



Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
31 DECEMBER 2018**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 31 DECEMBER 2018

	Page No.
Condensed Consolidated Statement Of Comprehensive Income	1
Condensed Consolidated Statement Of Financial Position	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Statement Of Cash Flows	4
 Explanatory Notes To The Interim Financial Statements:	
Part A: Explanatory Notes Pursuant To MFRS 134	5 – 10
Part B: Explanatory Notes Pursuant To Appendix 9B Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad	11 – 18

MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2018

(These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000 (Restated)	CURRENT YEAR TO DATE 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.12.2017 RM'000 (Restated)
Revenue	252,931	242,008	410,867	366,839
Operating expenses	(240,855)	(221,792)	(389,427)	(340,586)
Other operating income	2,566	9,070	5,606	35,852
Finance costs	(5,720)	(3,945)	(10,225)	(7,794)
Share in results of associated companies	-	8,057	-	7,943
Profit before taxation	8,922	33,398	16,821	62,254
Taxation	(6,884)	(8,626)	(10,335)	(10,991)
Net profit for the period	2,038	24,772	6,486	51,263
Other comprehensive income/(loss) Change in fair value of available-for-sale financial assets	2	(1)	5	(2)
	2,040	24,771	6,491	51,261
Attributable to:				
Owners of the company	2,587	24,925	7,035	51,577
Non-controlling interests	(549)	(153)	(549)	(314)
Net profit for the period	2,038	24,772	6,486	51,263
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	0.49	4.72	1.33	9.77
Fully Diluted	0.49	4.61	1.33	9.46

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 31.12.2018 RM'000	As At 30.06.2018 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	15,086	15,230
Investment properties	182,882	178,559
Inventories - Land held for property development	29,713	31,457
Other investments	245	245
Deferred tax assets	9,915	7,815
	237,841	233,306
Current Assets		
Inventories - Property development costs	1,658,383	1,698,594
Inventories - Completed properties	154,470	125,707
Trade receivables	198,884	190,317
Accrued billings	84,964	67,563
Amount due from contract customer	2,588	38,553
Other receivables and prepaid expenses	105,263	117,349
Tax recoverable	119	189
Short term funds	1,536	1,508
Fixed deposits with licensed banks	10,107	38,612
Cash and bank balances	89,487	122,757
	2,305,801	2,401,149
TOTAL ASSETS	2,543,642	2,634,455
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	528,552	528,552
Other reserves	3,269	3,264
Retained earnings	382,333	385,861
	914,154	917,677
Non-Controlling Interests	134,618	135,167
Total Equity	1,048,772	1,052,844
Non-Current Liabilities		
Other payables	83,631	101,039
Redeemable preference shares	3,000	3,000
Bank borrowings	83,255	107,569
Hire-purchase payables	1,755	2,464
Deferred tax liabilities	64,928	64,928
	236,569	279,000
Current Liabilities		
Trade payables	484,413	508,970
Advance billings	9,488	260
Other payables and accrued expenses	267,683	351,563
Bank borrowings	476,777	422,617
Hire-purchase payables	2,011	2,690
Tax liabilities	17,929	16,511
	1,258,301	1,302,611
TOTAL EQUITY AND LIABILITIES	2,543,642	2,634,455
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	1.73	1.74

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 2018
(These figures have not been audited)**

	Non-distributable reserves					Distributable reserves	Non-Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Available-for-sale Reserve RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000 (Restated)		
Balance as at 1.7.2017	528,176	51	20,546	2,065	1,238	318,066	179,505	1,049,647
Conversion of RCCLS - ESOS	192	-	-	-	(21)	-	-	171
Transfer arising from 'no-par-value' regime	50	-	-	-	(50)	-	-	-
Redemption of redeemable preference shares	-	-	-	-	-	-	(35,749)	(35,749)
Total comprehensive income/(loss) for the period	-	(2)	-	-	-	51,577	(314)	51,261
Dividend to equity holders of the Company	-	-	-	-	-	(13,200)	-	(13,200)
Balance as at 31.12.2017	528,418	49	20,546	2,065	1,167	356,443	143,442	1,052,130
Balance as at 1.7.2018	528,552	46	-	2,065	1,153	385,861	135,167	1,052,844
Total comprehensive income/(loss) for the period	-	5	-	-	-	7,035	(549)	6,491
Dividend to equity holders of the Company	-	-	-	-	-	(10,563)	-	(10,563)
Balance as at 31.12.2018	528,552	51	-	2,065	1,153	382,333	134,618	1,048,772

