

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

Interim Financial Report
Second Quarter Ended 30 September 2008

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Individual quarter ended		Cumulative quarter ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	90,269	83,865	177,601	168,098
Cost of sales	(62,037)	(60,144)	(121,560)	(118,241)
Gross profit	<u>28,232</u>	<u>23,721</u>	<u>56,041</u>	<u>49,857</u>
Other income	1,241	5,122	2,300	7,734
Employee benefits expense	(4,101)	(3,438)	(8,942)	(8,089)
Depreciation and amortisation	(839)	(1,365)	(1,659)	(2,696)
Other expenses	(6,302)	(7,765)	(13,493)	(14,944)
Profit from operations	<u>18,231</u>	<u>16,275</u>	<u>34,247</u>	<u>31,862</u>
Finance costs	(2,253)	(4,625)	(4,687)	(9,213)
Other investing activities results	(211)	(1,237)	(376)	(1,421)
Share of results of associates and jointly controlled entities	661	1,682	1,541	2,409
Profit before taxation	<u>16,428</u>	<u>12,095</u>	<u>30,725</u>	<u>23,637</u>
Taxation	(4,992)	(3,789)	(9,940)	(7,190)
Profit for the period from continuing operations	<u>11,436</u>	<u>8,306</u>	<u>20,785</u>	<u>16,447</u>
Discontinued Operations				
Profit for the period from discontinued operations	-	2,167	-	2,512
Profit for the period	<u>11,436</u>	<u>10,473</u>	<u>20,785</u>	<u>18,959</u>
Attributable to :				
Equity holders of the parent	10,132	9,360	18,782	17,428
Minority interests	1,304	1,113	2,003	1,531
	<u>11,436</u>	<u>10,473</u>	<u>20,785</u>	<u>18,959</u>
Earnings per share attributable to equity holders of the parent :	sen	sen	sen	sen
Basic, for profit from continuing operations	3.45	2.33	6.37	4.82
Basic, for profit from discontinued operations	-	0.70	-	0.81
Basic, for profit for the period	<u>3.45</u>	<u>3.03</u>	<u>6.37</u>	<u>5.63</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Financial Statements for the year ended 31 March 2008 and the accompanying notes attached to the interim financial statements)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 30/09/2008 RM'000	Audited As at 31/03/2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	37,677	38,443
Land held for property development	80,699	84,845
Investment properties	14,542	14,574
Prepaid land lease payments	28,218	28,878
Goodwill	1,852	1,852
Investment in associates	325	325
Investment in jointly controlled entities	68,381	66,840
Other investments	31,124	37,847
Deferred tax assets	6,528	5,386
	<u>269,346</u>	<u>278,990</u>
Current Assets		
Property development costs	163,728	175,848
Inventories	55,905	65,401
Short term investments	1,375	4,319
Trade and other receivables	166,351	115,122
Tax recoverable	6,520	7,005
Cash and bank balances	56,105	60,529
	<u>449,984</u>	<u>428,224</u>
Assets of disposal group classified as held for sale	46,311	46,311
	<u>496,295</u>	<u>474,535</u>
TOTAL ASSETS	<u>765,641</u>	<u>753,525</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	320,815	320,815
Share premium	24,909	24,909
Treasury shares	(13,400)	(13,023)
Other reserves	3,464	3,464
Retained profits	72,551	60,345
Shares held by ESTS Trust	(14,315)	(11,418)
Amounts recognised directly in equity relating to assets classified as held for sale	16,403	16,403
Shareholders' equity	<u>410,427</u>	<u>401,495</u>
Minority Interests	11,175	9,172
Total equity	<u>421,602</u>	<u>410,667</u>
Non-current Liabilities		
Borrowings	30,969	101,472
Other payables and deferred income	38,132	38,132
	<u>69,101</u>	<u>139,604</u>
Current Liabilities		
Trade and other payables	138,116	112,303
Borrowings	126,195	83,840
Current tax payable	8,399	4,883
	<u>272,710</u>	<u>201,026</u>
Liabilities directly associated with the assets classified as held for sale	2,228	2,228
	<u>274,938</u>	<u>203,254</u>
Total Liabilities	<u>344,039</u>	<u>342,858</u>
TOTAL EQUITY AND LIABILITIES	<u>765,641</u>	<u>753,525</u>
Net Assets per share attributable to Equity Holders of the Parent (RM)	<u>1.41</u>	<u>1.36</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying notes attached to the interim financial statements)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

