

MALTON

Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
31 MARCH 2014**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 31 MARCH 2014

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MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 31 MARCH 2014

(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 |
| | 31.3.2014 RM'000 | 31.3.2013 RM'000 | 31.3.2014 RM'000 | 31.3.2013 RM'000 |
| Revenue | 102,622 | 73,792 | 398,136 | 229,112 |
| Operating Expenses | (95,653) | (71,111) | (338,942) | (201,483) |
| Other Operating Income | 3,236 | 3,930 | 11,431 | 9,121 |
| Finance Costs | (4,419) | (3,909) | (12,815) | (11,232) |
| Share in Results of Associated Companies | 572 | 218 | 3,033 | 1,376 |
| Profit before Taxation | 6,358 | 2,920 | 60,843 | 26,894 |
| Taxation | (3,692) | (1,414) | (17,650) | (7,653) |
| Net Profit for the Period | 2,666 | 1,506 | 43,193 | 19,241 |
| Other Comprehensive Income | | | | |
| Change in fair value of available-for-sale financial assets | (77) | 121 | (351) | 410 |
| | 2,589 | 1,627 | 42,842 | 19,651 |
| Attributable to: | | | | |
| Owners of the Company | 2,666 | 1,506 | 43,193 | 19,241 |
| Non-Controlling Interests | - | - | - | - |
| Net Profit for the Period | 2,666 | 1,506 | 43,193 | 19,241 |
| Earnings per Share Attributable to Equity Holders of the Company (Sen) | | | | |
| Basic | 0.64 | 0.36 | 10.33 | 4.60 |
| Fully Diluted | 0.76 | 0.55 | 8.59 | 4.30 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 31.3.2014 RM'000 | Audited As At 30.6.2013 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 10,704 | 9,271 |
| Investment Properties | 187,402 | 45,045 |
| Land held for Property Development | 234,943 | 208,810 |
| Investment in Associated Companies | 9,463 | 6,430 |
| Other Investments | 989 | 1,390 |
| Deferred Tax Assets | 2,599 | 2,791 |
| Other Receivable | 16,270 | 16,032 |
| | <u>462,370</u> | <u>289,769</u> |
| Current Assets | | |
| Property Development | 89,085 | 101,524 |
| Inventories | 36,267 | 117,069 |
| Trade Receivables | 113,248 | 140,065 |
| Accrued Billings | 30,761 | 19,168 |
| Amount due from contract customer | 3,557 | 2,641 |
| Other Receivables, JV Deposits and Prepaid Expenses | 433,938 | 235,079 |
| Tax recoverable | 5,191 | 11,464 |
| Short term funds | 1,274 | 1,067 |
| Fixed Deposits with Licensed Banks | 10,802 | 9,691 |
| Cash and Bank Balances | 49,424 | 79,220 |
| | <u>773,547</u> | <u>716,988</u> |
| TOTAL ASSETS | <u>1,235,917</u> | <u>1,006,757</u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share Capital | 418,104 | 418,104 |
| Share Premium | 7 | 6 |
| Other Reserves | 26,822 | 25,486 |
| Retained Earnings | 201,568 | 168,828 |
| | <u>646,501</u> | <u>612,424</u> |
| Non-Controlling Interests | - | - |
| Total Equity | <u>646,501</u> | <u>612,424</u> |
| Non-Current Liabilities | | |
| RCSLS - Liability component | 108,264 | 103,669 |
| Redeemable Preference Shares | 3,000 | - |
| Bank Borrowings | 231,137 | 50,043 |
| Hire-Purchase Payables | 1,941 | 1,419 |
| Deferred Tax Liabilities | 4,651 | 5,799 |
| | <u>348,993</u> | <u>160,930</u> |
| Current Liabilities | | |
| Trade Payables | 150,229 | 138,060 |
| Advance Billings | 1,236 | 17,215 |
| Other Payables and Accrued Expenses | 24,107 | 21,873 |
| RCSLS - current portion | 11,524 | 11,524 |
| Bank Borrowings | 39,982 | 38,526 |
| Hire-Purchase Payables | 990 | 720 |
| Tax Liabilities | 12,355 | 5,485 |
| | <u>240,423</u> | <u>233,403</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,235,917</u> | <u>1,006,757</u> |
| Net Assets Per Share Attributable to Equity Holders of the Company (RM) | <u>1.55</u> | <u>1.46</u> |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2014 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 MARCH 2014
(These figures have not been audited)**

