

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

| | Note | Quarter ended 30.09.10 RM'000 | Quarter ended 30.09.09 RM'000 | Year to date 30.09.10 RM'000 | Year to date 30.09.09 RM'000 |
|---|----------|--|--|---------------------------------------|---------------------------------------|
| Revenue | 9 | 44,077 | 25,742 | 86,740 | 48,822 |
| Operating expenses | | (41,648) | (24,890) | (82,741) | (47,253) |
| Other operating income/(expenses) | | 419 | (72) | 939 | 296 |
| Profit from operations | | <u>2,848</u> | <u>780</u> | <u>4,938</u> | <u>1,865</u> |
| Finance costs | | (2,067) | (2,061) | (3,575) | (4,055) |
| Profit/(Loss) after finance costs | | <u>781</u> | <u>(1,281)</u> | <u>1,363</u> | <u>(2,190)</u> |
| Share of loss from associated company | | - | (11) | - | (33) |
| Profit/(Loss) before taxation | 9 | <u>781</u> | <u>(1,292)</u> | <u>1,363</u> | <u>(2,223)</u> |
| Taxation | 21 | (237) | (140) | (369) | (318) |
| Profit/(Loss) for the period | 9 | <u><u>544</u></u> | <u><u>(1,432)</u></u> | <u><u>994</u></u> | <u><u>(2,541)</u></u> |
| Other comprehensive income | | | | | |
| Currency translation differences for foreign operations | | 95 | (57) | (5) | (155) |
| Total comprehensive income/(loss) for the period | | <u><u>639</u></u> | <u><u>(1,489)</u></u> | <u><u>989</u></u> | <u><u>(2,696)</u></u> |
| Attributable to : | | | | | |
| Equity holders of the Company | | 327 | (1,625) | 549 | (2,582) |
| Minority interests | | <u>217</u> | <u>193</u> | <u>445</u> | <u>41</u> |
| Profit/(Loss) for the period | | <u><u>544</u></u> | <u><u>(1,432)</u></u> | <u><u>994</u></u> | <u><u>(2,541)</u></u> |
| Attributable to : | | | | | |
| Equity holders of the Company | | 422 | (1,682) | 544 | (2,737) |
| Minority interests | | <u>217</u> | <u>193</u> | <u>445</u> | <u>41</u> |
| Total comprehensive income/(loss) for the period | | <u><u>639</u></u> | <u><u>(1,489)</u></u> | <u><u>989</u></u> | <u><u>(2,696)</u></u> |
| Basic profit/(loss) per share attributable to equity holders of the Company based on weighted average number of shares in issue (sen) | 28 | <u><u>0.24</u></u> | <u><u>(1.17)</u></u> | <u><u>0.40</u></u> | <u><u>(1.87)</u></u> |
| Diluted earnings per share (sen) | | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

Notes:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010
(The figures have not been audited)

| | | As At 30.09.10 RM'000 | (Audited) As At 31.03.10 RM'000 |
|---|-----------|-----------------------------|--|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 56,423 | 55,687 |
| Goodwill on consolidation | 13 | 21 | - |
| Trade receivables | | 8,817 | 10,813 |
| | | <u>65,261</u> | <u>66,500</u> |
| Current assets | | | |
| Inventories | | 64,341 | 66,944 |
| Trade receivables | | 44,294 | 46,239 |
| Other receivables, deposits and prepayments | | 2,789 | 11,610 |
| Tax recoverable | | 401 | 369 |
| Deposits with licensed banks | | 3,228 | 4,261 |
| Cash and bank balances | | 32,031 | 29,994 |
| | | <u>147,084</u> | <u>159,417</u> |
| Non-current asset held for sale | 11 | - | 930 |
| | | <u>147,084</u> | <u>160,347</u> |
| | | <u>212,345</u> | <u>226,847</u> |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 69,188 | 69,188 |
| Exchange translation reserve | | 728 | 733 |
| Accumulated losses | | (25,518) | (26,067) |
| | | <u>44,398</u> | <u>43,854</u> |
| Minority interests | | 10,881 | 10,637 |
| Total equity | | <u>55,279</u> | <u>54,491</u> |
| Non-current liabilities | | | |
| Borrowings | 25 | 52,656 | 53,239 |
| Deferred tax liabilities | | 1,527 | 1,383 |
| | | <u>54,183</u> | <u>54,622</u> |
| Current liabilities | | | |
| Trade payables | | 6,599 | 9,903 |
| Other payables and accruals | | 8,183 | 6,896 |
| Borrowings | 25 | 88,016 | 100,819 |
| Provision for taxation | | 85 | 116 |
| | | <u>102,883</u> | <u>117,734</u> |
| Total liabilities | | <u>157,066</u> | <u>172,356</u> |
| | | <u>212,345</u> | <u>226,847</u> |
| TOTAL EQUITY AND LIABILITIES | | | |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | | |
| | | 0.32 | 0.32 |