	←-----Attributable to Equity Holders of the Parent-----										
	←-----Non-distributable Reserves-----						Shares held by ESTS Trust RM'000	Distributable		Shareholders' Equity RM'000	Minority Interests RM'000
Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Exchange Reserve RM'000	Relating to Assets Held for Sale RM'000	Retained Profits/ (Accumulated Losses) RM'000					
6 months ended 30.09.2007											
Balance at 1 April 2007	320,815	244,909	(8,850)	19,867	-	(329)	-	(200,707)	375,705	8,152	383,857
Profit for the period								17,428	17,428	1,531	18,959
Dividend								(5,652)	(5,652)		(5,652)
Transfer of reserves					329			(329)	0		0
Treasury shares purchased			(2,875)						(2,875)		(2,875)
Purchased in respect of ESTS Trust							(4,772)		(4,772)		(4,772)
Balance at 30 Sept 2007	<u>320,815</u>	<u>244,909</u>	<u>(11,725)</u>	<u>19,867</u>	<u>-</u>	<u>-</u>	<u>(4,772)</u>	<u>(189,260)</u>	<u>379,834</u>	<u>9,683</u>	<u>389,517</u>
6 months ended 30.09.2008											
Balance at 1 April 2008	320,815	24,909	(13,023)	3,464	-	16,403	(11,418)	60,345	401,495	9,172	410,667
Dividend								(6,576)	(6,576)	0	(6,576)
Profit for the period								18,782	18,782	2,003	20,785
Treasury shares purchased			(377)						(377)		(377)
Purchased in respect of ESTS Trust							(2,897)		(2,897)		(2,897)
Balance at 30 Sept 2008	<u>320,815</u>	<u>24,909</u>	<u>(13,400)</u>	<u>3,464</u>	<u>-</u>	<u>16,403</u>	<u>(14,315)</u>	<u>72,551</u>	<u>410,427</u>	<u>11,175</u>	<u>421,602</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying notes attached to the interim financial statements)

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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

	Quarter ended 30/09/2008 RM'000	Quarter ended 30/09/2007 RM'000
Profit before tax from:		
Continuing operations	30,725	23,637
Discontinued operations	-	2,512
Adjustment for non-cash flow :-		
Non-cash items	2,098	5,382
Non-operating items (which are investing/financing)	(1,363)	(2,361)
Operating profit before changes in working capital	<u>31,460</u>	<u>29,170</u>
Changes in working capital		
Net change in current assets	(29,611)	40,452
Net change in current liabilities	25,812	(9,720)
Land held for property development	4,146	(495)
Taxation paid	(7,081)	(9,042)
Net cash flows from operating activities	<u>24,726</u>	<u>50,365</u>
Investing Activities		
- Property, plant and equipment	(176)	2,369
- Jointly controlled entities	-	(19,875)
- Other investments	6,389	1,308
- Short term investments	2,635	-
- Dividend from an associated company	-	1,427
- Dividend paid	(6,576)	(5,652)
- Net cash from disposal of an associated company	-	10,428
- Net cash paid for acquisition of a subsidiary	-	(300)
- Net cash from sale of a subsidiary	-	(39)
	<u>2,272</u>	<u>(10,334)</u>
Financing Activities		
- Bank borrowings	(17,616)	8,030
- Equity investments	(3,275)	(7,647)
	<u>(20,891)</u>	<u>383</u>
Net Change in Cash and Cash Equivalents	6,107	40,414
Cash and Cash Equivalents at beginning of period	49,914	28,789
Cash and Cash Equivalents at end of period	<u>56,021</u>	<u>69,203</u>
Analysis of cash and cash equivalents at end of the financial period:		
Cash and bank balances	51,408	57,206
Deposits with licensed financial institutions	4,697	21,485
Bank overdrafts	(84)	(9,683)
	<u>56,021</u>	<u>69,008</u>
Cash and bank balances classified as held for sale	-	195
	<u>56,021</u>	<u>69,203</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying notes attached to the interim financial statements)

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 year ended 31 March 2008.

A2. Changes in Accounting Policies

The accounting policies and methods of computation by the Group in this interim report are consistent with those adopted in the most recent annual audited financial statements.

On 1 April 2008, the Group adopted the following new/ revised FRSs mandatory for the financial periods beginning on or after 1 January 2008.

- FRS 107 - Cash Flow Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income Taxes
- FRS 118 - Revenue
- FRS 134 - Interim Financial Reporting
- FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

A3. Audit Qualification

The audit report of the Group's most recent annual audited financial statements for the year ended 31 March 2008 was not qualified.

A4. Seasonality or Cyclical Factors

There were no material seasonal or cyclical factors which affected the results of the operations for the quarter under review.