| | Attributable to Owners of the Company | | | | | | | Retained Earnings RM'000 | Non-Controlling Interests RM'000 | Total RM'000 |
|--|---------------------------------------|----------------------------------|--------------------------------------|---------------------------|-------------------------------|--------------------------|---------------|-----------------------------|-------------------------------------|-----------------|
| | Share Capital RM'000 | RCSLS Equity Component RM'000 | Non-Distributable | | | | Distributable | | | |
| Share Premium RM'000 | | | Available-for-sale Reserve RM'000 | Warrant Reserve RM'000 | Revaluation Reserve RM'000 | Option Reserve RM'000 | | | | |
| Balance as at 1.7.2012 | 418,104 | 3,378 | 6 | (873) | 20,546 | 2,065 | 190 | 143,894 | - | 587,310 |
| Total comprehensive income | - | - | - | - | - | - | - | 19,241 | - | 19,241 |
| Balance as at 31.3.2013 | 418,104 | 3,378 | 6 | (873) | 20,546 | 2,065 | 190 | 163,135 | - | 606,551 |
| Balance as at 1.7.2013 | 418,104 | 3,378 | 6 | (693) | 20,546 | 2,065 | 190 | 168,828 | - | 612,424 |
| Share options granted under ESOS | - | - | - | - | - | - | 1,687 | - | - | 1,687 |
| Dividends to equity holders of the Company | - | - | - | - | - | - | - | (10,453) | - | (10,453) |
| Total comprehensive income | - | - | - | (350) | - | - | - | 43,193 | - | 42,843 |
| Balance as at 31.3.2014 | 418,104 | 3,378 | 6 | (1,043) | 20,546 | 2,065 | 1,877 | 201,568 | - | 646,501 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014
(These figures have not been audited)**

| | 31.3.2014 | 31.3.2013 |
|---|------------------|------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM/(USED IN) | | |
| OPERATING ACTIVITIES | | |
| Profit before Taxation | 60,843 | 26,894 |
| Adjustments for : | | |
| Finance costs | 12,815 | 11,232 |
| Share options granted under ESOS | 1,687 | - |
| Write off of: | | |
| Property, plant and equipment | 2 | 1 |
| Development expenditure | - | 37 |
| Share in results of associated companies | (3,033) | (1,376) |
| Gain on fair value adjustment | (1,228) | (226) |
| Depreciation of property, plant & equipment | 1,786 | 1,619 |
| Impairment loss on other investment | - | (223) |
| Distribution income on short term funds | (243) | (1,062) |
| Gain on disposal of property, plant & equipment | (20) | (97) |
| Interest income | (8,744) | (5,329) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 63,865 | 31,470 |
| CHANGES IN WORKING CAPITAL | | |
| (Increase)/Decrease: | | |
| Property development - current portion | 13,760 | 82,683 |
| Inventories | 80,802 | (83,338) |
| Receivables | (171,252) | (215,718) |
| Accrued billings | (11,593) | - |
| Amount owing by contract customers | (917) | (679) |
| Increase/(Decrease) in: | | |
| Payables | 14,466 | 6,645 |
| Advance billings | (15,979) | - |
| CASH USED IN OPERATIONS | (26,848) | (178,937) |
| Income tax paid net of refund | (5,463) | (13,327) |
| NET CASH USED IN OPERATING ACTIVITIES | (32,311) | (192,264) |
| INVESTING ACTIVITIES | | |
| Interest received | 7,250 | 5,329 |
| Distribution income from short term funds received | 243 | 1,062 |
| (Increase)/Decrease in: | | |
| Property development - non-current portion | (20,689) | 9,044 |
| Short term funds | (157) | 147,716 |
| Addition to investment properties | (141,456) | - |
| Proceeds from disposal of property, plant and equipment | 23 | 97 |
| Withdrawal/(Placement) of fixed deposit | (1,060) | (2) |
| Addition to property, plant & equipment | (1,864) | (351) |
| NET CASH (USED IN)/FROM INVESTING ACTIVITIES | (157,710) | 162,895 |
| FINANCING ACTIVITIES | | |
| Finance costs paid | (14,191) | (9,951) |
| Proceeds from long-term loans/borrowings | 199,005 | 8,000 |
| Proceeds from issuance of redeemable preference shares in a subsidiary company | 3,000 | - |
| Dividend paid | (10,453) | (10,453) |
| Repayment of borrowings | (17,911) | (2,104) |
| Repayment of hire purchase payables | (568) | (457) |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | 158,882 | (14,965) |
| Net decrease in cash and cash equivalents | (31,139) | (44,334) |
| Cash and cash equivalents at the beginning of the period | 62,017 | 65,770 |
| Cash and cash equivalents at the end of the period | 30,878 | 21,436 |
| Cash and cash equivalents comprise the followings : | | |
| Fixed deposits net of amounts pledged | 7,051 | 31 |
| Cash and bank balances | 36,809 | 33,316 |
| Bank overdrafts | (12,982) | (11,911) |
| | 30,878 | 21,436 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

