

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2011**  
(The figures have not been audited)

	Note	Quarter ended 31.12.11 RM'000	Quarter ended 31.12.10 RM'000 (#)	Year to date 31.12.11 RM'000	Year to date 31.12.10 RM'000 (#)
Revenue	<b>17</b>	37,972	35,105	124,424	121,845
Operating expenses		(37,564)	(33,418)	(119,264)	(116,535)
Other income		4,509	431	5,650	1,370
<b>Operating profit</b>		<u>4,917</u>	<u>2,118</u>	<u>10,810</u>	<u>6,680</u>
Finance costs		(1,341)	(1,296)	(4,194)	(4,495)
Profit after finance costs		3,576	822	6,616	2,185
Share of loss from an associate company	<b>12</b>	(231)	0	(231)	0
<b>Profit before taxation</b>	<b>25</b>	<u>3,345</u>	<u>822</u>	<u>6,385</u>	<u>2,185</u>
Taxation	<b>20</b>	(254)	(245)	(535)	(614)
<b>Profit for the period</b>		<u>3,091</u>	<u>577</u>	<u>5,850</u>	<u>1,571</u>
<b>Other comprehensive income</b>					
Foreign currency translation differences on foreign operations		(7)	9	(18)	4
<b>Total comprehensive income for the period</b>		<u>3,084</u>	<u>586</u>	<u>5,832</u>	<u>1,575</u>
Attributable to :					
Owners of the Parent		3,111	653	5,679	1,202
Non-controlling interests		(20)	(76)	171	369
<b>Profit for the period</b>		<u>3,091</u>	<u>577</u>	<u>5,850</u>	<u>1,571</u>
Attributable to :					
Owners of the Parent		3,104	662	5,661	1,206
Non-controlling interests		(20)	(76)	171	369
<b>Total comprehensive income for the period</b>		<u>3,084</u>	<u>586</u>	<u>5,832</u>	<u>1,575</u>
Basic profit per share attributable to owners of the parent based on weighted average number of shares in issue (sen)	<b>26</b>	<u>2.25</u>	<u>0.47</u>	<u>4.10</u>	<u>0.87</u>
Diluted earnings per share (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

(#) Certain figure has been restated to conform to audited financial statements ended 31 March 2011.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 2011**

**(The figures have not been audited)**

		As At 31.12.11 RM'000	(Audited) As At 31.03.11 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		52,920	50,694
Goodwill		21	21
Investment in an associate company	<b>12</b>	1,451	-
Trade receivables		-	7,613
Deferred tax assets		850	850
		<u>55,242</u>	<u>59,178</u>
<b>Current assets</b>			
Inventories		68,238	62,077
Trade receivables		48,988	46,247
Other receivables, deposits and prepayments		3,990	2,857
Amount due from an associate company		23	-
Tax recoverable		476	481
Cash and bank balances	<b>16</b>	21,672	27,584
		<u>143,387</u>	<u>139,246</u>
Non-current asset held for sale	<b>10</b>	1,554	5,724
		<u>144,941</u>	<u>144,970</u>
<b>TOTAL ASSETS</b>		<u><b>200,183</b></u>	<u><b>204,148</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent</b>			
Share capital		69,188	69,188
Exchange translation reserve		723	741
Accumulated losses	<b>23</b>	(18,159)	(23,838)
		<u>51,752</u>	<u>46,091</u>
Non-controlling interest		10,577	10,406
<b>Total equity</b>		<u>62,329</u>	<u>56,497</u>
<b>Non-current liabilities</b>			
Borrowings	<b>22</b>	6,553	41,903
Amount due to an associate company		196	-
Deferred tax liabilities		1,800	2,103
		<u>8,549</u>	<u>44,006</u>
<b>Current liabilities</b>			
Trade payables		18,186	6,129
Other payables and accruals		6,010	8,293
Amount due to an associate company		356	-
Borrowings	<b>22</b>	104,446	89,165
Provision for taxation		307	58
		<u>129,305</u>	<u>103,645</u>
<b>Total liabilities</b>		<u>137,854</u>	<u>147,651</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>200,183</b></u>	<u><b>204,148</b></u>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		0.37	0.33

Notes:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 2011**  
**(The figures have not been audited)**