A5. Exceptional items

	Individual quarter ended 30/09/08 RM'000	Cumulative quarter ended 30/09/08 RM'000
Included in other investing results were :-		
- Loss on disposal of quoted investments	(15)	(27)
- Impairment loss on - short term investments	(211)	(375)
- Gain on disposal of property, plant & equipment	15	26
	<u>(211)</u>	<u>(376)</u>

A6. Changes in estimates

There were no major changes in estimates that have a material effect on the results of the quarter under review.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

As at 30 September 2008, the total number of shares repurchased amounted to 15,210,100 ordinary shares at an average price of RM0.88 per share.

The total consideration paid for the repurchase was RM13.4 million. The shares repurchased are retained as treasury shares.

A8. Dividends Paid

A first and final dividend of 3.0 sen less 25% taxation in respect of the financial year ended 31 March 2008, amounting to RM6,574,072 was paid on 16 September 2008.

A9. Segmental Reporting

	<-----Period ended 30/09/2008----->					
Business segments	Property Development RM'000	Property Investment RM'000	Construction RM'000	Quarry Operations RM'000	Other Operations RM'000	Total RM'000
Revenue from continuing operations	159,675	5,766	34,843	1,791	1,252	203,327
Less : Eliminations of inter-segment						(25,726)
Net revenue from continuing operations						<u>177,601</u>
Discontinued operations						-
Total revenue						<u>177,601</u>
Continuing operations						
Segment results from continuing operations	38,851	1,119	(127)	1,021	1,506	42,370
Head office expenses						(8,123)
Operating profit						<u>34,247</u>
Finance costs						(4,687)
Other investing activities results						(376)
Share of results of associates and jointly controlled entities	1,541	-	-	-	-	1,541
Profit before taxation						<u>30,725</u>
Taxation						(9,940)
Profit for the period from continuing operations						<u>20,785</u>
Discontinued operations						
Profit for the period from discontinued operations						-
Profit for the period						<u><u>20,785</u></u>

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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 financial statements for the year ended 31 March 2008. The carrying value was based on a valuation carried out in 1983 by independent professional valuers less depreciation, as permitted under the transitional provision of IAS 16 (Revised): Property, Plant and Equipment.

A11. Subsequent Events

Save as disclosed in Note B8, there were no material subsequent events since 30 September 2008.

A12. Changes in the Composition of the Group

Save as disclosed in Note B8, there were no other changes in the composition of the Group for the current quarter under review.

A13. Changes in contingent liabilities and contingent assets

As at 30 September 2008, there were no material changes in contingent liabilities since the last annual audited balance sheet as at 31 March 2008. There was no contingent asset as at 30 September 2008.

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS.

B1. Review of Performance

For the quarter ended 30 September 2008, the Group achieved a profit before tax of RM16.428 million from a revenue of RM90.269 million. The main contributor to the Group's results continues to be the Property Development business which contributed approximately 92% of the Group's results.

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

The result for the current quarter is higher than the immediate preceding quarter mainly due to higher contribution from the Property Development business.

B3. Prospects for the financial year ending 31 March 2009

The prospect for the financial year ending 31 March 2009 is expected to be challenging in view of the global financial crisis and the slow down in the domestic economy with the expectation that the Gross Domestic Product (GDP) for the year will be lower than anticipated. In view of the global downturn, the Government has introduced a stimulus package of RM7 billion as announced by the Finance Minister on 4 November 2008. Specific measures have been introduced to bolster the domestic economy, to sustain consumer and investor confidence and to counter a possible deep and protracted slow down in the global economy. Nevertheless the GDP growth for 2009 as projected by the government is expected to moderate to 3.5%.

In view of the above, the directors expect the performance of the Group for the second half of the year to be challenging. However the the Group has put in motion strategies to mitigate the expected downturn.

B4. Profit Forecast/Profit Guarantee

Not applicable

B5. Taxation

Taxation comprises the following :-

	Individual quarter ended 30/09/08 RM'000	Cumulative quarter ended 30/09/08 RM'000
Current taxation - current period	5,702	9,678
(Over)/Under-provision in prior quarter/year	(710)	262
	<u>4,992</u>	<u>9,940</u>

The effective tax rate of the Group for the period under review is higher than the statutory tax rate due to losses of some subsidiaries which cannot be set off against taxable profits of other companies.

B6. Sale of unquoted investments and properties

For the current quarter under review, there were no sales of properties other than the sale of land and buildings in the normal course of business as property developers.

