

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

Interim Financial Report
First Quarter Ended 30 June 2008

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

| | Individual quarter ended | | Cumulative quarter ended | |
|---|--------------------------|---------------|--------------------------|---------------|
| | 30/06/2008 | 30/06/2007 | 30/06/2008 | 30/06/2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | 87,332 | 84,233 | 87,332 | 84,233 |
| Cost of sales | (59,523) | (58,097) | (59,523) | (58,097) |
| Gross profit | <u>27,809</u> | <u>26,136</u> | <u>27,809</u> | <u>26,136</u> |
| Other income | 1,059 | 2,612 | 1,059 | 2,612 |
| Employee benefits expense | (4,841) | (4,651) | (4,841) | (4,651) |
| Depreciation and amortisation | (820) | (1,331) | (820) | (1,331) |
| Other expenses | (7,191) | (7,179) | (7,191) | (7,179) |
| Profit from operations | <u>16,016</u> | <u>15,587</u> | <u>16,016</u> | <u>15,587</u> |
| Finance costs | (2,434) | (4,588) | (2,434) | (4,588) |
| Other investing activities results | (165) | (184) | (165) | (184) |
| Share of results of associates and jointly controlled entities | 880 | 727 | 880 | 727 |
| Profit before taxation | <u>14,297</u> | <u>11,542</u> | <u>14,297</u> | <u>11,542</u> |
| Taxation | (4,948) | (3,401) | (4,948) | (3,401) |
| Profit for the period from continuing operations | <u>9,349</u> | <u>8,141</u> | <u>9,349</u> | <u>8,141</u> |
| Discontinued Operations | | | | |
| Profit for the period from discontinued operations | - | 345 | - | 345 |
| Profit for the period | <u>9,349</u> | <u>8,486</u> | <u>9,349</u> | <u>8,486</u> |
| Attributable to : | | | | |
| Equity holders of the parent | 8,650 | 8,068 | 8,650 | 8,068 |
| Minority interests | 699 | 418 | 699 | 418 |
| | <u>9,349</u> | <u>8,486</u> | <u>9,349</u> | <u>8,486</u> |
| Earnings per share attributable to equity holders of the parent : | sen | sen | sen | sen |
| Basic, for profit from continuing operations | 2.92 | 2.49 | 2.92 | 2.49 |
| Basic, for profit from discontinued operations | - | 0.11 | - | 0.11 |
| Basic, for profit for the period | <u>2.92</u> | <u>2.60</u> | <u>2.92</u> | <u>2.60</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 30/06/2008 RM'000 | Audited As at 31/03/2008 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 38,055 | 38,443 |
| Land held for property development | 81,846 | 84,845 |
| Investment properties | 14,558 | 14,574 |
| Prepaid land lease payments | 28,545 | 28,878 |
| Goodwill | 1,852 | 1,852 |
| Investment in associates | 325 | 325 |
| Investment in jointly controlled entities | 67,720 | 66,840 |
| Other investments | 31,364 | 37,847 |
| Deferred tax assets | 6,362 | 5,386 |
| | <u>270,627</u> | <u>278,990</u> |
| Current Assets | | |
| Property development costs | 193,012 | 175,848 |
| Inventories | 63,035 | 65,401 |
| Short term investments | 1,740 | 4,319 |
| Trade and other receivables | 99,413 | 115,122 |
| Tax recoverable | 6,038 | 7,005 |
| Cash and bank balances | 48,804 | 60,529 |
| | <u>412,042</u> | <u>428,224</u> |
| Assets of disposal group classified as held for sale | <u>46,311</u> | <u>46,311</u> |
| | <u>458,353</u> | <u>474,535</u> |
| TOTAL ASSETS | <u>728,980</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 | 68,995 | 60,345 |
| Shares held by ESTS Trust | (11,418) | (11,418) |
| Amounts recognised directly in equity relating to assets classified as held for sale | <u>16,403</u> | <u>16,403</u> |
| Shareholders' equity | 409,768 | 401,495 |
| Minority Interests | 9,871 | 9,172 |
| Total equity | <u>419,639</u> | <u>410,667</u> |
| Non-current Liabilities | | |
| Borrowings | 33,722 | 101,472 |
| Other payables and deferred income | 38,132 | 38,132 |
| | <u>71,854</u> | <u>139,604</u> |
| Current Liabilities | | |
| Trade and other payables | 89,209 | 112,303 |
| Borrowings | 140,905 | 83,840 |
| Current tax payable | 5,145 | 4,883 |
| | <u>235,259</u> | <u>201,026</u> |
| Liabilities directly associated with the assets classified as held for sale | <u>2,228</u> | <u>2,228</u> |
| | <u>237,487</u> | <u>203,254</u> |
| Total Liabilities | <u>309,341</u> | <u>342,858</u> |
| TOTAL EQUITY AND LIABILITIES | <u>728,980</u> | <u>753,525</u> |
| Net Assets per share attributable to Equity Holders of the Parent (RM) | <u>1.39</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 JUNE 2008**