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 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 financial year ended 30 June 2013.

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 2013.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") had issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, within which the MFRS Framework is mandatory to be adopted by the TEs. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year. Therefore, the mandatory adoption date of the MFRS Framework for TEs has been extended from annual periods beginning on or after 1 January 2014 to annual periods beginning on or after 1 January 2015.

The Group being a TE has availed itself of these transitional arrangements and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 June 2016, being the first set of financial statements prepared in accordance with new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The following FRS and IC Interpretation have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

| | |
|--------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendment to Government Loans) ¹ |
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendment to Improvements to FRSs (2012)) ¹ |
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities) ¹ |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009) ³ |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) ³ |
| FRS 10 | Consolidated Financial Statements ¹ |

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| | |
|----------------------|---|
| FRS 10 | Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹ |
| FRS 10 | Consolidated Financial Statements (Amendments relating to Investment Entities) ² |
| FRS 11 | Joint Arrangements ¹ |
| FRS 11 | Joint Arrangements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹ |
| FRS 12 | Disclosures of Interests in Other Entities ¹ |
| FRS 12 | Disclosures of Interests in Other Entities (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) ¹ |
| FRS 12 | Disclosures of Interests in Other Entities (Amendments relating to Investment Entities) ² |
| FRS 13 | Fair Value Measurement ¹ |
| FRS 101 | Presentation of Financial Statements [Improvements to FRSs (2012)] ¹ |
| FRS 116 | Property, Plant and Equipment [Improvements to FRSs (2012)] ¹ |
| FRS 119 | Employee Benefits (2011) ¹ |
| FRS 127 | Separate Financial Statements (2011) ¹ |
| FRS 127 | Separate Financial Statements (2011) (Amendments relating to Investment Entities) ² |
| FRS 128 | Investments in Associates and Joint Ventures (2012) ¹ |
| FRS 132 | Financial Instruments: Presentation [Amendment relating to Improvements to FRSs (2012)] ¹ |
| FRS 132 | Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ² |
| FRS 134 | Interim Financial Reporting [Amendment to Improvements to FRSs (2012)] ¹ |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine ¹ |

¹ Effective for annual periods beginning on or after January 1, 2013

² Effective for annual periods beginning on or after January 1, 2014

³ Effective for annual periods beginning on or after January 1, 2015

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

The directors anticipate that abovementioned FRSs and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

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, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter.

On 28 April 2014, the Company issued 4,446,700 new ordinary shares of RM1.00 each pursuant to conversion of RM4,446,700 Nominal Value 7-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") into 4,446,700 shares of RM1.00 each.

Accordingly, the issued and paid-up share capital of the Company was increased from RM418,103,512 to RM422,550,212 and the outstanding RCSLS was reduced from RM139,301,169 to RM134,854,469 as at 28 April 2014.

7 Dividend Paid

On 27 January 2014, the Company paid a first and final single-tier dividend of 2.5% in respect of the financial year ended 30 June 2013 as approved by the shareholders at the Annual General Meeting of the Company held on 22 November 2013.

