

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 December 2003

(Unaudited)

| | 31 Dec 2003 RM'000 | 30 Jun 2003 RM'000 |
|-------------------------------------|-----------------------|-----------------------|
| ASSETS EMPLOYED | | |
| PROPERTY, PLANT AND EQUIPMENT | 33,699 | 32,379 |
| GOODWILL ON CONSOLIDATION | 9,628 | 9,908 |
| INTANGIBLE ASSET | 16 | 15 |
| PROPERTY DEVELOPMENT EXPENDITURE | 38,162 | 37,837 |
| OTHER INVESTMENTS | 6,196 | 6,971 |
| DEFERRED TAX ASSETS | 342 | 342 |
| CURRENT ASSETS | | |
| Inventories | 32,269 | 24,246 |
| Trade and other receivables | 38,797 | 25,808 |
| Cash and cash equivalents | 4,502 | 4,665 |
| | 75,568 | 54,719 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 31,852 | 18,350 |
| Bank borrowings | 55,611 | 47,342 |
| Taxation | 2,078 | 2,229 |
| | 89,541 | 67,921 |
| NET CURRENT ASSETS/(LIABILITIES) | (13,973) | (13,202) |
| | 74,070 | 74,250 |
| FINANCED BY | | |
| SHARE CAPITAL | 40,377 | 40,253 |
| RESERVES | 22,815 | 19,439 |
| SHAREHOLDERS' FUNDS | 63,192 | 59,692 |
| MINORITY INTERESTS | 824 | 650 |
| LONG-TERM LIABILITIES | | |
| Bank borrowings | 9,935 | 13,785 |
| Deferred tax liabilities / (assets) | 119 | 123 |
| | 74,070 | 74,250 |
| Net Tangible Assets per Share (sen) | 133 | 124 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 31 December 2003

(Unaudited)

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|---|
| | Current Year Quarter 31 Dec 2003 RM' 000 | Preceding Year Corresponding Quarter 31 Dec 2002 RM' 000 | Current Year To-Date 31 Dec 2003 RM' 000 | Preceding Year Corresponding Period 31 Dec 2002 RM' 000 |
| Revenue | 41,590 | 39,396 | 69,842 | 66,429 |
| Operating expenses | (36,629) | (34,397) | (61,401) | (58,049) |
| Depreciation and amortisation | (1,091) | (704) | (2,033) | (1,383) |
| Other operating income | 225 | 26 | 329 | 170 |
| Profit / (loss) from operations | 4,095 | 4,321 | 6,737 | 7,167 |
| Finance costs | (905) | (1,440) | (1,936) | (2,829) |
| Interest income | - | - | - | - |
| Profit / (loss) before taxation | 3,190 | 2,881 | 4,801 | 4,338 |
| Taxation | (968) | (1,660) | (1,523) | (2,109) |
| Profit / (loss) after taxation | 2,222 | 1,221 | 3,278 | 2,229 |
| Minority interest | (107) | (17) | (28) | 31 |
| Net Profit for the period | 2,115 | 1,204 | 3,250 | 2,260 |
| Earnings per share (sen) (Note B13) | | | | |
| - Basic | 5.24 | 3.01 | 8.05 | 5.65 |
| - Diluted | 5.18 | 2.95 | 7.96 | 5.55 |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 December 2003

(Unaudited)

| | Share Capital RM' 000 | Non- Distributable Share Premium, Reserves RM' 000 | Distributable Retained Profits RM' 000 | Total RM' 000 |
|------------------------------------|-----------------------------|--|---|------------------|
| As at 1 July 2003 | 40,253 | 3,817 | 15,622 | 59,692 |
| Net profit / (loss) for the period | - | 110 | 3,250 | 3,360 |
| Dividend paid | - | - | - | - |
| Issue of shares for ESOS | 124 | 16 | - | 140 |
| As at 31 December 2003 | 40,377 | 3,943 | 18,872 | 63,192 |
| As at 1 July 2002 | | | | |
| - As previously reported | 40,000 | 3,732 | 14,597 | 58,329 |
| - MASB 25 adjustment | - | - | 129 | 129 |
| Restated balance | 40,000 | 3,732 | 14,726 | 58,458 |
| Net profit / (loss) for the period | - | (59) | 2,131 | 2,072 |
| Issue of shares for ESOS | 135 | 18 | - | 153 |
| As at 31 December 2002 | 40,135 | 3,691 | 16,857 | 60,683 |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 December 2003