| | Attributable to Equity Holders of the Parent | | | | | | | Distributable | Shareholders' Equity | Minority Interests | Total Equity |
|----------------------------------|--|----------------|-----------------|-----------------|------------------|----------------------------------|---------------------------|------------------|----------------------|--------------------|----------------|
| | Non-distributable Reserves | | | | | Relating to Assets Held for Sale | Shares held by ESTS Trust | | | | |
| | Share Capital | Share Premium | Treasury Shares | Capital Reserve | Exchange Reserve | | | | RM'000 | RM'000 | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 3 months ended 30.06.2007 | | | | | | | | | | | |
| 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 | | | | | | | | 8,068 | 8,068 | 418 | 8,486 |
| Transfer of reserves | | | | | | 329 | | (329) | 0 | | 0 |
| Treasury shares purchased | | | (546) | | | | | | (546) | | (546) |
| Balance at 30 June 2007 | <u>320,815</u> | <u>244,909</u> | <u>(9,396)</u> | <u>19,867</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(192,968)</u> | <u>383,227</u> | <u>8,570</u> | <u>391,797</u> |
| 3 months ended 30.06.2008 | | | | | | | | | | | |
| 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 |
| Profit for the period | | | | | | | | 8,650 | 8,650 | 699 | 9,349 |
| Transfer of reserves | | | | | | | | | 0 | | 0 |
| Treasury shares purchased | | | (377) | | | | | | (377) | | (377) |
| Balance at 30 June 2008 | <u>320,815</u> | <u>24,909</u> | <u>(13,400)</u> | <u>3,464</u> | <u>-</u> | <u>16,403</u> | <u>(11,418)</u> | <u>68,995</u> | <u>409,768</u> | <u>9,871</u> | <u>419,639</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 JUNE 2008**

| | Quarter ended 30/06/2008 RM'000 | Quarter ended 30/06/2007 RM'000 |
|---|--|--|
| Profit before tax from: | | |
| Continuing operations | 14,297 | 11,542 |
| Discontinued operations | - | 345 |
| Adjustment for non-cash flow :- | | |
| Non-cash items | 971 | 765 |
| Non-operating items (which are investing/financing) | (878) | (674) |
| Operating profit before changes in working capital | <u>14,390</u> | <u>11,978</u> |
| Changes in working capital | | |
| Net change in current assets | 913 | 33,844 |
| Net change in current liabilities | (23,094) | (10,919) |
| Land held for property development | 2,999 | (246) |
| Taxation paid/(refund) | (4,696) | (1,418) |
| Net cash flows from operating activities | <u>(9,488)</u> | <u>33,239</u> |
| Investing Activities | | |
| - Property, plant and equipment | (72) | 2,491 |
| - Jointly controlled entities | - | (19,875) |
| - Other investments | 6,400 | 606 |
| - Short term investments | 2,497 | - |
| - Dividend from an associated company | - | 1,427 |
| - Net cash from sale of subsidiaries | - | 1,109 |
| | <u>8,825</u> | <u>(14,242)</u> |
| Financing Activities | | |
| - Bank borrowings | (13,750) | (2,387) |
| - Equity investments | (377) | (546) |
| | <u>(14,127)</u> | <u>(2,933)</u> |
| Net Change in Cash and Cash Equivalents | (14,790) | 16,064 |
| Cash and Cash Equivalents at beginning of period | 49,914 | 28,789 |
| Cash and Cash Equivalents at end of period | <u>35,124</u> | <u>44,853</u> |
| Analysis of cash and cash equivalents at end of the financial period: | | |
| Cash and bank balances | 46,587 | 38,340 |
| Deposits with licensed financial institutions | 2,217 | 13,257 |
| Bank overdrafts | (13,680) | (6,826) |
| | <u>35,124</u> | <u>44,771</u> |
| Cash and bank balances classified as held for sale | - | 82 |
| | <u>35,124</u> | <u>44,853</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 affect the results of the operations for the quarter under review.

