

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 December 2005

(Unaudited)

	31 Dec 2005 RM'000	30 Jun 2005 RM'000
ASSETS EMPLOYED		
PROPERTY, PLANT AND EQUIPMENT	47,953	43,952
GOODWILL ON CONSOLIDATION	7,126	7,856
INTANGIBLE ASSET	7	7
INVESTMENT IN ASSOCIATED COMPANY	211	180
LAND HELD FOR PROPERTY DEVELOPMENT	10,113	10,343
OTHER INVESTMENTS	12,175	11,801
DEFERRED TAX ASSETS	285	282
CURRENT ASSETS		
Inventories	44,533	37,782
Trade and other receivables	62,984	56,178
Cash and cash equivalents	19,106	6,386
	<u>126,623</u>	<u>100,346</u>
CURRENT LIABILITIES		
Trade and other payables	24,047	19,220
Bank borrowings	46,959	41,566
Taxation	6,170	3,326
	<u>77,176</u>	<u>64,112</u>
NET CURRENT ASSETS/(LIABILITIES)	49,447	36,234
	<u>127,317</u>	<u>110,655</u>
FINANCED BY		
SHARE CAPITAL	44,071	41,894
WARRANTS	1,900	2,091
RESERVES	39,664	32,343
SHAREHOLDERS' FUNDS	85,635	76,328
MINORITY INTERESTS	1,645	1,138
LONG-TERM LIABILITIES		
Bank borrowings	39,841	32,933
Deferred tax liabilities / (assets)	196	256
	<u>127,317</u>	<u>110,655</u>
Net Tangible Assets per Share (sen)	<u>178</u>	<u>163</u>
Net Assets per Share (sen)	<u>198</u>	<u>185</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

[Incorporated in Malaysia]

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 31 December 2005

(Unaudited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Dec 2005 RM'000	Preceding Year Corresponding Quarter 31 Dec 2004 RM'000	Current Year To-Date 31 Dec 2005 RM'000	Preceding Year Corresponding Period 31 Dec 2004 RM'000
Revenue	61,099	48,578	108,307	85,929
Operating expenses	(49,956)	(39,086)	(90,536)	(71,580)
Depreciation and amortisation	(1,604)	(1,373)	(3,705)	(2,434)
Other operating income	117	(85)	272	52
Profit / (loss) from operations	9,656	8,034	14,338	11,967
Finance costs	(1,409)	(1,325)	(2,859)	(2,648)
Share of results of associated co	15	(13)	31	(18)
Profit / (loss) before taxation	8,262	6,696	11,510	9,301
Taxation	(2,880)	(2,032)	(4,136)	(2,953)
Profit / (loss) after taxation	5,382	4,664	7,374	6,348
Minority interest	(176)	(58)	(267)	(187)
Net Profit for the period	5,206	4,606	7,107	6,161
Earnings per share (sen) (Note B13)				
- Basic	12.40	11.39	17.08	15.23
- Diluted	11.46	11.25	15.77	15.05

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 December 2005

(Unaudited)

	Share Capital RM'000	Warrants RM'000	Non- Distributable Share Premium, Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000
As at 30 June 2005	41,894	2,091	4,040	28,303	76,328
Net profit / (loss) for the period	-		23	7,107	7,130
Dividend paid	-		-	-	-
Issue of shares	2,177				2,177
Issue of warrants					-
Exercise of warrants		(191)	191		-
Issue of shares for ESOS			-	-	-
As at 31 December 2005	44,071	1,900	4,254	35,410	85,635
As at 30 June 2004	40,419		3,999	21,670	66,088
Net profit / (loss) for the period	-		(62)	6,161	6,099
Dividend paid				-	-
Issue of shares pursuant to the exercise of :					
-ESOS	196				196
As at 31 December 2004	40,615	-	3,937	27,831	72,383

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

BONIA CORPORATION BERHAD

(COMPANY NO. 223934-T)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 December 2005

(Unaudited)