(Unaudited)

| | 31 Dec 2003 RM' 000 | 31 Dec 2002 RM' 000 |
|---|------------------------|------------------------|
| Cash flows from operating activities | | |
| Profit / (loss) before taxation | 4,801 | 4,338 |
| Adjustments for non-cash flow: | | |
| Non-cash items | 2,033 | 1,347 |
| Impairment loss of assets | 780 | 1,163 |
| Finance costs | 1,936 | 2,829 |
| Operating profit / (loss) before working capital changes | <u>9,550</u> | <u>9,677</u> |
| Changes in working capital | | |
| Net change in current assets | (21,012) | (9,992) |
| Net change in current liabilities | 13,498 | 11,149 |
| Cash generated from operations | <u>2,036</u> | <u>10,834</u> |
| Finance costs | (1,936) | (2,829) |
| Tax (paid) / refund | (1,672) | (1,207) |
| Net Cash generated from operations activities | <u>(1,572)</u> | <u>6,798</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,825) | (2,080) |
| Net change in property development expenditure | (325) | (33) |
| Acquisition of remaining shares in a subsidiary company | - | (50) |
| Net cash used in investing activities | <u>(3,150)</u> | <u>(2,163)</u> |
| Cash flows from financing activities | | |
| Net proceed / (repayment) of bank borrowings | 4,068 | 1,147 |
| Proceeds from issue of shares | 140 | 153 |
| Net cash used in financing activities | <u>4,208</u> | <u>1,300</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>(514)</u> | <u>5,935</u> |
| Cash and cash equivalents at beginning of period | (12,344) | (17,398) |
| Cash and cash equivalents at end of period (Note A13) | <u>(12,858)</u> | <u>(11,463)</u> |

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003)

BONIA CORPORATION BERHAD

(Company No. 223934-T)
[Incorporated in Malaysia]

NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2003 (Unaudited)

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with the MASB 26, Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Kuala Lumpur Stock Exchange.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 30 June 2003.

A2. Declaration of audit qualification

There was no qualified report issued by the auditors in the financial statements of the Group for the year ended 30 June 2003.

A3. Seasonality or Cyclicity of Interim Operations

The business operations of the Group are generally dependent on the Malaysian economy, consumer confidence and Government support, as well as major festive seasons.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items in the quarterly financial statements under review.

A5. Material Changes in Estimates

There were no changes in the estimates of amounts, which give a material effect in prior interim periods of the current financial year or in prior financial year.

A6. Debts and Equity Securities

During the current 6 months ended 31 December 2003, the Company increased its issued and paid up capital to RM40,377,000 by allotment of 124,000 new ordinary shares of RM1.00 each under the Executives' Share Option Scheme.

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for current quarter under review.

A7. Dividend Paid

No dividend has been paid in current quarter under review.

BONIA CORPORATION BERHAD

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NOTES TO INTERIM FINANCIAL REPORT

31 DECEMBER 2003

(Unaudited)

A8. Segmental Reporting

Business segments

| | Retailing RM'000 | Manufac- turing RM'000 | Investment and property development RM'000 | Elimination RM'000 | Consolidation RM'000 |
|---------------------------------|---------------------|------------------------------|---|-----------------------|-------------------------|
| Revenue | | | | | |
| External sales | 69,662 | - | 180 | - | 69,842 |
| Inter-segment sales | 11,922 | 4,214 | 1,041 | (17,177) | - |
| | <u>81,584</u> | <u>4,214</u> | <u>1,221</u> | <u>(17,177)</u> | <u>69,842</u> |
| Results | | | | | |
| Profit / (loss) before taxation | 6,236 | 183 | (768) | (850) | 4,801 |
| Taxation | | | | | <u>(1,523)</u> |
| Profit after taxation | | | | | 3,278 |
| Minority interest | | | | | <u>(28)</u> |
| Net profit for the period | | | | | <u>3,250</u> |

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment if any, have been brought forward without amendment from the previous annual financial statements.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current quarter under review up to the date of this report.

A11. Changes in the Composition of the Group

The Company had on 4 December 2003 acquired the entire equity interest in Future Classic Sdn Bhd ("FCSB") comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00 only from Encik Halimi Bin Sakijan and Puan Narimah Binti Junus who were also the Directors of FCSB ("the Acquisition"). The Acquisition has resulted FCSB becoming a wholly-owned subsidiary of Bonia. FCSB is a dormant company and its current authorised share capital is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each and 2 shares have been issued and fully paid-up. The intended principal activities of FCSB are marketing and distribution of leatherwear and carrywear.

A12. Changes in Contingent Liabilities

The contingent liabilities of the Group as at 31 December 2003 comprised of Corporate guarantee given to financial institutions for credit facilities granted to certain subsidiary companies amount to RM110.2 million of which utilised by these subsidiaries amounted to RM60.2 million.

