

MALTON

Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
31 DECEMBER 2010**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 31 December 2010

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MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2010
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Revenue	109,288	116,288	178,074	196,005
Operating Expenses	(96,449)	(104,574)	(158,003)	(177,693)
Other Operating Income	6,465	772	7,346	3,627
Finance Costs	(2,013)	(2,429)	(2,730)	(3,382)
Share in Results of Associated Companies	907	480	1,406	480
Profit before Taxation	18,198	10,537	26,093	19,037
Taxation	(4,295)	(4,065)	(6,644)	(6,160)
Net Profit for the Period	13,903	6,472	19,449	12,877
Attributable to:				
Equity Holders of the Company	13,903	6,472	19,449	12,877
Non-Controlling Interests	-	-	-	-
Net Profit for the Period	13,903	6,472	19,449	12,877
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	3.99	1.86	5.58	3.70
Fully Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2010**
(These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2009 RM'000	CURRENT YEAR TO DATE 31.12.2010 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.12.2009 RM'000
Net Profit for the Period	13,903	6,472	19,449	12,877
Other comprehensive income/(loss):	-	-	-	-
Total comprehensive income for the period	13,903	6,472	19,449	12,877
Total Comprehensive Income				
Attributable to:				
Equity Holders of the Company	13,903	6,472	19,449	12,877
Non-Controlling Interests	-	-	-	-
	13,903	6,472	19,449	12,877

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD
(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.12.2010 RM'000	Audited As At 30.06.2010 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	6,032	18,822
Investment Properties	43,696	21,645
Land held for Property Development	135,060	133,535
Investment in Associated Companies	23,581	22,175
Other Investments	245	1,456
Deferred Tax Assets	3,940	4,439
Other Receivable	8,000	8,000
	<u>220,554</u>	<u>210,072</u>
Current Assets		
Property Development	198,795	214,726
Inventories	46,807	61,558
Trade Receivables	81,247	68,459
Available-for-sale financial assets	1,266	-
Accrued Billings	21,582	61,341
Amount Owing by Contract Customers	3,763	-
Other Receivables and Prepaid Expenses	88,119	51,438
Tax recoverable	2,559	570
Fixed Deposits with Licensed Banks	3,733	3,961
Cash and Bank Balances	83,625	61,069
	<u>531,496</u>	<u>523,122</u>
TOTAL ASSETS	<u><u>752,050</u></u>	<u><u>733,194</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	348,353	348,353
Share Premium	255	255
Other Reserves	190	190
Retained Earnings	110,360	90,911
	<u>459,158</u>	<u>439,709</u>
Non-Controlling Interests	-	-
Total Equity	<u>459,158</u>	<u>439,709</u>
Non-Current Liabilities		
Bank Borrowings	62,400	63,149
Hire-Purchase Payables	1,101	362
Deferred Tax Liabilities	1,395	55
	<u>64,896</u>	<u>63,566</u>
Current Liabilities		
Trade Payables	32,351	35,528
Amount Owing to Contract Customers	-	930
Advance Billings	19,378	31,103
Other Payables and Accrued Expenses	88,530	78,185
Bank Borrowings	72,499	73,704
Hire-Purchase Payables	790	859
Tax Liabilities	14,448	9,610
	<u>227,996</u>	<u>229,919</u>
TOTAL EQUITY AND LIABILITIES	<u><u>752,050</u></u>	<u><u>733,194</u></u>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	<u>1.32</u>	<u>1.26</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010**

(These figures have not been audited)

	Attributable to the Equity Holders of the Company				Non- Controlling Interests	Total Equity
	Share Capital RM'000	Non-Distributable		Distributable		
		Share Premium RM'000	Option Reserve RM'000	Retained Earnings RM'000		
Balance as at 1.7.2009	348,353	255	190	68,844	7,769	425,411
Acquisition of remaining interest in an existing subsidiary	-	-	-	-	(7,769)	(7,769)
Profit for the period	-	-	-	12,877	-	12,877
Balance as at 31.12.2009	348,353	255	190	81,721	-	430,519
Balance as at 1.7.2010	348,353	255	190	90,911	-	439,709
Profit for the period	-	-	-	19,449	-	19,449
Balance as at 31.12.2010	-	-	-	110,360	-	459,158