	31 Dec 2005 RM'000	31 Dec 2004 RM'000
Cash flows from operating activities		
Profit / (loss) before taxation	11,510	9,301
Adjustments for non-cash flow:		
Non-cash items	3,705	2,434
Share of results of associated company	(31)	18
Impairment loss of assets	730	280
Finance costs	2,859	2,648
Operating profit / (loss) before working capital changes	<u>18,773</u>	<u>14,681</u>
Changes in working capital		
Net change in current assets	(13,058)	(17,683)
Net change in current liabilities	5,274	4,652
Cash generated from operations	10,989	1,650
Finance costs	(2,859)	(2,648)
Tax (paid) / refund	(812)	(1,417)
Net Cash generated from operations activities	<u>7,318</u>	<u>(2,415)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,761)	(3,982)
Proceed from disposal of properties	-	-
Net change in property development expenditure	230	787
Acquisition of subsidiary companies	-	-
Placement of fixed deposit	(1,364)	-
Investment in properties	-	-
Other Investment	(374)	-
Net cash used in investing activities	<u>(9,269)</u>	<u>(3,195)</u>
Cash flows from financing activities		
Net proceed / (repayment) of bank borrowings	13,266	5,510
Dividend paid	-	-
Proceeds from issue of warrants	-	-
Proceeds from issue of shares	2,369	196
Net cash used in financing activities	<u>15,635</u>	<u>5,706</u>
Net (decrease) / increase in cash and cash equivalents	13,684	96
Cash and cash equivalents at beginning of period	(1,766)	1,218
Cash and cash equivalents at end of period (Note A13)	<u>11,918</u>	<u>1,314</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

BONIA CORPORATION BERHAD

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2005

(Unaudited)

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134, (formerly known as MASB 26) Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

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 financial year ended 30 June 2005.

A2. Declaration of audit qualification

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 30 June 2005.

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 are no other material changes in the estimates during the current quarter under review.

A6. Debts and Equity Securities

During the current quarter ended 31 December 2005, the Company increased its issued and paid-up share capital from 42,505,000 to RM44,071,000 by way of :

- (a) an issue of 267,000 new ordinary shares of RM1.00 each for cash at option prices ranging from RM1.00 to RM1.13 per share, by virtue of the exercise of share options pursuant to the Company’s Executives’ Share Option Scheme;
- (b) an issue of 1,299,000 new ordinary shares of RM1.00 each for cash at an exercise price of RM1.00 per share by virtue of the exercise of Warrants 2005/2008.

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

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2005

(Unaudited)

A7. Dividend Paid

No dividend has been paid in the current quarter under review.

A8. Segmental Reporting

Business segments

6 months ended 31 December 2005

	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Elimination RM'000	Consolidation RM'000
Revenue					
External sales	108,229	7	71	-	108,307
Inter-segment sales	22,819	5,291	10,678	(38,788)	-
	<u>131,048</u>	<u>5,298</u>	<u>10,749</u>	<u>(38,788)</u>	<u>108,307</u>
Results					
Segment results	14,564	(484)	6,531	(9,132)	11,479
Share of results of associated Company	31				31
Profit before tax					<u>11,510</u>
Tax expense					<u>(4,136)</u>
Profit after tax					7,374
Minority interest					<u>(267)</u>
Net profit for the period					<u>7,107</u>

6 months ended 31 December 2004

	Retailing RM'000	Manufacturing RM'000	Investment and property development RM'000	Elimination RM'000	Consolidation RM'000
Revenue					
External sales	85,708	55	166	-	85,929
Inter-segment sales	19,898	4,426	4,825	(29,149)	-
	<u>105,606</u>	<u>4,481</u>	<u>4,991</u>	<u>(29,149)</u>	<u>85,929</u>
Results					
Segment results	11,362	(266)	1,975	(3,752)	9,319
Share of results of associated Company	(18)				(18)
Profit before tax					<u>9,301</u>
Tax expense					<u>(2,953)</u>
Profit after tax					6,348
Minority interest					<u>(187)</u>
Net profit for the period					<u>6,161</u>

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2005

(Unaudited)

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

Save for those disclosed below, there are no material events subsequent to the current quarter under review up to the date of this report.

On 6 January 2006, the Company disposed of its 100% equity interest in Jetbest, comprising 10,002 ordinary shares of Singapore Dollar ("SGD") 1.00 each ("Jetbest Shares"), to Active World, a wholly-owned subsidiary of Bonia for a total cash consideration of RM380,086 ("Sale consideration").

Jetbest, A company incorporated in Singapore, is principally involved in wholesaling, retailing, importing and exporting of leather goods and accessories with a paid-up share capital of SGD10,002.00. Active World, a company incorporated in Singapore, is principally involved in wholesaling and retailing of fashionable leather goods and apparels with a paid-up share capital of SGD1,000,000.00.

The Sale Consideration for the Proposed Disposal was arrived at based on the audited net tangible assets ("NTA") of Jetbest of SGD178,864 or RM380,086 (based on the foreign exchange rate of RM2.125 : SGD1.00 as at 9 January 2003, being the date of acquisition of Jetbest by Bonia) as at 30 June 2005. The audited profit after taxation of Jetbest for the financial year ended 30 June 2005 is SGD100,153.