	----Attributable to Owners of the Parent----			Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Non-Distributable		Distributable			
	Share Capital RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000			
<u>9 months period ended 31 December 2011</u>						
At 1 April 2011	69,188	741	(23,838)	46,091	10,406	56,497
Total comprehensive income for the period	-	(18)	5,679	5,661	171	5,832
At 31 December 2011	<u>69,188</u>	<u>723</u>	<u>(18,159)</u>	<u>51,752</u>	<u>10,577</u>	<u>62,329</u>
<u>9 months period ended 31 December 2010</u>						
At 1 April 2010	69,188	733	(26,067)	43,854	10,637	54,491
Total comprehensive income for the period	-	4	1,202	1,206	369	1,575
Acquisition of remaining equity interests in existing subsidiary from minority interest	-	-	-	-	(201)	(201)
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>

Notes:

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 2011**  
**(The figures have not been audited)**

	Year to date 31.12.11 RM'000	Year to date 31.12.10 RM'000
Profit before taxation	6,385	2,185
Adjustments for :		
Amortisation of commercial papers issuance expenses	74	74
Impairment loss on receivables	758	824
Bad debts	259	-
Depreciation	5,318	5,439
Gain on disposal of property, plant and equipment	(261)	(161)
Interest expense	4,614	5,044
Interest income	(1,964)	(2,304)
Inventories written down	81	-
Property, plant and equipment written off	64	-
Gain on disposal of investment in a subsidiary	(3,876)	-
Gain on disposal of non-current assets held for sale	(364)	(70)
Share of results of associate company	231	-
Unrealised gain on foreign exchange	(9)	169
Operating profit before changes in working capital	<u>11,310</u>	<u>11,200</u>
Changes in working capital		
Changes in inventories	(3,947)	2,548
Changes in trade and other receivables	(12,795)	9,600
Changes in trade and other payables	10,565	1,962
Interest paid	(4,614)	(5,044)
Interest received	1,818	2,044
Income tax refund	-	114
Income tax paid	(624)	(579)
Net cash flows from operating activities	<u>1,713</u>	<u>21,845</u>
Investing activities		
Interest received	91	259
Cash flow from disposal of investment in a subsidiary	8,095	-
Cash flow from acquisition of subsidiary	-	(216)
Proceeds from disposal of property, plant and equipment	356	2,311
Proceeds from disposal of non-current assets held for sale	4,534	1,000
Net change in an associate company	(13)	-
Purchase of property, plant and equipment	(8,822)	(4,362)
Net cash flows used in investing activities	<u>4,241</u>	<u>(1,008)</u>
Financing activities		
Placement of short-term deposits	(7,628)	(737)
Repayment of borrowings	(19,884)	(25,725)
Proceeds from borrowings	9,136	4,004
Net cash flows used in financing activities	<u>(18,376)</u>	<u>(22,458)</u>
Net (decrease)/increase in cash and cash equivalents	(12,422)	(1,621)
Effects of changes in exchange rates	(7)	(135)
Cash and cash equivalents at beginning of the period	25,430	24,573
Cash and cash equivalents at end of the period	<u>13,001</u>	<u>22,817</u>
Represented by :		
Cash and cash equivalents	13,304	23,818
Bank overdrafts	(303)	(1,001)
	<u>13,001</u>	<u>22,817</u>

Notes :

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the Interim Financial Statements for the third quarter ended 31 December 2011**

**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 2011. 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 the Group since the year ended 31 March 2011.

**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 2011 except for the adoption of the following new/revised FRSs, Amendment to FRSs and IC Interpretations :-

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters.
Amendments to FRS 2	Share-based Payments. Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments.
Amendments to FRS 101	Presentations of Financial Statements
Amendments to FRS 121	The Effect of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments : Presentations
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers

The application of the above FRSs, IC Interpretations and Amendment to FRSs did not have any material impact on the financial statements of the Group and the Group also has not early adopted any new/revised FRSs, Amendment to FRSs and IC Interpretations issued but not yet effective.

**3. Audit Report**

The auditors' report on the financial statements for the year ended 31 March 2011 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.

**Notes to the Interim Financial Statements for the third quarter ended 31 December 2011**

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

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

**10. Non-current asset held for sale**

There were no assets held for sale for the financial period under review except for GKY Machinery (M) Sdn Bhd ("GKYM"), a 54.63% owned subsidiary of the Company, had classified a piece of freehold land held under GM 755, Lot 44506, Mukim Tebrau, Daerah Johor Bahru, Johor containing 8,877 square metres at carrying amount of RM1.55 million.

