

BOON KOON GROUP BERHAD
Company No. 553434-U

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010
(The figures have not been audited)

	Note	Quarter ended 31.12.10 RM'000	Quarter ended 31.12.09 RM'000	Year to date 31.12.10 RM'000	Year to date 31.12.09 RM'000
Revenue	9	35,105	58,789	121,845	107,611
Operating expenses		(33,245)	(56,602)	(115,986)	(103,855)
Other operating income		431	802	1,370	1,098
Profit from operations		<u>2,291</u>	<u>2,989</u>	<u>7,229</u>	<u>4,854</u>
Finance costs		(1,469)	(1,559)	(5,044)	(5,614)
Profit/(Loss) after finance costs		<u>822</u>	<u>1,430</u>	<u>2,185</u>	<u>(760)</u>
Share of loss from associated company		-	(21)	-	(54)
Profit/(Loss) before taxation	9	<u>822</u>	<u>1,409</u>	<u>2,185</u>	<u>(814)</u>
Taxation	21	(245)	(44)	(614)	(362)
Profit/(Loss) for the period	9	<u><u>577</u></u>	<u><u>1,365</u></u>	<u><u>1,571</u></u>	<u><u>(1,176)</u></u>
Other comprehensive income					
Currency translation differences for foreign operations		9	38	4	(117)
Total comprehensive income/(loss) for the period		<u><u>586</u></u>	<u><u>1,403</u></u>	<u><u>1,575</u></u>	<u><u>(1,293)</u></u>
Attributable to :					
Equity holders of the Company		653	1,212	1,202	(1,370)
Minority interests		<u>(76)</u>	<u>153</u>	<u>369</u>	<u>194</u>
Profit/(Loss) for the period		<u><u>577</u></u>	<u><u>1,365</u></u>	<u><u>1,571</u></u>	<u><u>(1,176)</u></u>
Attributable to :					
Equity holders of the Company		662	1,250	1,206	(1,487)
Minority interests		<u>(76)</u>	<u>153</u>	<u>369</u>	<u>194</u>
Total comprehensive income/(loss) for the period		<u><u>586</u></u>	<u><u>1,403</u></u>	<u><u>1,575</u></u>	<u><u>(1,293)</u></u>
Basic profit/(loss) per share attributable to equity holders of the Company based on weighted average number of shares in issue (sen)	29	<u><u>0.47</u></u>	<u><u>0.88</u></u>	<u><u>0.87</u></u>	<u><u>(0.99)</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 31 DECEMBER 2010
(The figures have not been audited)

	Note	As At 31.12.10 RM'000	(Audited) As At 31.03.10 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		57,821	55,687
Goodwill on consolidation		21	-
Trade receivables		7,474	10,813
		<u>65,316</u>	<u>66,500</u>
Current assets			
Inventories		65,238	66,944
Trade receivables		45,235	46,239
Other receivables, deposits and prepayments		5,105	11,610
Tax recoverable		357	369
Deposits with licensed banks		1,738	4,261
Cash and bank balances		23,818	29,994
		<u>141,491</u>	<u>159,417</u>
Non-current asset held for sale	11	-	930
		<u>141,491</u>	<u>160,347</u>
TOTAL ASSETS		<u>206,807</u>	<u>226,847</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		69,188	69,188
Exchange translation reserve		737	733
Accumulated losses	27	(24,865)	(26,067)
		<u>45,060</u>	<u>43,854</u>
Minority interests		10,805	10,637
Total equity		<u>55,865</u>	<u>54,491</u>
Non-current liabilities			
Borrowings	25	53,088	53,239
Deferred tax liabilities		1,543	1,383
		<u>54,631</u>	<u>54,622</u>
Current liabilities			
Trade payables		10,229	9,903
Other payables and accruals		8,534	6,896
Borrowings	25	77,458	100,819
Provision for taxation		90	116
		<u>96,311</u>	<u>117,734</u>
Total liabilities		<u>150,942</u>	<u>172,356</u>
TOTAL EQUITY AND LIABILITIES		<u>206,807</u>	<u>226,847</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.33	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 THIRD QUARTER ENDED 31 DECEMBER 2010
(The figures have not been audited)

	----Attributable to Equity Holders of the Company----			Minority Interest	Total Equity	
	Non-Distributable	Distributable				
	Share Capital	Exchange Translation Reserve	Accumulated Loss	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months period ended 31 December 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	-	4	1,202	1,206	369	1,575
Balance as at 31 December 2010	<u>69,188</u>	<u>737</u>	<u>(24,865)</u>	<u>45,060</u>	<u>10,805</u>	<u>55,865</u>
<u>9 months period ended 31 December 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	-	(117)	(1,370)	(1,487)	194	(1,293)
Balance as at 31 December 2009	<u>69,188</u>	<u>746</u>	<u>(27,024)</u>	<u>42,910</u>	<u>10,154</u>	<u>53,064</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 THIRD QUARTER ENDED 31 DECEMBER 2010
(The figures have not been audited)