BONIA CORPORATION BERHAD

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2003 (Unaudited)

A13. Cash and cash equivalents

| | 31 Dec 2003 | 31 Dec 2002 |
|------------------------------|-----------------|-----------------|
| | RM'000 | RM'000 |
| Fixed deposits | 2,333 | 2,337 |
| Cash and bank balances | 2,169 | 2,963 |
| Bank overdrafts | (14,973) | (14,462) |
| | <u>(10,471)</u> | <u>(9,162)</u> |
| Less : Fixed deposit pledged | (2,387) | (2,301) |
| | <u>(12,858)</u> | <u>(11,463)</u> |

ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

B1. Review of Performance of the Company and its Subsidiaries

Group revenue for the second quarter increased by RM3.4 million or 5% over the corresponding quarter in the preceding year principally due to higher sales volume arises from the year end festive seasons.

Group profit before taxation increased to RM4.8 million from RM4.3 million in the previous corresponding quarter as a result of the higher revenue achieved and lower provision for impairment of assets.

B2. Comments on Material Changes in the Profit Before Taxation for the Quarter under Review as Compared with Immediate Preceding Quarter

For the quarter under review, the Group recorded revenue of RM41.6 million, an increased of 47% as compare to RM28.3 million in the preceding quarter ended 30 September 2003 due to the year end festive seasons.

Profit before taxation of RM3.2 million in this quarter as compared to a profit before taxation of RM1.6 million for the preceding quarter mainly due to higher revenue achieved.

B3. Current Year Prospect

Barring any unforeseen circumstance and assuming the present business sentiment continues, the Board of Directors expects the coming quarters performance to be satisfactory.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

| | Current quarter ended 31 Dec 2003 RM'000 | Current year to-date ended 31 Dec 2003 RM'000 |
|------------------|---|--|
| Current year tax | 967 | 1,527 |
| Deferred tax | 1 | (4) |
| | <u>968</u> | <u>1,523</u> |

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2003 (Unaudited)

The tax charge for the Group reflects an effective tax rate which is higher than the statutory tax rate due mainly to tax losses of certain subsidiary companies for which deferred tax assets are not recognised due to uncertainty in availability of future profit for utilisation, and certain expenses which are not deductible for tax purposes.

B6. Profit / (Loss) on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties for the financial period under review.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the financial period under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B9. Group Borrowings

The total Group borrowings and debts securities as at 31 December 2003 are as follows:-

| | Short Term Borrowing RM'000 | Long Term Borrowing RM'000 |
|--|-----------------------------------|----------------------------------|
| <u>Secured</u> | | |
| Bank overdrafts | 1,683 | - |
| Bankers' acceptances / Trust receipts | 7,004 | - |
| Revolving credits | 4,900 | - |
| Term loans | 7,298 | 9,489 |
| | <u>20,885</u> | <u>9,489</u> |
| <u>Unsecured</u> | | |
| Bank overdrafts | 13,290 | - |
| Bankers' acceptances / Trust receipts | 20,518 | - |
| Revolving credits | 450 | - |
| Hire purchase & lease | 468 | 446 |
| | <u>34,726</u> | <u>446</u> |
| Total | <u>55,611</u> | <u>9,935</u> |

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2003 (Unaudited)

B11. Material Litigation

There was no material litigation pending at the date of this report.

B12. Dividend

No interim dividend has been declared for the period under review.

B13. Earnings Per Share

The basic and diluted earnings per share has been calculated by dividing the Group's net profit/(loss) for the period by the number of ordinary shares in issue during the period.

i) Net Profit / (loss) for the period (basic & diluted)

| | Current year quarter 31 Dec 2003 RM'000 | Preceding year quarter 31 Dec 2002 RM'000 | Current year to-date 31 Dec 2003 RM'000 | Preceding year period 31 Dec 2002 RM'000 |
|------------------------------------|--|--|--|---|
| Net profit / (loss) for the period | 2,115 | 1,204 | 3,250 | 2,260 |

ii) Number of ordinary shares (basic)

| | Current year quarter 31 Dec 2003 '000 | Preceding year quarter 31 Dec 2002 '000 | Current year to-date 31 Dec 2003 '000 | Preceding year period 31 Dec 2002 '000 |
|--|--|--|--|---|
| Weighted average number of ordinary shares | 40,343 | 40,020 | 40,343 | 40,010 |

iii) Number of ordinary shares (diluted)

| | Current year quarter 31 Dec 2003 '000 | Preceding year quarter 31 Dec 2002 '000 | Current year to-date 31 Dec 2003 '000 | Preceding year period 31 Dec 2002 '000 |
|--|--|--|--|---|
| Weighted average number of ordinary shares | 40,343 | 40,020 | 40,343 | 40,010 |
| Effect of share option | 518 | 726 | 518 | 726 |
| Weighted average number of ordinary shares (diluted) | 40,861 | 40,746 | 40,861 | 40,736 |

By Order of the Board,
BONIA CORPORATION BERHAD

CHONG CHIN LOOK
Finance Director
Kuala Lumpur
18 February 2004