

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

Interim Financial Report
Second Quarter Ended 30 September 2006

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006

	2nd quarter 3 months ended 30/09/2006 RM'000	Cumulative quarter 6 months ended 30/09/2006 RM'000
Revenue	99,717	171,474
Development costs recognised as expense	(59,366)	(101,529)
Changes in inventories and consumables used	(4,953)	(9,681)
Other operating income	745	1,345
Staff costs	(5,751)	(9,614)
Depreciation and amortisation	(2,056)	(3,380)
Other expenses	(8,875)	(13,734)
Profit from operations	<u>19,461</u>	<u>34,881</u>
Finance costs	(6,451)	(11,915)
Other investing activities results	18,681	18,800
Share of results of associates and jointly controlled entity	243	891
Profit before tax	<u>31,934</u>	<u>42,657</u>
Taxation	(5,883)	(9,490)
Profit for the period	<u>26,051</u>	<u>33,167</u>
Attributable to :		
Equity holders of the parent	26,340	32,393
Minority interests	(289)	774
	<u>26,051</u>	<u>33,167</u>
EPS - basic (sen)	<u>8.27</u>	<u>10.16</u>

Note : There are no comparative figures as the Group changed its financial year end from 31 December to 31 March during the preceding financial period under review.

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Financial Statements for the period ended 31 March 2006)

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2006

	As at 30/09/2006	As at 31/03/2006 restated
	RM'000	RM'000
ASSETS		
Non Current Assets		
Property, Plant and Equipment	83,817	42,218
Investment Properties	92,196	95,400
Land held for development	75,407	4,097
Land held for sale	43,343	42,971
Investment in associates and jointly controlled entity	85,155	210,768
Other investments	25,631	72,082
Goodwill/(Negative Goodwill) on consolidation	7,899	(4,562)
Prepaid lease payments	5,206	5,236
	<u>418,654</u>	<u>468,210</u>
Current Assets		
Development properties	179,563	212,576
Inventories	51,705	17,133
Trade and other receivables	196,551	53,216
Short term investments	5,477	2,797
Tax recoverable	12,418	18,106
Cash and cash equivalents	46,629	26,075
	<u>492,343</u>	<u>329,903</u>
Assets of disposal group classified as held for sale	91,504	-
	<u>583,847</u>	<u>329,903</u>
TOTAL ASSETS	<u>1,002,501</u>	<u>798,113</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	320,815	320,343
Share Premium	244,910	244,792
Other reserves	24,654	24,654
Accumulated Losses	(231,995)	(281,093)
Shareholders' equity	<u>358,384</u>	<u>308,696</u>
Treasury shares	(1,583)	(848)
Minority Interests	20,581	18,131
Total equity	<u>377,382</u>	<u>325,979</u>
Non Current Liabilities		
Long Term Borrowings	177,289	192,934
Long term payables	2,771	2,771
Deferred taxation	5,612	2,867
	<u>185,672</u>	<u>198,572</u>
Current Liabilities		
Trade and other payables	78,782	56,415
Provision for liabilities	63,476	60,000
Borrowings	290,606	157,147
	<u>432,864</u>	<u>273,562</u>
Liabilities directly associated with the assets classified as held for sale	6,583	-
	<u>439,447</u>	<u>273,562</u>
Total Liabilities	<u>625,119</u>	<u>472,134</u>
TOTAL EQUITY AND LIABILITIES	<u>1,002,501</u>	<u>798,113</u>
Net Assets per share attributable to Equity Holders of the Parent (RM)	<u>1.12</u>	<u>0.96</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited Financial Statements for the period ended 31 March 2006)

BOLTON BERHAD
 (Company No. 5572-H)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2006