	Year to date 31.12.10 RM'000	Year to date 31.12.09 RM'000
Profit/(Loss) before taxation	2,185	(814)
Adjustments for :		
Non-cash items	6,276	6,169
Non-operating items	2,739	3,094
Operating profit before changes in working capital	<u>11,200</u>	<u>8,449</u>
Changes in working capital		
Net change in current assets	12,148	10,063
Net change in current liabilities	1,962	9,280
Interest paid	(5,044)	(5,614)
Interest received	2,044	2,174
Income tax refund	114	850
Income tax paid	(579)	(763)
Net cash flows from operating activities	<u>21,845</u>	<u>24,439</u>
Investing activities		
Equity investments	(216)	-
Other investments	(1,791)	2,078
Net cash flows from investing activities	<u>(2,007)</u>	<u>2,078</u>
Financing activities		
Transactions with owners as owners	-	-
Bank borrowings	(21,459)	(12,745)
Net cash flows used in financing activities	<u>(21,459)</u>	<u>(12,745)</u>
Net increase in cash and cash equivalents	(1,621)	13,772
Effects of changes in exchange rates	(135)	(149)
Cash and cash equivalents at beginning of the period	24,573	2,230
Cash and cash equivalents at end of the period	<u>22,817</u>	<u>15,853</u>
Cash and cash equivalents at end of the period consist of :-		
Cash and bank balances	23,818	19,723
Bank overdrafts	(1,001)	(3,870)
	<u>22,817</u>	<u>15,853</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 third quarter ended 31 December 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 instruments 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 third quarter ended 31 December 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>31.12.10</u> RM'000
Revenue from external customers	109,433	2,403	9,776	233	-	121,845
Inter-segment revenue	718	108	-	2,129	(2,955)	-
Total revenue	<u>110,151</u>	<u>2,511</u>	<u>9,776</u>	<u>2,362</u>	<u>(2,955)</u>	<u>121,845</u>
Segment results						4,925
Interest expense						(5,044)
Interest income						2,304
Profit before taxation						<u>2,185</u>
Taxation						(614)
Profit for the period						<u>1,571</u>

Notes to the Interim Financial Statements for the third quarter ended 31 December 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.

14. Contingent Liabilities

	As At 31.12.10 RM'000	As At 31.03.10 RM'000
Corporate guarantee extended to banks for credit facilities granted to subsidiary companies		
- Limit	96,136	114,270
- Utilised	85,303	108,599

15. Capital Commitments

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

	As At 31.12.10 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 RM35.1 million, a decrease of 40.3% compared to RM58.8 million in previous year's corresponding quarter. This is mainly due to lower demand from rebuilt commercial vehicle division and forklift division for the current quarter under review.

The Group's profit before tax for the current quarter was RM0.8 million, a decrease of 41.7% compared to profit before tax of RM1.4 million in previous year's corresponding quarter. This is mainly due to lower revenue in rebuilt commercial vehicle division and forklift division.

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

The Group's total revenue for the current quarter was RM35.1 million, a decrease of 20.4% compared to RM44.1 million in the preceding quarter. This was mainly due to lower demand from rebuilt commercial vehicle division and forklift division.

The Group's profit before tax for the current quarter was RM0.8 million, an improved of 5.2% compared to RM0.7 million in the preceding quarter. The higher profit in the current quarter was mainly attributed by lower finance costs.

19. Commentary Of Prospects

Moving forward, in addition to strengthening and growing its rebuilt operation, the Group will continue to look for new opportunities to enlarge its three other key divisions namely forklifts, fleet management and financing division.

The Group shall continue to strengthen its leadership position in the industry by reducing its through-put time and enhancing cost efficiency. With the large customer base and a team of dedicated employees, the Group anticipates sustaining an improved performance in the final quarter of the financial year.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2010

20. Profit Forecast Variance

Not applicable

21. Taxation

The taxation for the Group comprises :

	Quarter ended 31.12.10 RM'000	Year to date 31.12.10 RM'000
- Current tax	(154)	(378)
- Over provision in prior year	(75)	(75)
- Deferred tax	(16)	(161)
	(245)	(614)

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 31 December 2010

Group borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Bank overdrafts	-	1,001	1,001
Bankers acceptance / Trade loans	-	65,177	65,177
Block discounting loans	-	5,255	5,255
Hire purchase payables	3,025	-	3,025
Revolving credit	-	3,000	3,000
Sub-total	3,025	74,433	77,458
<u>Non-current liabilities</u>			
Islamic Medium Term Notes	44,452	-	44,452
Block discounting loans	-	4,811	4,811
Hire purchase payables	3,825	-	3,825
Sub-total	48,277	4,811	53,088
Total	51,302	79,244	130,546

All the above borrowings are denominated in Malaysia Ringgit except for trade loans amounting to RM6.7 million which are denominated in Japanese Yen.

Notes to the Interim Financial Statements for the third quarter ended 31 December 2010

26. Derivatives Financial Instruments

The Group has entered into forward foreign exchange contracts to hedge its foreign currency denominated borrowings. The details as at 31 December 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	4,287	4,279

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. Realised And Unrealised Profits or Losses

The Group's total accumulated losses as at 30 September 2010 and 31 December 2010 are as follows:-

	As at 30.09.10 (RM'000)	As at 31.12.10 (RM'000)	As at 31.03.10 (RM'000)
Total accumulated losses			
- Realised	9,441	8,896	N/A
- Unrealised	1,803	1,820	
	11,244	10,716	
Less: Consolidation adjustments	14,274	14,149	
Total group accumulated losses	25,518	24,865	

No comparative figures are required in the first year of complying with realised and unrealised profits or losses disclosure.

28. Material Litigation

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

29. 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 31.12.10	Year to date 31.12.10
Profit for the period attributable to the equity holders of the Company (RM'000)	<u>653</u>	<u>1,202</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>0.47</u>	<u>0.87</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.