**11. Subsequent Events**

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

**12. 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 the Company had on 14 October 2011 entered into a conditional share sale agreement with third (3rd) party to dispose of its 75% equity interest in First Peninsula Credit Sdn. Bhd. ("FPC") for a cash consideration of RM9,006,000. The said consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited net tangible assets of FPC as at 31 March 2011. The disposal was completed on 30 November 2011.

Consequent to this disposal, the carrying amount of remaining equity interest in FPC has been classified to investment in an associate company.

**13. Contingent Liabilities**

	As At 31.12.11 RM'000	As At 31.03.11 RM'000
Corporate guarantee extended by the Company to banks for credit facilities granted to subsidiaries as at the end of the current quarter under review are as follows :-		
- Limit	78,169	94,475
- Utilised	71,489	85,416

**14. Capital Commitments**

There is no outstanding capital commitments at the end of the current quarter under review.

**15. Related Party Transactions**

There were no related party transactions during the current quarter under review except as follows :-

	Quarter ended 31.12.11 RM'000	Year to date 31.12.11 RM'000
Rental expense paid to other related party*	(41)	(135)
Insurance premium received from other related party*	-	2

\* Being corporations in which certain directors of the Company have financial interest.

**Notes to the Interim Financial Statements for the third quarter ended 31 December 2011**

**16. Cash And Bank Balances**

	As At 31.12.11 RM'000	As At 31.03.11 RM'000
Cash and cash equivalents	13,304	25,844
Pledged fixed deposits and short-term deposits with licensed bank	<u>8,368</u>	<u>1,740</u>
	<u>21,672</u>	<u>27,584</u>

**17. Detailed Analysis Of Performance**

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  |

	Quarter ended 30.09.11 RM'000	Quarter ended 31.12.11 RM'000	Quarter ended 31.12.10 RM'000	Year to date 31.12.11 RM'000	Year to date 31.12.10 RM'000
<b>Revenue</b>					
a)	39,828	33,700	31,002	111,089	109,433
b)	712	429	717	1,865	2,403
c)	3,771	3,755	3,301	11,213	9,776
d)	88	88	85	257	233
<b>Total</b>	<u>44,399</u>	<u>37,972</u>	<u>35,105</u>	<u>124,424</u>	<u>121,845</u>
<b>Profit before taxation</b>					
a)	1,936	485	1,050	4,978	2,841
b)	106	127	230	410	636
c)	575	395	613	1,583	2,278
d)	(1,607)	2,569	(1,071)	(355)	(3,570)
	1,010	3,576	822	6,616	2,185
Share of loss from an associate company	-	(231)	-	(231)	-
<b>Total</b>	<u>1,010</u>	<u>3,345</u>	<u>822</u>	<u>6,385</u>	<u>2,185</u>

Comparison with corresponding period in the previous year

a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, the total revenue for the current quarter was RM33.7 million, an increase of 8.7% compared to RM31.0 million in the previous year's corresponding quarter. The increase was mainly due to better demand in this business segment. However, unfavourable sales mix and higher statutory costs arising from restructuring of banking facilities had resulted in the lower profit before tax for this current quarter under review.

b) For insurance and financing segment, the total revenue for the current quarter was RM0.4 million, a decrease of 40.2% compared to RM0.7 million in previous year's corresponding quarter. Profit before tax decreased to RM0.1 million from RM0.2 million. The decrease in revenue and profit were mainly due to First Peninsula Credit Sdn Bhd ceasing to be a subsidiary of BKG on 30 November 2011. Please refer to note 12 for the relevant information.

c) For rental and fleet management services segment, total revenue for the current quarter was RM3.7 million, an increase of 13.8% compared to RM3.3 million in the previous year's corresponding quarter. The increase was mainly due to higher rental rate of commercial vehicles during the quarter. However, higher provision for impairment loss on receivables has resulted in the lower profit before tax for the current quarter under review.

d) Other segment refers to BKG company level operation. The total revenue for the current quarter was RM0.09 million. The profit before tax was RM2.6 million mainly due to gain on disposal of investment in a subsidiary during the current quarter under review. The details of the disposal was disclosed in note 12.