The cost of investment of Jetbest in Bonia's audited financial statements as at 30 June 2005 is SGD41,429 or RM88,037. The Proposed Disposal will give rise to a gain of disposal of SGD137,435 or RM292,049 at Bonia's company level. However, at group level, there will not be any gain/loss on disposal as both Active World and Jetbest are wholly-owned subsidiaries of Bonia.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Changes in Contingent Liabilities

The contingent liabilities of the Group as at 31 December 2005 comprised of Corporate guarantee given to financial institutions for credit facilities granted to certain subsidiary companies amounted to RM100.9 million of which utilised by these subsidiaries amounted to RM54.3 million.

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2005

(Unaudited)

A13. Cash and cash equivalents

	31 Dec 2005	31 Dec 2004
	RM'000	RM'000
Fixed deposits	3,479	3,207
Cash and bank balances	15,627	6,496
Bank overdrafts	<u>(5,072)</u>	<u>(6,739)</u>
	14,034	2,964
Less : Fixed deposit pledged	<u>(2,116)</u>	<u>(1,650)</u>
	<u>11,918</u>	<u>1,314</u>

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NOTES TO INTERIM FINANCIAL REPORT 31 DECEMBER 2005

(Unaudited)

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Performance of the Company and its Subsidiaries

The Group's revenue for the 6 months ended 31 December 2005 increased by RM22.4 million or 26.0% over the corresponding cumulative quarter in the preceding year mainly due to higher revenue achieved during the year-end festive seasons.

The Group's profit before tax increased to RM11.5 million from RM9.3 million in the previous corresponding cumulative quarter in tandem with the higher revenue achieved.

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 a profit before tax of RM8.3 million as compared to profit before tax of RM3.2 million in the preceding quarter ended 30 September 2005. The higher profit before tax for the current quarter was mainly due to higher revenue achieved and better profit margin recorded for the current quarter under review.

B3. Current Year Prospect

Barring any unforeseen circumstance and assuming the present business sentiment continues, the Board of Directors expects the remaining financial year to be satisfactory.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

	Current year to-date ended 31 Dec 2005 RM'000	Preceding year to-date ended 31 Dec 2004 RM'000
Current year tax	4,223	2,867
(Over)/Under provision in prior year	2	
Deferred tax	(89)	86
	<u>4,136</u>	<u>2,953</u>

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.

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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 follows:-

	31 Dec 2005		31 Dec 2004	
	Short Term Borrowing RM'000	Long Term Borrowing RM'000	Short Term Borrowing RM'000	Long Term Borrowing RM'000
<u>Secured</u>				
Bank overdrafts	897	-	2,519	-
Bankers' acceptances / Trust receipts	9,047	-	9,577	-
Revolving credits	4,000	-	4,900	-
Term loans	1,695	7,874	1,088	2,897
	<u>15,639</u>	<u>7,874</u>	<u>18,084</u>	<u>2,897</u>
<u>Unsecured</u>				
Bank overdrafts	4,175	-	4,220	-
Bankers' acceptances / Trust receipts	26,102	-	20,368	-
Revolving credits	450	-	450	-
Term loans	-	30,000	-	30,000
Hire purchase & lease	593	1,966	621	761
	<u>31,320</u>	<u>31,966</u>	<u>25,659</u>	<u>30,761</u>
Total	<u>46,959</u>	<u>39,840</u>	<u>43,743</u>	<u>33,658</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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(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 current quarter 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 2005 RM'000	Preceding year quarter 31 Dec 2004 RM'000	Current year to-date 31 Dec 2005 RM'000	Preceding year period 31 Dec 2004 RM'000
Net profit / (loss) for the period	5,206	4,606	7,107	6,161

ii) Number of ordinary shares (basic)

	Current year quarter 31 Dec 2005 '000	Preceding year quarter 31 Dec 2004 '000	Current year to-date 31 Dec 2005 '000	Preceding year period 31 Dec 2004 '000
Weighted average number of ordinary shares	41,974	40,447	41,614	40,442

iii) Number of ordinary shares (diluted)

	Current year quarter 31 Dec 2005 '000	Preceding year quarter 31 Dec 2004 '000	Current year to-date 31 Dec 2005 '000	Preceding year period 31 Dec 2004 '000
Weighted average number of ordinary shares	41,974	40,447	41,614	40,442
Effect of share option	254	485	254	481
Effect of warrants	3,190	-	3,190	-
Weighted average number of ordinary shares (diluted)	45,418	40,932	45,058	40,923

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**NOTES TO INTERIM FINANCIAL REPORT
31 DECEMBER 2005**

(Unaudited)

By Order of the Board,
BONIA CORPORATION BERHAD

CHONG CHIN LOOK
Finance Director
Kuala Lumpur
22 February 2006