	-----Attributable to Equity Holders of the Parent-----					Treasury Shares	Minority Interest	Total Equity	
	Share Capital	Share Premium	Capital Reserve	Exchange Reserve	Distributable Retained Profits/ Accumulated Losses				Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 April 2006 :									
- as previously reported	320,343	244,792	24,872	(218)	(281,093)	308,696	(848)	18,131	325,979
- effect of adoption of FRS 3					13,220	13,220			13,220
									-
- as restated	<u>320,343</u>	<u>244,792</u>	<u>24,872</u>	<u>(218)</u>	<u>(267,873)</u>	<u>321,916</u>	<u>(848)</u>	<u>18,131</u>	<u>339,199</u>
Acquisition of a new subsidiary	-	-	-	-	3,485	3,485	-	1,676	5,161
Movements during the period	472	118	-	-	32,393	32,983	(735)	774	33,022
At 30 September 2006	<u>320,815</u>	<u>244,910</u>	<u>24,872</u>	<u>(218)</u>	<u>(231,995)</u>	<u>358,384</u>	<u>(1,583)</u>	<u>20,581</u>	<u>377,382</u>

Note : There are no comparative figures as the Group changed its financial year end from 31 December to 31 March during the preceding financial period under review.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statements for the period ended 31 March 2006)

BOLTON BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006

	6 months ended 30/09/2006 RM'000
Profit before tax	42,657
Adjustment for non-cash flow :-	
Non-cash items	4,139
Non-operating items (which are investing/financing)	(25,402)
Operating profit before changes in working capital	<u>21,394</u>
Changes in working capital	
Net change in current assets	(9,782)
Net change in liabilities	(19,770)
Land held for development	(402)
Taxation refund	571
Net cash flows from operating activities	<u>(7,989)</u>
Investing Activities	
- Property, plant and equipments	1,585
- Equity investments	(145)
- Other investments	63,332
- Net cash paid for acquisition of a subsidiary company	(100,573)
	<u>(35,801)</u>
Financing Activities	
- Bank borrowings	29,464
	<u>29,464</u>
Net Change in Cash and Cash Equivalents	(14,326)
Cash and Cash Equivalents at beginning of period	23,328
Cash and Cash Equivalents at end of period	<u>9,002</u>
Analysis of cash and cash equivalents at end of the financial period :	
Cash and bank balances	16,593
Deposits with licenced financial institutions	30,036
Bank overdrafts	(37,627)
	<u>9,002</u>

Note : There are no comparative figures as the Group changed its financial year end from 31 December to 31 March during the preceding financial period under review.

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Financial Statements for the period ended 31 March 2006)

BOLTON BERHAD (5572-H)

(Incorporated in Malaysia)

Unaudited interim report for the quarter ended 30 September 2006

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 paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the period ended 31 March 2006.

A2. Changes in Accounting Policies

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 except for the adoption of the new or revised Financial Reporting Standards (FRSs) effective for financial periods beginning 1 January 2006.

The adoption of the new or revised FRSs does not have significant financial impact on the Group except as disclosed below :

(a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

Prior to 1 April 2006, goodwill was stated at cost less accumulated amortisation. Goodwill was amortised over its weighted average useful life. With effect from 1 April 2006, in accordance with FRS 3 and FRS 136, the Group no longer amortises goodwill. Goodwill is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

The new policy in respect of goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3. As a result, comparative figures have not been restated, the cumulative amount of amortisation as of 1 April 2006 has been offset against the cost of the goodwill and no amortisation charge for the goodwill has been recognised in the income statement for the three month period ended 30 September 2006.

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 April 2006, negative goodwill was amortised over its weighted average useful life and set-off against the goodwill arising from the excess of the cost of acquisitions over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of other subsidiaries.

In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 April 2006 of RM13.22 million was derecognised with a corresponding increase in retained earnings and the negative goodwill of RM59.657 million arising from the acquisition of a subsidiary company (as disclosed in note A5 and A12) have been recognised in the income statement for the current financial quarter.

(b) FRS 5 : Non Current Assets Held for Sale and Discontinued Operations

FRS 5 defined that an item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in the reclassification of an asset previously classified as land held under development.

FRS 5 require a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5.

(c) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of parent and to minority interests.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101.