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8 Segmental Reporting

a) Analysis by business segments for the period ended 31 March 2014:

| | 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 | 230,414 | 161,464 | 5,726 | 531 | | 398,136 |
| Internal Sales | - | 28,528 | - | 59,129 | (87,657) | - |
| | <u>230,414</u> | <u>189,992</u> | <u>5,726</u> | <u>59,660</u> | <u>(87,657)</u> | <u>398,136</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>54,696</u> | <u>12,095</u> | <u>778</u> | <u>47,301</u> | <u>(53,232)</u> | <u>61,638</u> |
| Interest and distribution income | | | | | | 8,987 |
| Profit from operations | | | | | | <u>70,625</u> |
| Finance costs | | | | | | (12,815) |
| Share in results of associated companies | | | | | | 3,033 |
| Profit before tax | | | | | | <u>60,843</u> |
| Income tax expense | | | | | | (17,650) |
| Net profit for the period | | | | | | <u><u>43,193</u></u> |

b) Analysis by business segments for the period ended 31 March 2013:

| | 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 | 109,694 | 112,452 | 6,442 | 524 | | 229,112 |
| Internal Sales | - | 19,663 | - | 22,267 | (41,930) | - |
| | <u>109,694</u> | <u>132,115</u> | <u>6,442</u> | <u>22,791</u> | <u>(41,930)</u> | <u>229,112</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>21,169</u> | <u>9,356</u> | <u>3,029</u> | <u>10,033</u> | <u>(13,228)</u> | <u>30,359</u> |
| Interest and distribution income | | | | | | 6,391 |
| Profit from operations | | | | | | <u>36,750</u> |
| Finance costs | | | | | | (11,232) |
| Share in results of associated companies | | | | | | 1,376 |
| Profit before tax | | | | | | <u>26,894</u> |
| Income tax expense | | | | | | (7,653) |
| Net profit for the period | | | | | | <u><u>19,241</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 2013.

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

There were no material events subsequent to the current quarter ended 31 March 2014 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

There were no material changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the Group for the quarter under review.

12 Contingent Liabilities

As at this reporting date, the Group does not have any material contingent liabilities.

13 Significant Related Party Transactions

The significant transactions with entities in which certain Directors of the Company are also Directors are as follows:

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-Date | Preceding Year Corresponding Year To-Date |
| | 31.3.2014 RM'000 | 31.3.2013 RM'000 | 31.3.2014 RM'000 | 31.3.2013 RM'000 |
| Rental paid/payable to: | | | | |
| Pavilion REIT # | 535 | 535 | 1,070 | 1,070 |
| Purchase of gifts and hampers | | | | |
| Crabtree & Evelyn (Malaysia) Sdn Bhd | 40 | 73 | 94 | 73 |

Pavilion REIT is managed by Pavilion REIT Management Sdn Bhd, a company in which certain Directors of the Company have directorships.

14 Capital Commitments

There is no outstanding capital commitment as at the end of the current 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

Under the 2014 Budget and the recent Bank Negara Malaysia's new guidelines on lending to property sectors, several measures have been announced by the Government to curb excessive property speculations. These cooling measures may post potential downside risks for the property sectors. The Malaysian economy recorded a strong growth of 6.2% in the first quarter of 2014 as compared to 5.1% recorded in the fourth quarter of 2013.

The Group's revenue for the current quarter improved by 39.0% to RM102.6 million as compared to RM73.8 million reported in the previous corresponding quarter while pre-tax profit for the current quarter improved by 120.7% to RM6.4 million as compared to RM2.9 million reported in the previous corresponding quarter.

The improvement in turnover and pre-tax profit for the current quarter were contributed mainly from the construction and project management division during current quarter due to contribution from new contracts secured as compared to previous corresponding quarter.

Revenue and profit from the property development division improved marginally in the current quarter arising from stronger contributions from on-going projects namely Nova Saujana in Subang and The Cantonment in Penang for the current quarter as compared to previous corresponding quarter which was offset by the project completion of Mutiara Residence in Penang and Amaya Maluri.

