

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1 Accounting Policies and Method of Computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the year ended 30 June 2010.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual audited financial statements for the financial year ended 30 June 2010 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 3	Business Combinations (Revised in 2010)
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition)
FRS 101	Presentation of Financial Statements (Revised in 2009)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of right issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and Revised FRS 127)

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Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3)
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

Except for FRS 7, 101, 123, 127, 132, and 139, the others FRSs and IC Interpretations are not expected to be relevant to the operations of the Group. The adoption of these standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the following:

FRS 101 Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's financial statements as this change in accounting policy affects only the presentation of the Group's financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

The new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items.

FRS 139 establishes principles for recognition and measuring of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include loans and receivables and AFS financial assets.

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Non-current receivables, previously measured at invoiced amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Prior to 1 July 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial asset is measured at fair value initially. Subsequent gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses. When the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in the AFS reserve is reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Impact on opening balances

In accordance with the transitional provisions for the first time adoption of FRS 139, the above changes are applied prospectively and the comparatives as at 30 June 2010 are not restated. Instead the changes have been accounted for by restating the opening balances as at 1 July 2010 in the consolidated statement of financial position. The effect of changes in the consolidated statement of financial position is as follows:

	As at 30.06.2010 RM'000	Effects of adopting FRS 139 RM'000	As at 01.07.2010 RM'000
Assets			
Other investments	1,456	(1,266)	190
AFS financial assets	-	1,266	1,266
Liabilities			
Bank borrowings – Non-current	63,149	(4,123)	59,026
Hire-purchase payables – Non-current	362	(57)	305
Equity			
Fair value reserve	-	4,180	4,180

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2 Audit Report

The auditors' report on preceding year's annual financial statements of the Company and of the Group was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

4 Unusual Items

There were no material items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

5 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6 Debt and Equity Securities

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

7 Dividend Paid

There were no dividends paid during the quarter under review.

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8 Segmental Reporting

a) Analysis by business segments for the quarter ended 30 September 2010:

	Property development	Construction & project management	Property trading	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External Sales	61,457	969	6,154	206		68,786
Internal Sales	-	37,669	-	1,263	(38,932)	-
	<u>61,457</u>	<u>38,638</u>	<u>6,154</u>	<u>1,214</u>	<u>(38,932)</u>	<u>68,786</u>
Results						
Segmental operating profit/(loss)	10,161	1,289	1,056	(2,310)	(2,334)	7,862
Interest income						251
Profit from operations						<u>8,113</u>
Finance costs						(717)
Share in results of associated companies						499
Profit before tax						<u>7,895</u>
Income tax expense						(2,349)
Net profit for the period						<u><u>5,546</u></u>

b) Analysis by business segments for the quarter ended 30 September 2009:

	Property development	Construction & project management	Property trading	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External Sales	73,439	4,913	1,214	151		79,717
Internal Sales	-	35,826	-	1,400	(37,226)	-
	<u>73,439</u>	<u>40,739</u>	<u>1,214</u>	<u>1,214</u>	<u>(37,226)</u>	<u>79,717</u>
Results						
Segmental operating profit/(loss)	6,909	802	187	(94)	1,273	9,077
Interest income						376
Profit from operations						<u>9,453</u>
Finance costs						(953)
Share in results of associated companies						-
Profit before tax						<u>8,500</u>
Income tax expense						(2,095)
Net profit for the period						<u><u>6,405</u></u>

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9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2010.

10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the current quarter ended 30 September 2010 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in the Composition of the Group

On 28 July 2010, Khuan Choo Sdn Bhd (“KCSB”), an indirect wholly-owned subsidiary of Malton Berhad, entered into a sale and purchase agreement with a third party to acquire a 45% equity interest in Inai Berkah Sdn Bhd for a total cash consideration of RM45.

12 Contingent Liabilities

As at this reporting date, the Group does not have any contingent liabilities, other than:-

- a) Legal claim of RM841,000 filed by a third party against a subsidiary company for alleged damages to a third party’s building during the construction project.

13 Capital Commitments

The outstanding capital commitments as at the end of the current quarter are as follows:

	RM’000
Purchase of land	78,243
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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1 Review of Performance

Group revenue decreased by 13.7% to RM68.8 million for the current quarter as compared to RM79.7 million reported in the previous corresponding quarter while pre-tax profit reduced by 7.1% to RM7.9 million for the current quarter from RM8.5 million reported in the previous corresponding quarter. Revenue and profit from the property development division declined as compared to the previous corresponding quarter due to completion and hand over of Pearl Villas in December 2009 while total revenue and profit from construction and project management division also declined as compared to the previous corresponding quarter due to completion of projects.