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2010
(These figures have not been audited)

	31.12.2010	31.12.2009
	RM'000	RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	26,093	19,037
Adjustments for :		
Finance costs	2,730	3,382
Write off of:		
Development expenditure	65	65
(Gain)/Loss on fair value adjustment	(1,816)	1,300
Share in results of associated companies	(1,406)	(480)
Depreciation of property, plant & equipment	1,086	1,184
Provision for doubtful debts	-	18
Excess of net assets over cost of acquisition remaining interest in subsidiary	-	(1,462)
Gain on disposal of quoted investment	-	(803)
Gain on disposal of property, plant & equipment	(14)	(159)
Interest income	(472)	(653)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>26,266</u>	<u>21,429</u>
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease:		
Property development - current portion	16,791	61,181
Inventories	12,752	10,620
Receivables	(9,709)	18,235
Amount owing by contract customers	(3,763)	8,887
Increase/(Decrease) in:		
Payables	(4,436)	(30,507)
Amount owing to contract customers	(930)	(1,868)
CASH USED IN OPERATIONS	<u>36,971</u>	<u>87,977</u>
Income tax paid net of refund	(3,796)	(2,268)
NET CASH USED IN OPERATING ACTIVITIES	<u>33,175</u>	<u>85,709</u>
INVESTING ACTIVITIES		
Interest received	472	653
Decrease in:		
Property development - non-current portion	(2,085)	(11,751)
Withdrawal/(Placement) of fixed deposit	-	(1,712)
Proceeds from disposal of quoted investment	-	2,818
Proceeds from disposal of property, plant and equipment	14	164
Purchase of investment in Associated Company	-	(20,600)
Acquisition of remaining interest in subsidiary company	-	(6,306)
Purchase of quoted investment	-	(3,734)
Purchase of other investment	(55)	-
Addition to property, plant & equipment	(1,847)	(159)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	<u>(3,501)</u>	<u>(40,627)</u>
FINANCING ACTIVITIES		
Finance costs paid	(4,796)	(3,456)
Proceeds from borrowings	23,000	12,500
Repayment of borrowings	(15,266)	(19,222)
Repayment of hire purchase payables	(595)	(413)
NET CASH FROM FINANCING ACTIVITIES	<u>2,343</u>	<u>(10,591)</u>
Net decrease in cash and cash equivalents	32,017	34,491
Cash and cash equivalents at the beginning of the period	<u>39,127</u>	<u>(25,016)</u>
Cash and cash equivalents at the end of the period	<u><u>71,144</u></u>	<u><u>9,475</u></u>
Cash and cash equivalents comprise the followings :		
Fixed deposits net of amounts pledged	164	2,750
Cash and bank balances	83,625	34,718
Bank overdrafts	(12,645)	(27,993)
	<u>71,144</u>	<u>9,475</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 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

Saved as disclosed above, the adoption of FRS 139 does not have an impact on the Group's other opening balances.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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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 except as disclosed in this Interim Financial report.

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

On 24 January 2011, the Company paid a final dividend of 1.5%, less 25% income tax, in respect of the year ended 30 June 2010 as approved by the shareholders at the Annual General Meeting of the Company held on 25 November 2010.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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8 Segmental Reporting

a) Analysis by business segments for 6 months ended 31 December 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	154,829	8,033	14,771	441		178,074
Internal Sales	-	83,967	-	51,117	(135,084)	-
	<u>154,829</u>	<u>92,000</u>	<u>14,771</u>	<u>51,558</u>	<u>(135,084)</u>	<u>178,074</u>
Results						
Segmental operating profit/(loss)	<u>26,777</u>	<u>4,431</u>	<u>601</u>	<u>45,757</u>	<u>(50,621)</u>	<u>26,945</u>
Interest income						472
Profit from operations						<u>27,417</u>
Finance costs						(2,730)
Share in results of associated companies						1,406
Profit before tax						<u>26,093</u>
Income tax expense						(6,644)
Net profit for the period						<u>19,449</u>