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

| | ----Attributable to Equity Holders of the Company---- | | | Minority Interest | Total Equity | |
|--|---|--|----------------------------|-------------------|---------------|---------------|
| | Non-Distributable | Distributable | | | | |
| | Share Capital RM'000 | Exchange Translation Reserve RM'000 | Accumulated Loss RM'000 | Total RM'000 | RM'000 | RM'000 |
| <u>6 months period ended 30 September 2010</u> | | | | | | |
| Balance as at 1 April 2010 | 69,188 | 733 | (26,067) | 43,854 | 10,637 | 54,491 |
| Acquisition of additional equity interests of existing subsidiary from minority interest | - | - | - | - | (201) | (201) |
| Total comprehensive income for the period | - | (5) | 549 | 544 | 445 | 989 |
| Balance as at 30 September 2010 | <u>69,188</u> | <u>728</u> | <u>(25,518)</u> | <u>44,398</u> | <u>10,881</u> | <u>55,279</u> |
| <u>6 months period ended 30 September 2009</u> | | | | | | |
| Balance as at 1 April 2009 | 69,188 | 863 | (25,654) | 44,397 | 9,960 | 54,357 |
| Total comprehensive income for the period | - | (155) | (2,582) | (2,737) | 41 | (2,696) |
| Balance as at 30 September 2009 | <u>69,188</u> | <u>708</u> | <u>(28,236)</u> | <u>41,660</u> | <u>10,001</u> | <u>51,661</u> |

Notes:

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

| | Year to date 30.09.10 RM'000 | Year to date 30.09.09 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Profit/(Loss) before taxation | 1,363 | (2,223) |
| Adjustments for : | | |
| Non-cash items | 3,874 | 3,596 |
| Non-operating items | 1,976 | 2,540 |
| Operating profit before changes in working capital | <u>7,213</u> | <u>3,913</u> |
| Changes in working capital | | |
| Net change in current assets | 15,966 | 6,616 |
| Net change in current liabilities | (2,018) | 7,087 |
| Interest paid | (3,575) | (4,055) |
| Interest received | 1,378 | 1,449 |
| Income tax refund | 114 | - |
| Income tax paid | (400) | (447) |
| Net cash flows from operating activities | <u>18,678</u> | <u>14,563</u> |
| Investing activities | | |
| Equity investments | (216) | - |
| Other investments | (1,400) | 1,308 |
| Net cash flows from investing activities | <u>(1,616)</u> | <u>1,308</u> |
| Financing activities | | |
| Transactions with owners as owners | - | - |
| Bank borrowings | (10,368) | (11,815) |
| Net cash flows used in financing activities | <u>(10,368)</u> | <u>(11,815)</u> |
| Net increase in cash and cash equivalents | 6,694 | 4,056 |
| Effects of changes in exchange rates | (108) | 4 |
| Cash and cash equivalents at beginning of the period | 24,573 | 2,230 |
| Cash and cash equivalents at end of the period | <u>31,159</u> | <u>6,290</u> |
| Cash and cash equivalents at end of the period consist of :- | | |
| Cash and bank balances | 32,031 | 11,339 |
| Bank overdrafts | (872) | (5,049) |
| | <u>31,159</u> | <u>6,290</u> |

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2010

1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in compliance with the requirements of Financial Reporting Standard ("FRSs) 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 of the Group for the year ended 31 March 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of Group since the year ended 31 March 2010.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2010 except for the adoption of the new/revised FRSs, Amendments to FRSs and Interpretations, which were effective for financial periods beginning on or after 1 January 2010. Other than the implications as discussed below, the adoption of the new/revised FRSs, Amendments to FRSs and Interpretations do not have any material impact on the financial statements of the Group :

(i) FRS 8 : Operating segments

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performances. Currently, the Group presents segment information in respect of its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

As this is a disclosure standard, there is no impact on the financial position or financial performance of the Group.

(ii) FRS 101 : Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now only include details of transaction with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information has been represented so that it is in conformity with the revised standard.