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2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Group revenue decreased to RM68.8 million for the current quarter as compared to RM86.0 million for the immediate preceding quarter. The decrease was mainly attributed to lower billings from property and construction and project management divisions. The Group recorded a pre-tax profit of RM7.9 million for the current quarter as compared to the pre-tax profit of RM10.6 million for the immediate preceding quarter. The lower pre-tax profit achieved for the current quarter was mainly attributed to lower billings of Amaya Saujana project as it is already at the final stage of completion.

The Group recorded a marginal increase in profit after tax to RM5.5 million for the current quarter as compared to the profit after tax of RM5.3 million for the immediate preceding quarter due to lower tax provision as a result of lower non-tax deductible expenses.

3 Prospects for the current Financial Year Ending 30 June 2011

The on-going development projects of the Group namely, Amaya Maluri, V Square, Bukit Rimau Shops and The Grove and new launches planned for the current financial year, together with new construction and project management contracts are expected to contribute positively to the earnings of the Group for the financial year ending 30 June 2011. Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the current financial year ending 30 June 2011.

4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

5 Taxation

Details of taxation are as follows: -

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2010 RM'000	Preceding Year Corresponding Quarter 30.09.2009 RM'000	Current Year To-Date 30.09.2010 RM'000	Preceding Year Corresponding Year To-Date 30.09.2009 RM'000
Current taxation	2,365	1,145	2,365	1,145
Under provision in prior year	104	-	104	-
Deferred taxation	(120)	950	(120)	950
	<u>2,349</u>	<u>2,095</u>	<u>2,349</u>	<u>2,095</u>

The effective tax rate for the current quarter is higher than the statutory tax rate due to the incurrence of certain expenses that are not deductible for tax purposes and losses incurred by certain subsidiary companies which do not qualify for group relief.

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6 Profits /(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investment and/or properties for the quarter under review.

7 Purchases or Disposals of Quoted Securities

There was no purchase and disposal of quoted securities by the Group for the current financial quarter under review.

Details of investments in quoted securities as at end of current financial quarter are as follows:-

	As at 30.9.2010 RM'000
Total investments at cost	1,719
Total investments at carrying value	1,266
Total investments at market value	1,266
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8 Status of Corporate Proposals

There is no outstanding corporate proposal for the Group.

9 Borrowings and Debt Securities

The Group's borrowings and debt securities as at the end of the quarter are as follows:

	Total RM'000
Revolving Credits	8,248
Bank Overdrafts	18,115
Term Loans	94,598
Bridging Loans	2,453
Hire Purchase Payables	2,184
Total	<u>125,598</u>
Repayment due within next 12 months	<u>62,112</u>
Repayment due after 12 months	<u>63,486</u>

All borrowings are denominated in Ringgit Malaysia and are fully secured except for RM30,000,000 term loan which is unsecured.

10 Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued as at the date of this report.

11 Material Litigation

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

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12 Dividend

The directors proposed a final dividend of 1.5%, less tax, in respect of the year ended 30 June 2010, for approval of the shareholders at the forthcoming Annual General Meeting of the Company.

No interim dividend has been recommended for the financial period ended 30 September 2010.

13 Earnings per Share

Basic

The basic earnings per ordinary share of the Group has been calculated based on the Group's profit attributable to equity holders of the Company of RM5,546,000 and on the number of ordinary shares in issue and ranking for dividend of 348,352,928 during the quarter.

Fully Diluted

Under FRS 133 on Earnings Per Share, the options pursuant to the Employee Shares Option Scheme has no dilutive effect as the exercise price of the options is above the average market value of the Company's shares during the quarter ended 30 September 2010.

	Current Quarter 30/09/10	Preceding Year Corresponding Qtr 30/09/09	Current Year To Date 30/09/10	Preceding Year to Date 30/09/09
Profit attributable to equity holders of the Company (RM'000)	5,546	6,405	5,546	6,405
Weighted average number of shares in issue ('000)				
- basic	348,353	348,353	348,353	348,353
- fully diluted	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	1.59	1.84	1.59	1.84
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A