

**BOLTON BERHAD**  
(Company No. 5572-H)  
(Incorporated in Malaysia)

Interim Financial Report  
Second Quarter Ended 30 June 2005

**BOLTON BERHAD**  
 (Company No. 5572-H)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2005**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30/06/2005</b>	<b>30/06/2004</b>	<b>30/06/2005</b>	<b>30/06/2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	47,005	37,557	76,061	69,576
Operating expenses	(79,944)	(31,569)	(101,332)	(60,016)
Other operating income	1,209	771	2,054	4,403
(Loss)/Profit from operations	<u>(31,730)</u>	<u>6,759</u>	<u>(23,217)</u>	<u>13,963</u>
Finance costs	(5,148)	(5,352)	(10,636)	(10,625)
Investing results	(77,493)	15,695	(76,586)	17,874
(Loss)/Profit before tax	<u>(114,371)</u>	<u>17,102</u>	<u>(110,439)</u>	<u>21,212</u>
Taxation	(1,659)	(1,048)	(2,921)	(1,979)
(Loss)/Profit after tax	<u>(116,030)</u>	<u>16,054</u>	<u>(113,360)</u>	<u>19,233</u>
Minority interests	(2,237)	(445)	(2,900)	(446)
Net (loss)/profit for the period	<u>(118,267)</u>	<u>15,609</u>	<u>(116,260)</u>	<u>18,787</u>
(LPS)/EPS - basic (sen)	<u>(37.02)</u>	<u>4.89</u>	<u>(36.39)</u>	<u>5.88</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004)**

**BOLTON BERHAD**  
 (Company No. 5572-H)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 30 JUNE 2005**

	<b>As at 30/06/2005</b>	<b>As at 31/12/2004 restated</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, Plant and Equipment	131,341	135,773
Investment in Associated and Joint Venture Companies	263,628	338,359
Long term investments	71,258	71,258
Negative Goodwill on consolidation	(7,619)	(7,619)
Intangible Assets	-	315
Land held for development	55,961	55,340
Current Assets		
Inventories	215,759	218,877
Debtors	96,916	105,052
Short term investments	1,962	2,445
Cash and cash equivalents	13,912	51,051
	<u>328,549</u>	<u>377,425</u>
Current Liabilities		
Trade and other creditors	39,777	35,656
Overdraft and short term borrowings	189,514	193,606
	<u>229,291</u>	<u>229,262</u>
Net Current Assets	99,258	148,163
	<u>613,827</u>	<u>741,589</u>
Share Capital	320,343	320,343
Reserves	96,477	212,737
	<u>416,820</u>	<u>533,080</u>
Less : 847,000 treasury shares, at cost	(664)	(659)
Shareholders' Fund	<u>416,156</u>	<u>532,421</u>
Minority Interests	19,986	17,086
Long Term Borrowings	174,831	189,207
Long term liabilities	230	251
Deferred taxation	2,624	2,624
	<u>613,827</u>	<u>741,589</u>
Net Tangible Assets per share (RM)	<u>1.30</u>	<u>1.67</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004)**

**BOLTON BERHAD**

(Company No. 5572-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2005**

	-----Non-distributable-----				<b>Distributable</b> <b>Retained</b> <b>Profits</b> RM'000	<b>Total</b> RM'000
	<b>Share</b> <b>Capital</b> RM'000	<b>Share</b> <b>Premium</b> RM'000	<b>Capital</b> <b>Reserve</b> RM'000	<b>Exchange</b> <b>Reserve</b> RM'000		
At 1 January 2005 :						
- as previously reported	320,343	244,792	24,872	(8)	(1,945)	588,054
- prior year adjustments						
Impairment losses on - goodwill	-	-	-	-	(47,522)	(47,522)
Adjustment on minority interest	-	-	-	-	(4,989)	(4,989)
Change in accounting policy in respect of recognition of certain project expense	-	-	-	-	(2,463)	(2,463)
- as restated	<u>320,343</u>	<u>244,792</u>	<u>24,872</u>	<u>(8)</u>	<u>(56,919)</u>	<u>533,080</u>
Net loss for the period	-	-	-	-	(116,260)	(116,260)
At 30 June 2005	<u>320,343</u>	<u>244,792</u>	<u>24,872</u>	<u>(8)</u>	<u>(173,179)</u>	<u>416,820</u>
At 1 January 2004	320,343	244,792	24,919	(8)	17,440	607,486
Net profit for the period	-	-	-	-	18,787	18,787
Interim dividend in specie of 31,969,136 ordinary shares of RM0.10 each in Symphony House Bhd	-	-	-	-	(43,958)	(43,958)
At 30 June 2004	<u>320,343</u>	<u>244,792</u>	<u>24,919</u>	<u>(8)</u>	<u>(7,731)</u>	<u>582,315</u>