The standard also introduces the statement of comprehensive income ; presenting all items of income and expenses recognised in the income statement, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Group has elected to present in one single statement. In addition, the adoption of the standard has resulted in consolidated balance sheet now renamed as consolidated statements of financial position.

There is no impact on the results of the Group since these changes affects only the presentation of items of income and expenses.

(iii) FRS 139 : Financial Instruments : Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provision of the instrument.

A financial instrument is recognized initially at its fair value. Subsequent measurement of the financial instrument at the reporting date reflects the designation of the financial instruments.

Prior to the adoption of FRS 139, derivative contracts are off balance sheet items and gains and losses were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value at each balance sheet date. In accordance with the requirement of this standard, the Group has designated its derivative contracts i.e. forward foreign exchange contracts being accounted for as fair value through profit and loss. Changes in the fair values of the derivative contracts is included in the statement of comprehensive income. In accordance with the transitional provision of FRS 139, the above changes are applied prospectively and the comparative figure as at 31 March 2010 are not restated.

The Group has not early adopted new/revised FRSs, Amendments to FRSs and Interpretations issued but not yet effective.

Notes to the Interim Financial Statements for the second quarter ended 30 September 2010

3. Audit Report

The auditors' report on the financial statements for the year ended 31 March 2010 was not qualified.

4. Seasonality or Cyclicity

The Group's performance is not significantly affected by any seasonal or cyclical factor for the financial period under review.

5. Exceptional items

There were no exceptional items for the financial period under review.

6. Estimates

There were no material changes in the estimates for the financial period under review.

7. Issuance or repayment of debt/equity securities

There were no issuance of debt/equity securities for the financial period under review.

8. Dividends

No dividend have been declared or paid for the financial period under review.

9. Operating Segments

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

The Group comprises the following main business segments :

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

| | Commercial vehicles, forklifts, heavy machineries and <u>body works</u> RM'000 | Insurance and <u>financing</u> RM'000 | Rental and fleet management <u>services</u> RM'000 | <u>Others</u> RM'000 | <u>Elimination</u> RM'000 | Year to date <u>30.09.10</u> RM'000 |
|---------------------------------|--|--|---|-------------------------|------------------------------|--|
| Revenue from external customers | 78,431 | 1,686 | 6,475 | 148 | - | 86,740 |
| Inter-segment revenue | 584 | 72 | - | 1,443 | (2,099) | - |
| Total revenue | <u>79,015</u> | <u>1,758</u> | <u>6,475</u> | <u>1,591</u> | <u>(2,099)</u> | <u>86,740</u> |
| Segment results | | | | | | 3,338 |
| Interest expense | | | | | | (3,575) |
| Interest income | | | | | | <u>1,600</u> |
| Profit before taxation | | | | | | 1,363 |
| Taxation | | | | | | <u>(369)</u> |
| Profit for the period | | | | | | <u><u>994</u></u> |

Notes to the Interim Financial Statements for the second quarter ended 30 September 2010

10. Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment for the financial period under review.

11. Assets held for sale

There were no assets held for sale for the financial period under review.

12. Subsequent Events

There were no material events subsequent to the balance sheet date that has not been reflected in these financial statements.

13. Change In The Composition of The Group

There were no changes in the composition of the Group for the financial period under review except for on 1 July 2010, the Company has acquired an additional 277,763 ordinary shares of RM1 each in BK Fleet Management Sdn. Bhd. ("BKFM") for total cash consideration of RM222,210. Consequent to the acquisition, the equity interest of the Company in BKFM was increased from 89% to 100%.

14. Contingent Liabilities

| | As At 30.09.10 RM'000 | As At 31.03.10 RM'000 |
|---|-----------------------------|-----------------------------|
| Corporate guarantee extended to banks for credit facilities granted to subsidiary companies | | |
| - Limit | 106,856 | 114,270 |
| - Utilised | 94,950 | 108,599 |

15. Capital Commitments

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

| | As At 30.09.10 RM'000 |
|---|-----------------------------|
| Contracted but not provided for : | |
| Purchase of property, plant and equipment | - |

16. Related Party Transactions

There were no related party transactions during the current quarter under review.

17. Review Of Performance

The Group's total revenue for the current quarter was RM44.1 million, an increase of 71.2% compared to RM25.7 million in previous year's corresponding quarter. The higher revenue was mainly due to stronger contribution from rebuilt commercial vehicle division and forklift division.