**Notes to the Interim Financial Statements for the third quarter ended 31 December 2011**

Comparison with preceding quarter

a) For commercial vehicles, forklifts, heavy machineries and bodyworks segment, the total revenue for the current quarter was RM33.7 million, a decrease of 15.4% compared to RM39.8 million in the preceding quarter mainly due to lower registration of commercial vehicles towards the calendar year end. Lower sales volume and unfavourable sales mix and higher statutory costs arising from the restructuring of banking facilities had caused the lower profit before tax for this current quarter under review.

b) For insurance and financing segment, the total revenue for the current quarter was RM0.4 million, a decrease of 39.7% compared to RM0.7 million in the preceding quarter. The decrease was mainly due to FPC ceasing to be a subsidiary of BKG on 30 November 2011. Profit before tax maintained at RM0.1 million mainly due to better profit margin. Please refer to note 12 for the relevant information.

c) For rental and fleet management services segment, the total revenue for the current quarter was RM3.7 million, a marginal decrease of 0.4% compared to RM3.8 million in the preceding quarter. However, higher provision for impairment loss on receivables has resulted in the lower profit before tax for the current quarter under review.

d) For other segment, the total revenue for the both quarters were consistent at RM0.09 million. However, the profit before tax has increased by RM4.2 million to RM2.6 million. The increase was mainly due to lower finance costs and gain on disposal of investment in a subsidiary during the current quarter under review. The details of the disposal was disclosed in note 12.

**18 Commentary Of Prospects**

The Board of Directors anticipate that the Group's operating environment shall remain challenging and competitive. The rising of Japanese Yen and the prevailing global economic slowdown are the two main factors that will affect the growth and profitability of the Group for the remaining quarter of this financial year.

**19 Profit Forecast Variance**

Not applicable

**20 Taxation**

	Quarter ended 31.12.11 RM'000	Year to date 31.12.11 RM'000
Malaysian taxation based on profit for the period:		
-Current tax	(338)	(727)
-Deferred tax	134	292
-Real property gain tax	-	(50)
Under provision in prior years		
-Current tax	(49)	(49)
-Deferred tax	(1)	(1)
	<u>(254)</u>	<u>(535)</u>

The Group's effective tax rate for the current quarter and financial year to date is lower than statutory rate of tax applicable mainly due to utilisation of unabsorbed tax losses and capital allowance brought forward for certain subsidiaries, as well as non-taxable income arose from the gain on disposal of investment in subsidiary company.

**21 Corporate Proposals**

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

**22 Group Borrowings and Debt Securities**

Group borrowings as at 31 December 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Current liabilities</u>			
Islamic Medium Term Notes	38,151	-	38,151
Bank overdrafts	-	303	303
Bankers acceptance / Trade loans	50,126	9,153	59,279
Finance lease liabilities	4,913	-	4,913
Term loan	1,800	-	1,800
Sub-total	<u>94,990</u>	<u>9,456</u>	<u>104,446</u>
<u>Non-current liabilities</u>			
Term loan	2,630	-	2,630
Finance lease liabilities	3,923	-	3,923
Sub-total	<u>6,553</u>	<u>-</u>	<u>6,553</u>
Total	<u>101,543</u>	<u>9,456</u>	<u>110,999</u>

All the above borrowings are denominated in Malaysia Ringgit except for trade loans amounting to RM9.1 million which are denominated in Japanese Yen.



**Notes to the Interim Financial Statements for the third quarter ended 31 December 2011**

**23 Realised And Unrealised Profits or Losses**

The Group's total accumulated losses as at 31 December 2011 is as follows:-

	As at 31.12.11 (RM'000)	As at 31.03.11 (RM'000)
Total accumulated losses		
- Realised	7,828	12,353
- Unrealised	967	1,280
	8,795	13,633
Less: Consolidation adjustments	9,364	10,205
Total accumulated losses	18,159	23,838

**24 Material Litigation**

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

**25 Profit Before Taxation**

This is arrived at :

	Quarter ended 31.12.11 RM'000	Year to date 31.12.11 RM'000
After charging :		
Amortisation of commercial papers issuance expenses	24	74
Depreciation	1,636	5,319
Bad debts	98	259
Impairment loss on receivables	672	758
Inventories written down to net realisable value	81	81
Realised gain/(loss) on foreign exchange	104	109
Interest expenses	1,447	4,614
Property, plant and equipment written off	-	65
And crediting :		
Gain on disposal of property, plant and equipment	-	261
Gain on disposal of non-current asset held for sale	-	364
Gain on disposal of investment in subsidiary company	3,876	3,876
Unrealised gain/(loss) on foreign exchange	(300)	9
Interest income	531	1,964

**26 Basis Of Calculation Of Earnings Per Share Attributable To Owners Of The Parent**

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

	Quarter ended 31.12.11	Year to date 31.12.11
Profit for the period attributable to the owners of the Parent (RM'000)	<u>3,111</u>	<u>5,679</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>2.25</u>	<u>4.10</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 : 22 February 2012