A5. Exceptional items

| | Individual quarter ended 30/06/08 RM'000 | Cumulative quarter ended 30/06/08 RM'000 |
|---|---|---|
| Included in other investing results were :- | | |
| - Loss on disposal of quoted investments | (12) | (12) |
| - Impairment loss on - short term investments | (164) | (164) |
| - Gain on disposal of property, plant & equipment | 11 | 11 |
| | <u>(165)</u> | <u>(165)</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

During the current financial quarter, the Company repurchased 424,100 of its issued share capital of RM1 each from the open market at an average cost of RM0.89 per share. The shares repurchased were retained as treasury shares. As at 30 June 2008, the Company had 15,210,100 ordinary shares held as treasury shares.

A8. Dividends Paid

No dividend was paid during the period under review.

BOLTON BERHAD (5572-H)
(Incorporated in Malaysia)
Unaudited interim report for the period ended 30 June 2008

A9. Segmental Reporting

| Business segments | -----Period ended 30/06/2008----- | | | | | Total RM'000 |
|---|-----------------------------------|----------------------------------|------------------------|--------------------------------|-------------------------------|-----------------|
| | Property Development RM'000 | Property Investment RM'000 | Construction RM'000 | Quarry Operations RM'000 | Other Operations RM'000 | |
| Revenue from continuing operations | 79,956 | 2,895 | 19,085 | 725 | 21 | 102,682 |
| Less : Eliminations of inter-segment | | | | | | (15,350) |
| Net revenue from continuing operations | | | | | | 87,332 |
| Discontinued operations | | | | | | - |
| Total revenue | | | | | | 87,332 |
| Continuing operations | | | | | | |
| Segment results from continuing operations | 18,782 | 708 | 633 | 256 | 297 | 20,676 |
| Head office expenses | | | | | | (4,660) |
| Operating profit | | | | | | 16,016 |
| Finance costs | | | | | | (2,434) |
| Other investing activities results | | | | | | (165) |
| Share of results of associates and jointly controlled entities | 880 | - | - | - | - | 880 |
| Profit before taxation | | | | | | 14,297 |
| Taxation | | | | | | (4,948) |
| Profit for the period from continuing operations | | | | | | 9,349 |
| Discontinued operations | | | | | | |
| Profit for the period from discontinued operations | | | | | | - |
| Profit for the period | | | | | | 9,349 |

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 June 2008.

A12. Changes in the Composition of the Group

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

A13. Changes in contingent liabilities and contingent assets

As at 30 June 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 June 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 June 2008, the Group achieved a profit before tax of RM14.297 million from a revenue of RM87.332 million. The main contributor to the Group's results continues to be the Property Development business which contributed approximately 91% of the Group's results.

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

The result of the current quarter was higher than the immediate preceding quarter mainly due to higher turnover 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 slow down in the global and domestic economy. The increase in the prices of petrol and food has dampened household spending and coupled with the rise in building material costs will put pressure on the Group's margin in the short term.