The Group's profit before tax for the current quarter was RM0.8 million, an increase of 160.4% compared to loss before tax of RM1.3 million in previous year's correspondending quarter. The improved result was mainly attributed by higher revenue,improved profit margin and higher other income.

18. Comment On Material Change In Profit Before Taxation Versus Preceding Quarter

The Group's total revenue for the current quarter was RM44.1 million, an increase of 3.3% compared to RM42.7 million in the preceding quarter. This was mainly due to higher contribution from the rebuilt commercial vehicle division.

The Group's profit before tax for the current quarter was RM0.8 million, improved by 34.2% compared to RM0.6 million in the preceding quarter. The higher profit in the current quarter was mainly due to better profit margin recorded for rebuilt commercial vehicle division and forklift division.

19. Commentary Of Prospects

The rationalisation and consolidation exercise has brought encouraging and positive results. Moving forward, the Group will continue to rationalise and consolidate its business operations and focus on its core competency in rebuilt commercial vehicles and fleet management operation.

20. Profit Forecast Variance

Not applicable

Notes to the Interim Financial Statements for the second quarter ended 30 September 2010

21. Taxation

The taxation for the Group comprises :

| | Quarter ended 30.09.10 RM'000 | Year to date 30.09.10 RM'000 |
|----------------|--|---------------------------------------|
| - Current tax | (124) | (224) |
| - Deferred tax | <u>(113)</u> | <u>(145)</u> |
| | <u>(237)</u> | <u>(369)</u> |

The Group's effective tax rate for the current period and financial year to date is higher than statutory rate of tax applicable mainly due to taxable income of certain subsidiary within the Group which are not allowed for set off against tax losses of other subsidiary companies.

22. Unquoted Investments / Properties

There were no sale of unquoted investments and properties for the financial period under review.

23. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the financial period under review.

24. Corporate Proposals

There were no corporate proposals announced but not yet completed by the Group for the financial period under review.

25. Group Borrowings and Debt Securities As At 30 September 2010

| Group borrowings | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------------|-------------------|---------------------|-----------------|
| <u>Current liabilities</u> | | | |
| Bank overdrafts | - | 872 | 872 |
| Bankers acceptance / Trade loans | - | 74,251 | 74,251 |
| Block discounting loans | - | 5,400 | 5,400 |
| Hire purchase payables | 3,178 | - | 3,178 |
| Revolving credit | <u>-</u> | <u>4,315</u> | <u>4,315</u> |
| Sub-total | <u>3,178</u> | <u>84,838</u> | <u>88,016</u> |
| <u>Non-current liabilities</u> | | | |
| Islamic Medium Term Notes | 44,777 | - | 44,777 |
| Block discounting loans | - | 5,333 | 5,333 |
| Hire purchase payables | <u>2,546</u> | <u>-</u> | <u>2,546</u> |
| Sub-total | <u>47,323</u> | <u>5,333</u> | <u>52,656</u> |
| Total | <u>50,501</u> | <u>90,171</u> | <u>140,672</u> |

All the above borrowings are denominated in Malaysia Ringgit except for trade loans amounting to RM6.6 million which are denominated in Japanese Yen.

26. Derivatives Financial Instruments

The Group has entered into forward foreign exchange contracts to hedge its foreign currency denominated borrowings. The details as at 30 September 2010 are as follows :-

| Type of Derivatives | Contract/Notional Value (RM'000) | Fair Value (RM'000) |
|---|-------------------------------------|------------------------|
| i Forward Foreign Exchange Contracts -Less than 1 year | 3,800 | 3,822 |

Credit risk

The above financial instruments were executed with creditworthy financial institutions in line with the Group's policy.

Cash requirements

The Group will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

27. Material Litigation

There were no material litigation for the financial period under review.

BOON KOON GROUP BERHAD
Company No. 553434-U

Notes to the Interim Financial Statements for the second quarter ended 30 September 2010

28. Basis Of Calculation Of Earnings Per Share Attributable To Equity Holders Of The Company

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

| | Quarter ended 30.09.10 | Year to date 30.09.10 |
|--|------------------------------|-----------------------------|
| Profit for the period attributable to the equity holders of the Company (RM'000) | <u>327</u> | <u>549</u> |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | <u>138,375</u> | <u>138,375</u> |
| Basic Profit Per Share based on weighted average number of ordinary shares of RM0.50 each in issue (sen) | <u>0.24</u> | <u>0.40</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 : 24 November 2010