The share of results of associated companies during the quarter improved marginally to RM0.6 million as compared to profit RM0.2 million reported in the previous corresponding quarter.

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

The Group's revenue declined to RM102.6 million for the current quarter as compared to RM204.4 million for the immediate preceding quarter. The overall decrease of 49.8% was mainly attributed to completion of the disposal of Block 1 of V Square @ PJ City Centre together with 964 car park bays for RM140 million in the immediate preceding quarter and lower billings from the property development division offset by higher revenue from construction and project management division of RM72.5 million in the current quarter as compared to RM35.7 million in the preceding quarter. The Group recorded a pre-tax profit of RM6.4 million for the current quarter as compared to the pre-tax profit of RM36.5 million for the immediate preceding quarter. The lower pre-tax profit for the current quarter was mainly due to profit from disposal Block 1 of V Square @ PJ City Centre together with 964 car park bays recorded in the previous quarter.

3 Prospects for the current Financial Year Ending 30 June 2014

In 2014, Malaysia is expected to grow at a stronger pace of 5.0% to 5.5% to be driven by private investment and private consumption. The cooling measures announced by the Government will not have significant effects on the Group's immediate earnings due to high percentage of lock-in sales for launched projects.

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In the meantime, the on-going development projects of the Group namely The Cantonment in Penang and Nova Saujana in Subang, together with the on-going construction contracts in hand, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2014. During the financial year ending 30 June 2014, the Group has plans to continue to launch new property projects within the Klang Valley, including the upcoming mixed development project in Bukit Jalil, Kuala Lumpur and apartments in Seri Kembangan, Selangor.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2014.

4 Profit Forecast or Profit Guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee.

5 Taxation

Details of taxation are as follows:

| | Individual Quarter | | Cumulative Quarter | |
|----------------------------------|--|---|--|--|
| | Current Year Quarter 31.3.2014 RM'000 | Preceding Year Corresponding Quarter 31.3.2013 RM'000 | Current Year To-Date 31.3.2014 RM'000 | Preceding Year Corresponding Year To-Date 31.3.2013 RM'000 |
| Current taxation | 4,160 | 2,250 | 17,778 | 8,487 |
| Under provision in prior year | 536 | (503) | 828 | (503) |
| Deferred taxation | (1,004) | (333) | (956) | (331) |
| | <u>3,692</u> | <u>1,414</u> | <u>17,650</u> | <u>7,653</u> |

The effective tax rate for the current year to-date (before share of results of associated companies) 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.

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.

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8 Status of Corporate Proposals

(i) Layar Raya Sdn Bhd (“LRSB”)

On 9 December 2013, LRSB, a wholly-owned subsidiary company, had entered into a conditional Sale and Purchase Agreement with Fame Action Sdn Bhd (“FASB”) for the proposed disposal of two pieces of freehold land held under Lot 4192 (formerly PT 1495/5) and Lot 1656, measuring 10.3542 hectares (approximately 25.6 acres), both located within Mukim of Cheras, District of Ulu Langat, Selangor for a cash consideration of RM35,664,538 (“Proposed Disposal”).

The Proposed Disposal is conditional upon the approvals being obtained from:-

- (a) the Boards of Directors of FASB and its holding company;
- (b) the Boards of Directors of LRSB and Malton Berhad;
- (c) the Economic Planning Unit; and
- (d) any other necessary approvals by the relevant authorities.

Saved for the above, there was no other outstanding corporate proposal for the Group.

9 Borrowings and Debt Securities

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

| | |
|-------------------------------------|----------------|
| | RM’000 |
| RCSLS – Liability Component | 119,788 |
| Term Loans | 227,909 |
| Revolving Credits | 27,000 |
| Bridging Loans | 3,228 |
| Redeemable Preference Shares | 3,000 |
| Bank Overdrafts | 12,982 |
| Hire Purchase Payables | 2,931 |
| Total | <u>396,838</u> |
| Repayment due within next 12 months | <u>52,496</u> |
| Repayment due after 12 months | <u>344,342</u> |

All borrowings are denominated in Ringgit Malaysia and are secured.

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 by the Group as at the date of this report.