(d) FRS 116 : Property, Plant and Equipment

The adoption of this new FRS has resulted in a prospective change in the accounting estimates for depreciation of hotel property and the comparatives as at 31 March 2006 are not restated. Prior to 1 April 2006, this asset was not depreciated as it is the Group's practice to maintain its hotel property at a high standard and condition in order to maintain its residual value at least equal to its book value such that depreciation would be insignificant. Upon adoption of FRS 116, the hotel property is to be depreciated systematically over its estimated useful life. Depreciation of the hotel property is charged to profit or loss. The depreciation charge for the hotel property amounted to RM258,000 is recognised in the current quarter.

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(e) FRS 140 : Investment Properties

FRS 140 defines an investment property as property held for long-term rental yield and/or capital appreciation and that is not occupied by the companies in the Group. In compliance with FRS 140, the Group has reclassified the properties held for rental to external parties which had previously been classified as property, plant and equipment and land held for development as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses.

(f) The effect to the Group's comparative figures on adoption of the above FRSs is as follows :

	As previously reported RM'000	Effect of reclassification RM'000	As Restated RM'000
As at 31 March 2006 :			
Property, plant and equipment	128,587	(86,369)	42,218
Investment properties	-	95,400	95,400
Land held for development	56,099	(52,002)	4,097
Land held for sale	-	42,971	42,971

A3. Audit Qualification

The audit report of the Group's most recent annual audited financial statements for the period ended 31 March 2006 was not qualified.

A4. Seasonality or Cyclical Factors

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

A5. Exceptional items

	3 months ended 30/09/06 RM'000	6 months ended 30/09/06 RM'000
Included in investing results are :-		
Provision for impairment loss on quoted investments written back	150	215
Provision for impairment loss on unquoted investments	(8,730)	(8,730)
Provision for impairment loss on a quoted associated company	(41,979)	(41,979)
Negative goodwill on acquisition of a subsidiary company written back	59,657	59,657
Gain on disposal of quoted investment	13,272	13,448
Provision for shortfall in profit guarantee arising from the disposal of Symphony Global Sdn Bhd	(3,476)	(3,476)
	<u>18,894</u>	<u>19,135</u>

A6. Changes in estimates

Other than the changes in note A2, there were no other major changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A7. Debt and Equity Securities

On 11 September 2006, the Company issued 471,730 new ordinary shares of RM1 each at an issue price of RM1.25 per ordinary shares amounting to RM589,662.50 as partial discharge of purchase consideration for the acquisition of Kejora Harta Bhd, as disclosed in note A12. Other than the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period. As at 30 September 2006, the Company has 1,977,200 ordinary shares held as treasury shares.

A8. Dividends Paid

No dividends were paid in the quarter ended 30 September 2006.

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A9. Segmental Reporting

6 months ended 30/09/2006

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	141,773	6,101	2,734	9,585	11,281	171,474
Segment results	38,780	1,581	318	179	19,060	59,918
Unallocated expenses						(6,237)
Operating profit						53,681
Finance costs						(11,915)
Share of results of associates and jointly controlled entity						891
Profit before taxation						42,657

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.

A10. 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 March 2006. The carrying value is based on a valuation carried out in 1983 by independent professional valuers less depreciation.

A11. Subsequent Events

Save and except for as disclosed under note B8(iii), there is no material subsequent event since 30 September 2006.

A12. Changes in the Composition of the Group

On 14 September 2006, the Group completed the 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, which is now a wholly-owned subsidiary. There were no other changes in the composition of the Group.

A13. Changes in contingent liabilities and contingent assets

(a) Indemnities given to third parties in respect of bank guarantees for the Group have increased to RM1,120,200 from RM854,433 since the last annual balance sheet date.

(b) As part of the agreement on the disposal of the Group's entire equity interest in Symphony Global 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 lapse 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.

A provision for shortfall in profit guarantee amounting to RM60 million was made by the Group in the last financial period and an additional provision of RM3.476 million is made during the current quarter.

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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 RM147.874 million representing 86% of the Group's Turnover and the Group's Segmental Results thereof amounting to RM40.361 million. The directors are of the view that the results reflect the current refocusing on core business activities of the Group.

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

The results of the current quarter is higher than the preceding quarter mainly due to higher contribution from Property Division in the current quarter and exceptional items which amounted to RM18.9 million as disclosed in note A5.