b) Analysis by business segments for 6 months ended 31 December 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	163,510	30,155	1,934	406		196,005
Internal Sales	-	63,980	-	30,284	(94,264)	-
	<u>163,510</u>	<u>94,135</u>	<u>1,934</u>	<u>30,690</u>	<u>(94,264)</u>	<u>196,005</u>
Results						
Segmental operating profit/(loss)	<u>26,462</u>	<u>7,697</u>	<u>297</u>	<u>69,449</u>	<u>(82,619)</u>	<u>21,286</u>
Interest income						653
Profit from operations						<u>21,939</u>
Finance costs						(3,382)
Share in results of associated companies						480
Profit before tax						<u>19,037</u>
Income tax expense						(6,160)
Net profit for the period						<u>12,877</u>

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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9 Revaluation of Property, Plant and Equipment and Investment Properties

The investment properties of the Group were revalued by an independent qualified valuer during the quarter and the revaluation surplus of RM5.5 million net of deferred taxation is recognized as fair value gain on investment properties in the income statement for the financial quarter ended 31 December 2010.

Saved as disclosed above, 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 31 December 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	75,806
	<u>=====</u>

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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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 6.0% to RM109.3 million for the current quarter as compared to RM116.3 million reported in the previous corresponding quarter while pre-tax profit increased by 73.3% to RM18.2 million for the current quarter from RM10.5 million reported in the previous corresponding quarter. Revenue from the property development division increased marginally as compared to the previous corresponding quarter while total revenue and profit from construction and project management division declined as compared to the previous corresponding quarter due to completion of Carrefour Project in Bukit Rimau in December 2009.

The Group recorded an increase in pre-tax profit to RM18.2 million for the current quarter as compared to the pre-tax profit of RM10.5 million for the previous corresponding quarter due to higher billings with better margin from property development division and net fair value gain of RM1.8 million arising from the revaluation of the Group's investment properties, inventories and development property during the quarter.

In addition there was a higher contribution from share of the results of its associated company.

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

Group revenue increased to RM109.3 million for the current quarter as compared to RM68.8 million for the immediate preceding quarter. The increase was mainly attributed to higher billings from property and construction and project management divisions. The Group recorded a pre-tax profit of RM18.2 million for the current quarter as compared to the pre-tax profit of RM7.9 million for the immediate preceding quarter. The higher pre-tax profit achieved for the current quarter was mainly attributed to higher billings from property development division and net fair value gain of RM1.8 million arising from the revaluation of the Group's investment properties, inventories and development property during the quarter.

In addition there was a higher contribution from share of the results of its associated company.

The Group recorded an increase in profit after tax to RM13.9 million for the current quarter as compared to the profit after tax of RM5.5 million for the immediate preceding quarter.

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.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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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 31.12.2010 RM'000	Preceding Year Corresponding Quarter 31.12.2009 RM'000	Current Year To-Date 31.12.2010 RM'000	Preceding Year Corresponding Year To-Date 31.12.2009 RM'000
Current taxation	4,159	3,615	6,524	4,760
Under provision in prior year	16	-	120	-
Deferred taxation	120	450	-	1,400
	<u>4,295</u>	<u>4,065</u>	<u>6,644</u>	<u>6,160</u>

The effective tax rate for the current year-to-date is approximately the statutory tax rate.