11 Material Litigation

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

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13 Dividend

No interim dividend has been recommended for the financial quarter ended 31 March 2014.

14 Earnings Per Share (“EPS”)

Basic

The basic earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group’s profit attributable to equity holders of the Company of RM2,666,000 and RM43,193,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the financial period.

Fully Diluted

Under FRS 133 on Earnings Per Share, the options pursuant to the Employee Shares Option Scheme and Warrants have no dilutive effect as both the exercise prices of the options and Warrants are above the average market price of the Company’s shares during the quarter ended 31 March 2014.

The diluted earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group’s adjusted profit attributable to equity holders of the Company of RM4,233,000 and RM47,894,000 respectively and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the financial period assuming full conversion of the outstanding RCSLS.

| (a) Basic EPS | Individual Quarter | | Cumulative Quarter | |
|---|------------------------------|--|--------------------------------------|--|
| | Current Quarter 31.3.2014 | Preceding Year Corresponding Qtr 31.3.2013 | Current Year To Date 31.3.2014 | Preceding Year to Date 31.3.2013 |
| Profit attributable to equity holders of the Company (RM’000) | 2,666 | 1,506 | 43,193 | 19,241 |
| Weighted average number of shares in issue (’000) | 418,104 | 418,104 | 418,104 | 418,104 |
| Basic earnings per share (sen) | 0.64 | 0.36 | 10.33 | 4.60 |

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| (b) Diluted EPS | Current Quarter 31.3.2014 | Preceding Year Corresponding Qtr 31.3.2013 | Current Year To Date 31.3.2014 | Preceding Year to Date 31.3.2013 |
|---|---------------------------------|--|--------------------------------------|--|
| Profit attributable to equity holders of the Company (RM'000) | 2,666 | 1,506 | 43,193 | 19,241 |
| Effects on earnings upon conversion of RCSLS (RM'000) | 1,567 | 1,567 | 4,701 | 4,701 |
| | <u>4,233</u> | <u>3,073</u> | <u>47,894</u> | <u>23,942</u> |
| Weighted average number of shares in issue ('000) | 418,104 | 418,104 | 418,104 | 418,104 |
| Effects of dilution | 139,301 | 139,301 | 139,301 | 139,301 |
| Adjusted weighted average number of shares in issue and issuable ('000) | <u>557,405</u> | <u>557,405</u> | <u>557,405</u> | <u>557,405</u> |
| Diluted earnings per share (sen) | 0.76 | 0.55 | 8.59 | 4.30 |

15 Profit Before Tax

The following items have been included in arriving at profit before tax:

| After charging: | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|--|
| | Current Quarter 31.3.2014 RM'000 | Preceding Year Corresponding Qtr 31.3.2013 RM'000 | Current Year To Date 31.3.2014 RM'000 | Preceding Year to Date 31.3.2013 RM'000 |
| Interest expense | 4,419 | 3,909 | 12,815 | 11,232 |
| Depreciation and Amortization | 667 | 538 | 1,786 | 1,619 |
| After crediting: | | | | |
| Interest income | 2,689 | 3,008 | 8,744 | 5,329 |
| Gain on fair value changes of investment properties | - | - | 900 | - |
| Other income | 508 | 911 | 1,544 | 2,730 |
| Distribution income from short term funds | 39 | 11 | 243 | 1,062 |

There were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 31 March 2014.

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16 Realised and Unrealised Retained Earnings

| | As at 31.3.2014 RM'000 | As at 31.12.2013 RM'000 |
|---|------------------------------|-------------------------------|
| Total retained earnings: | | |
| Company and subsidiaries | | |
| -realised profit | 414,276 | 421,203 |
| -unrealised profit/(loss) | 826 | (178) |
| | <u>415,102</u> | <u>421,025</u> |
| Associated companies | | |
| -realised profit | 4,969 | 4,397 |
| -unrealised profit | 4,494 | 4,494 |
| | <u>9,463</u> | <u>8,891</u> |
| Less: Consolidation adjustments | (222,997) | (220,561) |
| Total group retained earnings as per unaudited consolidated financial statements | <u><u>201,568</u></u> | <u><u>209,355</u></u> |