With the expected slow down in GDP growth in 2008, the second half of the year is expected to be more challenging for the Group. However, with the strategies that the Group has put in motion to mitigate the increase costs and slow down in demand, the directors are confident that the Group will register a satisfactory performance for the financial year ending 31 March 2009.

B4. Profit Forecast/Profit Guarantee

Not applicable

B5. Taxation

Taxation comprises the following :-

| | Individual quarter ended 30/06/08 RM'000 | Cumulative quarter ended 30/06/08 RM'000 |
|---------------------------------|--|--|
| Current taxation - current year | 3,976 | 3,976 |
| - underprovision in prior year | 972 | 972 |
| | <u>4,948</u> | <u>4,948</u> |

The effective tax rate of the Group for the period under review is higher than the statutory tax rate due to underprovision in prior year and 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 30/06/08 RM'000 | Cumulative quarter ended 30/06/08 RM'000 |
|------------------------|--|--|
| Total purchases | 278 | 278 |
| Total sales proceeds | 9,163 | 9,163 |
| Total loss on disposal | <u>(12)</u> | <u>(12)</u> |

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

| | At Cost RM'000 | At Book Value RM'000 | At Market Value RM'000 |
|--------------------|----------------------|----------------------------|------------------------------|
| Quoted in Malaysia | | | |
| Other investments | <u>72,099</u> | <u>22,522</u> | <u>24,824</u> |

B8. Corporate Developments

- (i) The Company had on 19 December 2007 announced that it had entered into a Share Sale Agreement ("SSA") with Valentvest Sdn Bhd ("the Purchaser") for the proposed disposal of its 17,102,883 ordinary shares of RM1.00 each in Lim Thiam Leong Realty Sdn Bhd ("LTLR") for a total cash consideration of RM50,351,289. Simultaneously, the Company also entered into an Assignment of Debts Agreement with the Purchaser for the recovery of the assigned debts of LTLR on the completion date of the proposed disposal. However, the SSA was terminated on 28 April 2008 due to non-compliance of the terms and conditions of the SSA by the Purchaser. Subsequent to the termination, the deposit less agreed amount was refunded to the purchaser.

B9. Group borrowings

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

| | RM'000 |
|------------------------------|----------------|
| Short term bank borrowings - | |
| Secured | 80,880 |
| Unsecured | 60,025 |
| Long term bank borrowings | |
| Secured | 33,700 |
| Unsecured | 22 |
| Total Group borrowings | <u>174,627</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

The Board of Directors has recommended a final dividend of 3.0 sen per share less 26% tax in respect of the financial year ended 31 March 2008 (2007: 2.5 sen).

At the Annual General Meeting held on 12 August 2008, the shareholders approved the payment of dividend to be paid on 16 September 2008.

B13. Earnings per share

| | Individual quarter ended | | Cumulative quarter ended | |
|--|--------------------------|----------------------------------|--------------------------|----------------------------------|
| | 30/06/08 RM'000 | 30/06/07 RM'000 (restated) | 30/06/08 RM'000 | 30/06/07 RM'000 (restated) |
| Profit from continuing operations | 8,650 | 7,723 | 8,650 | 7,723 |
| Profit from discontinued operations | - | 345 | - | 345 |
| Profit for the period/year attributable to the ordinary equity holders of the parent | <u>8,650</u> | <u>8,068</u> | <u>8,650</u> | <u>8,068</u> |
| Weighted average number of ordinary shares excluding treasury shares and shares held by Employees' Trust Scheme ('000) | 295,751 | 310,094 | 295,751 | 310,094 |
| Basic earnings per share (sen) for : | | | | |
| Profit from continuing operations | 2.92 | 2.49 | 2.92 | 2.49 |
| Profit from discontinued operations | - | 0.11 | - | 0.11 |
| Profit for the period/year | <u>2.92</u> | <u>2.60</u> | <u>2.92</u> | <u>2.60</u> |

LIM SENG YON
WONG WAI FONG
Secretaries

Kuala Lumpur