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004)**

**BOLTON BERHAD**  
 (Company No. 5572-H)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2005**

	<b>6 months ended 30/06/2005 RM'000</b>	<b>6 months ended 30/06/2004 RM'000</b>
Net (Loss)/Profit before tax	(110,439)	21,212
Adjustment for non-cash flow :-		
Non-cash items	37,283	(1,131)
Non-operating items (which are investing/financing)	76,892	(17,894)
Operating profit before changes in working capital	<u>3,736</u>	<u>2,187</u>
Changes in working capital		
Net change in current assets	(15,324)	(26,612)
Net change in liabilities	4,100	(3,203)
Land held for development	(621)	20
Taxation paid	(6,736)	(1,092)
Net cash flows from operating activities	<u>(14,845)</u>	<u>(28,700)</u>
Investing Activities		
- Property, plant and equipments	(1,217)	24,408
- Equity investments	(5)	(4)
- Net cash received on disposal of subsidiary company	-	26,010
- Associated companies	(2,562)	(159)
- Other investments	(42)	24,460
	<u>(3,826)</u>	<u>74,715</u>
Financing Activities		
- Bank borrowings	(10,085)	(22,969)
	<u>(10,085)</u>	<u>(22,969)</u>
Net Change in Cash and Cash Equivalents	(28,756)	23,046
Cash and Cash Equivalents at beginning of period	28,927	(8,561)
Cash and Cash Equivalents at end of period	<u>171</u>	<u>14,485</u>

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2004)**

**BOLTON BERHAD (5572-H)**

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 June 2005

**Explanatory Notes****A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2004 other than the change in accounting policy for goodwill and recognition of certain project expense in relation to property development companies.

**A2. Audit Qualification**

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2004 was not qualified.

**A3. Seasonality or Cyclical Factors**

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.

**A4. Exceptional items**

	<b>3 months ended 30/06/05 RM'000</b>	<b>6 months ended 30/06/05 RM'000</b>
Included in operating expenses are :-		
Provision for impairment loss on :		
quoted investment	(29)	(286)
certain capitalized cost	(22,560)	(22,560)
assets of certain subsidiary companies	(4,544)	(4,544)
Loss on disposal of quoted investment	(224)	(239)
Allowance for doubtful debts	(8,221)	(8,221)
Provision for shortfall in Net Tangible Asset warranty arising from the disposal of Symphony Global Sdn Bhd (formerly known as Global Innovative Management Partners-ACT Sdn Bhd)	(4,750)	(4,750)
	<u>(40,328)</u>	<u>(40,600)</u>
Included in investing results are :-		
Provision for impairment loss on :		
unquoted associated company	(1,579)	(1,579)
quoted associated company	(51,031)	(51,031)
Write back of gain on disposal of unquoted associated company	(220)	(220)
Group's share of an associated company's provision for impairment losses	(28,623)	(28,623)
	<u>(81,453)</u>	<u>(81,453)</u>

**A5. Changes in estimates**

There were no changes in estimates of amounts reported in prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

**A6. Debt and Equity Securities**

During the current financial quarter, the Company repurchased 5,000 of its issued share capital of RM1/- each from the open market at an average price of RM0.99 per share. The shares repurchased were retained as treasury shares.

**A7. Dividends Paid**

No dividends were paid in the quarter ended 30 June 2005.

**BOLTON BERHAD (5572-H)**

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 June 2005

**A8. Segmental Reporting**

6 months ended 30/06/2005

Business segments	Property Development RM'000	Property Investment RM'000	Hotel RM'000	Food Franchising RM'000	Investment & others RM'000	Total RM'000
Revenue	59,197	6,128	1,902	8,761	73	76,061
Segment results	20,191	1,839	90	224	(40,542)	(18,198)
Unallocated expenses						(5,019)
Operating profit						(23,217)
Finance costs						(10,636)
Share of results of associated and joint venture companies						(76,586)
Loss before taxation						(110,439)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly head office expenses.