B3. Prospects for the financial year ending 31 March 2007

Barring any unforeseen circumstances, the directors are confident that the initiatives undertaken by the Company will result in a positive financial turnaround for the Group for the financial year 2007.

B4. Profit Forecast/Profit Guarantee

Not applicable

B5. Taxation

Taxation comprises the following :-

	3 months ended 30/09/06 RM'000	6 months ended 30/09/06 RM'000
Current taxation - current year	5,883	9,490

The effective tax rate of the Group for the periods presented above is lower than the statutory tax rate principally due to certain exceptional items which are not subject to tax.

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, apart from the sale of a leasehold land and building for a total sale consideration of RM2.5 million.

B7. Quoted investments

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

	3 months ended 30/09/06 RM'000	6 months ended 30/09/06 RM'000
Total purchases	593	1,563
Total sales proceeds	63,770	64,895
Total profit on disposal	13,272	13,448

(b) Investments in quoted securities as at 30 September 2006 are as follows :-

	<u>At Cost</u> RM'000	<u>At Book Value</u> RM'000	<u>At Market Value</u> RM'000
Quoted in Malaysia			
Associated company	121,042	39,614	41,595
Other investments	19,035	16,942	21,461
Total quoted investments	140,077	56,556	63,056

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B8. Corporate Developments

(i) 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 has been approved by the SC, FIC and approved in principle by Bursa Securities for its listing and quotation. The Proposed Placement is pending implementation.

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

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

(ii) The Company had on 18 January 2006 announced the following :-

(a) Proposed disposal of 11 contiguous parcels of freehold land ("Mayang Land") measuring a total of 17,383,207 square meters located on Jalan Mayang, off Jalan Yap Kwan Seng, Kuala Lumpur, to Alpine Return Sdn Bhd for a total consideration of RM112.287 million.

(b) Entered into a shareholder agreement with United Malayan Land Berhad, Acegoal Limited, a wholly subsidiary of CapitaLand Limited in respect of Alpine Return Sdn Bhd.

The Proposed Disposal is subject to the approval of the FIC and the principal/outline approval and development order from Dewan Bandaraya Kuala Lumpur for the development plan for Mayang Land.

(iii) The Company had on 13 November 2006 announced that Kejora Harta Bhd ("Kejora"), its wholly owned subsidiary, had entered into a Share Sale Agreement ("SSA") with Rampai Teknologi Sdn Bhd ("RTSB" or the "Purchaser") and Dato' Foong Choong Heng and Datin Cheah Kim Choo (collectively, the "Purchaser's Shareholders") for the proposed disposal by Kejora of its 100% equity interest in Rampai-Niaga Sdn Bhd. for a cash consideration of RM80.0 million ("Proposed Disposal").

The Proposed Disposal shall be conditional upon the fulfillment of the following conditions within thirty (30) calendar days commencing from the date of the SSA or any extension thereof :

(a) Kejora obtaining the consent of The Body Shop International PLC, the franchisor for 'The Body Shop' ("Franchisor"), for the Proposed Disposal.

(b) Kejora obtaining the approval of its shareholder for the Proposed Disposal, if required; and

(c) the Purchaser and the Purchaser's Shareholders obtaining the approval of the Foreign Investment Committee for the Proposed Disposal.

Kejora has on 10 November 2006 obtained the consent from the Franchisor for the Proposed Disposal.

B9. Group borrowings

Particulars of the Group's borrowings as at 30 September 2006 are as follows :-

	RM'000
Short term bank borrowings -	
Secured	225,203
Unsecured	65,403
Long term bank borrowings	
Secured	77,168
Unsecured	100,121
Total Group borrowings	<u>467,895</u>

All borrowings are denominated in Ringgit Malaysia.

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B10. Off Balance Sheet Financial Instruments

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

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 30/09/2006	6 months ended 30/09/2006
Profit for the period attributable to the ordinary equity holders of the parent	26,340	32,393
Weighted average number of ordinary shares excluding treasury shares ('000)	318,627	318,707
Basic earnings per share (sen)	8.27	10.16

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
WONG WAI FONG**
Secretaries

Kuala Lumpur