expansion of products to overseas markets.



**BOON KOON GROUP BERHAD**

Company No. 553434-U

**SELECTED EXPLANATORY NOTES****15. Comment on material change in profit before taxation vs. preceding quarter**

Profit before taxation decreased from RM 5.9 million for the preceding quarter to RM 5.6 million for the current quarter ended 30 June 2006. .

During the period under review, the lower profit before tax is contributed by the delivery of large quantity of light duty commercial vehicles which generated relatively lower profit margin as compared to heavy duty category.

**16. Commentary Of Prospects**

The recent entry of the Group into fleet management services has generated commendable result during second quarter and we expect this division to continue to contribute to the Group's performance.

The recent penetration of reconditioned commercial vehicles into export market has also generated strong demand for the said product. The Group expect more meaningful contribution during third quarter after the completion of on road registration process for the commercial vehicles.

Barring unforeseen circumstances, the present and new undertakings shall enable the Group to achieve better performance for the financial year ending 31 December 2006.

**17. Profit forecast variance**

Not applicable

**18. Taxation**

	Current Year Quarter 30.6.06 RM'000	Current Year To Date 30.6.06 RM'000
Taxation comprise the following :		
Based on results for the period		
- Current taxation	1,661	2,918
- Deferred taxation	(71)	72
	<u>1,590</u>	<u>2,990</u>
Under provision in prior year		
- Deferred taxation	-	18
Tax expense	<u>1,590</u>	<u>3,008</u>

**SELECTED EXPLANATORY NOTES**

Reconciliation of statutory tax rate to effective tax rate :

	Current Year Quarter 30.6.06 RM'000	Current Year To Date 30.6.06 RM'000
Taxation of Malaysian statutory tax rate of 28%	1,580	3,220
Expenses not deductible for tax purposes	31	82
Different tax rate in other country	(9)	(73)
Utilisation of reinvestment allowance	-	(168)
Tax incentive	(12)	(76)
Reduced tax rate on first RM500,000 chargeable income	-	-
Under provision in prior year	-	18
Tax expense	<u>1,590</u>	<u>3,003</u>

**19. Unquoted Investments / Properties**

There were no sale of unquoted investments and properties for the current quarter under review

**20. Purchase or Disposal of Quoted Securities**

(a) There were no purchases or disposals of quoted securities for the current quarter under review.

(b) There were no investments in quoted securities as at the end of the reporting period.

**21. Corporate Proposals**

The proposal to undertake a share buy-back of up to ten percent (10%) of the issued and paid-up share capital of the Company has been approved by the shareholders at the Company's annual general meeting held on 17 May 2006.

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**SELECTED EXPLANATORY NOTES**

**22. Group Borrowings and Debt Securities**

Group borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term</u>			
Bank overdraft	-	1,635	1,635
Hire purchase payables	228	-	228
Bankers acceptance	-	68,459	68,459
Term loans	174	1,350	1,524
Trust Receipts	-	3,466	3,466
Sub-total	<u>402</u>	<u>74,910</u>	<u>75,312</u>
<u>Long term</u>			
Hire purchase payables	680	-	680
Term loans	3,532	8,378	11,910
Sub-total	<u>4,212</u>	<u>8,378</u>	<u>12,590</u>
Total	<u>4,614</u>	<u>83,288</u>	<u>87,902</u>

**23. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

**24. Material Litigation**

The Group does not have any material litigation as at the date of this report.

**SELECTED EXPLANATORY NOTES**

**25. Basis Of Calculation Of Earnings Per Share Attributable To Equity Holders Of The Parent**

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

	Individual Current Year Quarter 30.6.06	Cumulative Current Year To Date 30.6.06
Net profit for the period (RM'000)	<u>3,976</u>	<u>8,254</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>123,000</u>	<u>123,000</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.50 each in issue (RM)	<u>0.03</u>	<u>0.07</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current year quarter and current year to date.

Date : August 21, 2006