B7. Quoted investments

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

	Individual quarter ended 30/09/08 RM'000	Cumulative quarter ended 30/09/08 RM'000
Total purchases	<u>42</u>	<u>320</u>
Total sales proceeds	<u>181</u>	<u>9,344</u>
Total loss on disposal	<u>(15)</u>	<u>(27)</u>

(b) Investments in quoted securities as at 30 September 2008 were as follows :-

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Quoted in Malaysia			
Other investments	<u>71,912</u>	<u>22,157</u>	<u>20,925</u>

B8. Corporate Developments

(1) The Company had on 26 September 2008 announced that it had undertaken a proposed internal re-organisation exercise involving its subsidiaries and have entered or caused its subsidiaries to enter into the following agreements :-

- (a) Sale and Purchase Agreement ("SPA") between Kejora Harta Bhd ("KHB") and Bolton for the acquisition by Bolton of KHB's 84% equity interest in Kenneison Brothers Sdn Bhd ("KBSB") for a total cash consideration of RM30,484,834;
- (b) SPA between KHB and Bolton Land Sdn Bhd (formerly known as Noble Midah Sdn Bhd) ("BL") for the acquisition by BL of:
 - (i) 59.9% equity interest in Vista-Prisma Sdn Bhd ("VPSB") for a total cash consideration of RM5,634,116;
 - (ii) 100% equity interest in GLM Property Development Sdn Bhd ("GLM") for a total cash consideration of RM3,500,000; and
 - (iii) 100% equity interest in Kejora Harta Properties Sdn Bhd ("KHP") for a total cash consideration of RM2;
- (c) SPA between Bolton and Midah Istimewa Sdn Bhd ("MISB") for the acquisition by MISB of a piece of freehold land held under Grant 4523, Lot No. 1149, City of Kuala Lumpur, measuring approximately 0.91 acres together with a 12-storey apartment known as "Bolton Court" ("the said Land") erected thereon for a total consideration of RM33,700,000;
- (d) SPA between Bolton and BL for the acquisition by BL of certain subsidiaries of Bolton for a total consideration of RM86,113,124, to be satisfied by the issuance of 86,113,124 new 5% Redeemable Convertible Preference Shares 2008/2018 of RM0.01 each ("RCPS") at an issue price of RM1.00;
- (e) Settlement Agreement between Bolton and BL for the settlement of inter-company debts due by BL to Bolton and the assumption by BL of the net inter-company debts due by certain subsidiaries to Bolton, totaling RM365,163,587, via the issuance by BL to Bolton of 365,163,587 new RCPS at an issue price of RM1.00. Bolton shall cause each of the affected subsidiaries to enter into separate Novation Agreement with BL to novate and transfer the inter-company balances to BL.

The Proposal is not subject to the approval of the shareholders of Bolton but is subject to the approval from FIC and any other relevant authorities, if any.

The Proposal will not have any effect on the share capital, shareholdings of substantial shareholders of Bolton, consolidated earnings and net assets of Bolton for the financial year ending 31 March 2009.

- (2) The Company had on 15 October 2008 announced that its indirect wholly-owned subsidiary, Kenneison Brothers Sdn Bhd ("KBSB") had acquired the remaining 200,002 ordinary shares of RM1.00 each in Traders Acceptances Sdn Bhd ("TASB"), representing approximately 50% equity interest in TASB for a total cash consideration of RM221,411. The acquisition has resulted in TASB being a wholly-owned subsidiary of KBSB and an indirect wholly-owned subsidiary of Bolton.

B9. Group borrowings

Particulars of the Group's borrowings as at 30 September 2008 were as follows :-

	RM'000
Short term bank borrowings :-	
Secured	66,177
Unsecured	60,018
Long term bank borrowings :-	
Secured	30,950
Unsecured	19
Total Group borrowings	<u>157,164</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

B12. Dividends Proposed

No interim dividend has been proposed during the quarter under review.

B13. Earnings per share

	Individual quarter ended		Cumulative quarter ended	
	30/09/08	30/09/07	30/09/08	30/09/07
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations	10,132	7,193	18,782	14,916
Profit from discontinued operations	-	2,167	-	2,512
Profit for the period attributable to the ordinary equity holders of the parent	<u>10,132</u>	<u>9,360</u>	<u>18,782</u>	<u>17,428</u>
Weighted average number of ordinary shares excluding treasury shares and shares held by Employees' Trust Scheme ('000)	293,716	308,901	294,728	309,494
Basic earnings per share (sen) for :				
Profit from continuing operations	3.45	2.33	6.37	4.82
Profit from discontinued operations	-	0.70	-	0.81
Profit for the period	<u>3.45</u>	<u>3.03</u>	<u>6.37</u>	<u>5.63</u>

LIM SENG YON
WONG WAI FONG
Secretaries

Kuala Lumpur
Date 27 November 2008