Share of results of associated and joint venture companies comprised of :-

Liquid bulking	344
IT and services	1,748
Property development	(18,934)
Consumer retail	3,214
Investment and others	(10,128)
Write back of gain on disposal of unquoted associated company	(220)
Provision for impairment losses in quoted and unquoted associated companies	(52,610)
	(76,586)

**A9. Valuation of property, plant and equipment**

The valuation of land and buildings have been brought forward, without amendment from the most recent annual audited statements for the year ended 31 December 2004. The carrying value is based on a valuation carried out in 1983 by independent professional valuers less depreciation.

**A10. Subsequent Events**

There is no material subsequent event since 30 June 2005.

**A11. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the interim period under review.

**A12. Changes in contingent liabilities and contingent assets**

(a) Indemnities given to third parties in respect of bank guarantees for the Group have increased to RM1,246,700 from RM915,000 since the last annual balance sheet date. Corporate guarantees given to financial institutions for facilities granted to an associated company amounted to RM72.4 million as at 30 June 2005.

(b) As part of the agreement on the disposal of the Group's entire equity interest in Symphony Global Sdn Bhd (formerly known as Global Innovative Management Partners-ACT Sdn Bhd) ("SGSB") to Symphony House Bhd ("SHB"), the Company provided a guarantee that the aggregate profit after tax of SGSB Group for the three financial years ending 31 December 2004 to 2006 shall not be less than RM75 million (PAT Guarantee). The PAT Guarantee provided by the company may only lapsed upon the following:

(i) at the request of the Company and upon the written consent of SHB; or

(ii) if there is a re-organisation, reconstruction or otherwise an amalgamation in SHB Group relating to businesses involving information technology which materially affects the business of SGSB; or

(iii) if the Board of Directors of SGSB are appointed in a manner other than two (2) Directors being nominated by SHB, two (2) Directors being nominated by the Company and the remaining three (3) Directors being nominated from the management of SGSB and approved by the Company.

**BOLTON BERHAD (5572-H)**

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 June 2005

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS.****B1. Review of Performance**

The Property Development and Investment Divisions contributed 86% of the Group Turnover totalling RM76.061 million. However, the Group registered a loss after taxation and minority interests of RM118.267 million in the current financial quarter mainly due to the Group's share of an associated company's impairment losses on investment in a subsidiary company and inventories of completed properties and land held for development and provision for impairment losses in a quoted associated company and certain capitalized cost and additional allowance for doubtful debts.

The Group continued to register good sales in Tijani 1, Tijani 2 South in Bukit Tunku and Taman Tasik Prima in Puchong.

All the property development projects and the investment properties contributed positively to the current period financial results.

**B2. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter**

The results of the current quarter is lower than the preceding quarter mainly due to the Group's share of an associated company's impairment losses on investment in a subsidiary company and inventories of completed properties and land held for development, and provision for impairment losses in a quoted associated company and certain capitalized cost and additional allowance for doubtful debts.

Details of these impairment losses were announced by the Company on 18 July 2005. Upon further review, the Company has decided to classify certain prior year adjustments that were announced on 18 July 2005 as current year adjustments amounting to RM81.812 million, consisting of provision for impairment loss in a quoted associated company amounting to RM51.031 million, impairment loss on certain capitalized cost amounting to RM22.560 million and allowance for doubtful debts amounting to RM8.221 million.

**B3. Prospects for the current financial year**

Barring any unforeseen circumstances, the directors are of the view that the operational results of the Group, excluding the impairment provision of the Group, is expected to improve in view of high take-up rate for the luxurious bungalows and semi-detached houses in Tijani 2 South and duplexes in Tijani 2 North and the favourable conditions for the affordable residential property market respectively.

**B4. Profit Forecast/Profit Guarantee**

Not applicable

**B5. Taxation**

Taxation comprises the following :-

	<b>3 months ended 30/06/05 RM'000</b>	<b>6 months ended 30/06/05 RM'000</b>
Current taxation	1,898	2,603
Associated and joint venture companies	<u>(239)</u>	<u>318</u>
	<u>1,659</u>	<u>2,921</u>

The effective tax rate of the Group for the three months ended 30 June 2005 is higher than the statutory tax rate principally due to the provision for impairment losses made by the Group and the Group's share of impairment losses of an associated company as disclosed under note B2 which are not tax deductible.