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 31.12.2010 RM'000
Total investments at cost	1,719
Total investments at carrying value	1,266
Total investments at market value	<u>1,266</u>

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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8 Status of Corporate Proposals

There is no outstanding corporate proposal for the Group except for the following:-

On 30 December 2010, Alliance Investment Bank Berhad, on behalf of the Board of Directors of Malton Berhad (“Malton” or “Company”), announced that the Company is proposing to undertake the following:

- (a) Proposed renounceable rights issue of up to RM156,570,347 nominal value 7-year 6% redeemable convertible secured loan stocks (“RCSLS”) at 100% of its nominal value together with up to 156,570,347 free detachable new warrants (“Warrants”) and up to 78,285,173 new ordinary shares of RM1.00 each in the Company (“Malton Shares”) (“Bonus Shares”) attached on the basis of RM2.00 nominal value of RCSLS together with two (2) Warrants and one (1) Bonus Share for every five (5) Malton Shares held (“Proposed Rights Issue”);
- (b) Proposed exemption for Malton Corporation Sdn Bhd (“MCSB”) and parties acting in concert (“PAC”) with MCSB under Practice Note 9 of the Malaysian Code on Take-Over and Mergers 2010 (“Code”) from the obligation to undertake a mandatory take-over offer for the remaining shares and convertible securities in the Company not already held by them after the Proposed Rights Issue (“Proposed Exemption”); and
- (c) Proposed amendment to the articles of association of the company (“Proposed Articles Amendment”)

(hereinafter collectively referred to as the “Proposals”).

Datuk Lim Siew Choon (“DLSC”) was initially named as a PAC with MCSB in relation to the Proposed Exemption. Subsequent, Malton was informed by MCSB that in addition to Datuk Lim Siew Choon, Datin Tan Kewi Yong (“DTKY”) (being the spouse of Datuk Lim Siew Choon) will also be included as a PAC with MCSB.

Both DLSC and DTKY hold employees’ share option scheme options (“ESOS options”) which have yet to be exercised as at to-date. However, in view of the Proposed Exemption being sought by MCSB and the PAC, the exercise of ESOS options by the PAC would be deemed a disqualifying transaction under the Code.

In view of the above, the exercise of ESOS options by the PAC will have to be excluded from the calculations in arriving at the maximum quantum of the Proposed Rights Issue. As such, the quantum of the Proposed Rights Issue has been marginally reduced as detailed below:

Proposed renounceable rights issue of up to RM156,390,346 nominal value of RCSLS at 100% of its nominal value together with up to 156,390,346 Warrants and up to 78,195,173 Bonus Shares attached on the basis of RM2.00 nominal value of RCSLS together with two (2) Warrants and one (1) Bonus Share for every five (5) Malton Shares held.

The Proposals are conditional upon approvals being obtained from the following:

- (i) Securities Commission, for the issue of the RCSLS together with Warrants and Bonus Shares under the Guidelines on the Offering of Private Debt Securities and for the Proposed Exemption;
- (ii) Bank Negara Malaysia, for the issue of the Warrants to non-resident shareholders and/or renounees pursuant to the Proposed Rights Issue, in accordance with the Exchange Control Regulations;

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- (iii) Bursa Malaysia Securities Berhad (“Bursa Securities”), for the listing of and quotation for the RCSLS, Warrants and Bonus Shares to be issued and the new Malton Shares to be issued upon conversion of the RCSLS and exercise of the Warrants on Bursa Securities;
- (iv) shareholders of the Company, for the Proposals at an extraordinary general meeting to be convened; and
- (v) any other relevant authority (if required).

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	8,000
Bank Overdrafts	12,646
Term Loans	111,914
Bridging Loans	2,339
Hire Purchase Payables	1,891
Total	<u>136,790</u>
Repayment due within next 12 months	<u>73,289</u>
Repayment due after 12 months	<u>63,501</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.

12 Dividend

No interim dividend has been recommended for the financial period ended 31 December 2010.

13 Earnings per Share

Basic

The basic earnings per ordinary share of the Group for the current quarter and current year-to-date has been calculated based on the Group’s profit attributable to equity holders of the parent of RM13.9 million and RM19.4 million respectively and on the number of ordinary shares in issue and ranking for dividend of 348,352,928 during the quarter.

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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 period ended 31 December 2010.

	Current Quarter 31/12/2010	Preceding Year Corresponding Qtr 31/12/2009	Current Year To Date 31/12/2010	Preceding Year to Date 31/12/2009
Profit attributable to equity holders of the Company (RM'000)	13,903	6,472	19,449	12,877
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)	3.99	1.86	5.58	3.70
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A