**B6. Sale of unquoted investments and properties**

There is no sale of unquoted investments during the current financial period. There is no sale of properties other than the sale of land and buildings in the normal course of business as property developers.

**BOLTON BERHAD (5572-H)**

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 June 2005

**B7. Quoted investments**

(a) Total purchases and sales of quoted investments are as follows :-

	<b>3 months ended 30/06/05 RM'000</b>	<b>6 months ended 30/06/05 RM'000</b>
Total purchases	900	1,156
Total sales proceeds	<u>1,030</u>	<u>1,114</u>
Total loss on disposal	<u>(224)</u>	<u>(239)</u>

(b) Investments in quoted securities as at 30 June 2005 are as follows :-

	<b><u>At Cost</u> RM'000</b>	<b><u>At Book Value</u> RM'000</b>	<b><u>At Market Value</u> RM'000</b>
Quoted in Malaysia			
Associated company	339,882	195,678	109,945
Other investments	<u>63,832</u>	<u>63,220</u>	<u>93,222</u>
Total quoted investments	<u>403,714</u>	<u>258,898</u>	<u>203,167</u>

**B8. Corporate Developments**

(1) Noble Accord Sdn Bhd, a wholly-owned subsidiary of the Company, had on 28 April 2005 entered into a Heads of Agreement ("HOA") with Pandey Venture Capital Ltd, a company incorporated in New Zealand, (in trust for a potential purchaser) for the disposal of a property situated at and known as "Hotel Midah", No. 8 Jalan Kampung Attap, 50460 Kuala Lumpur, Malaysia, for a total sale consideration of RM32.25 million ("Proposed Disposal").

The Proposed Disposal was terminated on 16 August 2005.

(2) The Company had on 18 July 2005 announced the following :

(a) Proposed private placement of up to 10% of the Company's issued and paid-up share capital;

The Proposed Placement is subject to the approval of the SC, FIC and Bursa Securities.

(b) Proposed privatisation of Kejora Harta Bhd ("KHB") through a members' scheme of arrangement under Section 176 of the Companies Act, 1965 and Proposed acquisition of warrants in Kejora Harta Bhd ("Proposed Scheme");

The Proposed Scheme is subject to sanction from the High Court of Malaya and the approvals of the SC, FIC, KHB warrant holders and shareholders of the Company and KHB at EGMs to be convened later.

(c) Proposed conditional voluntary general offer by the Company through Commerce International Merchant Bankers Bhd for the remaining ordinary shares of RM0.10 each in Symphony House Berhad ("SHB") and Warrants 2004/2009 in SHB not held by the Company;

The Proposed Offer is subject to the approvals of the SC, FIC and shareholders of the Company at an EGM to be convened later.

(d) Proposed increase in the Company's authorised share capital;

The Proposed Increase is subject to the approval of the shareholders of the Company at an EGM to be convened later.

(e) Proposed internal reorganisation of the enlarged Bolton Group of Companies:

The Proposed Internal Reorganisation is subject to the approval of the FIC.

**B9. Group borrowings**

Particulars of the Group's borrowings as at 30 June 2005 are as follows :-

	<b>RM'000</b>
Short term bank borrowings -	
Secured	142,565
Unsecured	46,949
Long term bank borrowings	
Secured	74,831
Unsecured	100,000
Total Group borrowings	<u>364,345</u>

All borrowings are denominated in Ringgit Malaysia.

**B10. Off Balance Sheet Financial Instruments**

There has been no financial instruments with off balance sheet risks as at the date of this report.

**BOLTON BERHAD (5572-H)**

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 June 2005

**B11. Material Litigation**

There has been no material litigation pending as at the date of this report.

**B12. Dividends Proposed**

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

**B13. Earnings per share**

	3 months ended		6 months ended	
	30/6/2005	30/6/2004	30/6/2005	30/6/2004
Net (loss)/profit for the period (RM'000)	(118,267)	15,609	(116,260)	18,787
Weighted average number of ordinary shares excluding treasury shares ('000)	319,500	319,510	319,501	319,511
Basic (loss)/earnings per share (sen)	(37.02)	4.89	(36.39)	5.88

The fully diluted earnings per share for the current period is not presented as the effect of the conversion of warrants is anti-dilutive.

**BY ORDER OF THE BOARD**

**LIM SENG YON**  
**KOAY BENG HOCK**  
Secretaries

Kuala Lumpur  
25 August 2005