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018****(These figures have not been audited)**

	31.12.2018 RM'000	30.12.2017 RM'000 (Restated)
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	16,821	62,254
Adjustments for :		
Finance costs	10,225	7,794
Write off of:		
Property, plant & equipment	-	6
Reversal of Impairment loss of inventories	-	(6,111)
Share in results of associated companies	-	(7,943)
Depreciation of property, plant & equipment	2,631	2,005
(Gain)/loss on disposal of property, plant and equipment	-	(106)
Distribution income on short term funds	(24)	(55)
Interest income	(2,332)	(3,434)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>27,321</u>	<u>54,410</u>
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease:		
Inventories - Property development costs - current portion	44,537	(23,843)
Inventories - Completed properties	(28,745)	12,693
Receivables	1,923	198,565
Accrued billings	(17,402)	16,859
Amount owing by contract customers	35,966	26,297
Increase/(Decrease) in:		
Payables	(125,847)	(49,197)
Advance billing	9,227	8,540
CASH (USED IN)/FROM OPERATIONS	<u>(53,020)</u>	<u>244,324</u>
Income tax paid net of refund	(10,948)	(12,954)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u>(63,968)</u>	<u>231,370</u>
INVESTING ACTIVITIES		
Interest received	855	4,222
Distribution income from short term funds received	24	55
(Increase)/Decrease in:		
Inventories - Property development costs - non-current portion	1,744	(17,514)
Short term funds	(23)	(16)
Additional of Investment properties	(4,323)	(20,385)
Proceed from disposal of property, plant & equipment	-	112
Redemption of redeemable preference share for non-controlling interest	-	(35,750)
(Placement)/Withdrawal of fixed deposit	28,505	(165)
Addition to property, plant & equipment	(2,487)	(716)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	<u>24,295</u>	<u>(70,157)</u>
FINANCING ACTIVITIES		
Interest paid	(11,492)	(10,694)
Proceeds from long-term loan	186,548	122,149
Dividend paid	(10,563)	(13,200)
Repayment of borrowings	(156,083)	(205,799)
Repayment of hire purchase payables	(1,388)	(1,234)
Proceeds from exercise of share options	-	170
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>7,022</u>	<u>(108,608)</u>
Net (decrease)/increase in cash and cash equivalents	(32,651)	52,605
Cash and cash equivalents at the beginning of the period	101,411	44,978
Cash and cash equivalents at the end of the period	<u>68,760</u>	<u>97,583</u>
Cash and cash equivalents comprise the followings :		
Cash and bank balances	89,487	114,146
Bank overdrafts	(20,727)	(16,563)
	<u>68,760</u>	<u>97,583</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 2018**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Accounting Policies and Method of Computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) 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 2018 which were prepared under Financial Reporting Standards.

Adoption of Malaysian Financial Reporting Standards (“MFRS”), Amendments to Financial Reporting Standards and Issues Committee Interpretations (“IC Int.”)

The Group is adopting the MFRS framework for the first time in the current financial year beginning 1 July 2018 and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied. In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework, as if these policies had always been in effect.

The accounting policies and presentation adopted for this interim report are consistent with those adopted for audited financial for the financial year ended 30 June 2018, except for the adoption of the following MFRSs, amendments to MFRSs and IC Int. issued by MASB that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related clarifications)
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 140	Transfers of Investment Property
IC Int. 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle	

The adoption of these MFRSs, amendments to MFRSs and IC Int. did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group except as follows:

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The impact of the adoption of MFRS 15 on the Group’s financial statements are as follows:-

Effects on Condensed Consolidated Statement of Comprehensive Income

	Preceding Year Corresponding Quarter – 31.12.2017		
	As previously reported RM’000	Effects of transition to MFRS RM’000	As restated RM’000
Revenue	241,504	504	242,008
Operating expenses	(222,219)	427	(221,792)
Profit before tax	32,467	931	33,398
Taxation	(8,419)	(207)	(8,626)
Net profit for the period	24,048	724	24,772
Attributable to:			
Owners of the Company	24,201	724	24,925

	Preceding Year Corresponding Year-to-date – 31.12.2017		
	As previously reported RM’000	Effects of transition to MFRS RM’000	As restated RM’000
Revenue	366,621	218	366,839
Operating expenses	(342,229)	1,643	(340,586)
Profit before tax	60,393	1,861	62,254
Taxation	(10,577)	(414)	(10,991)
Net profit for the period	49,816	1,447	51,263
Attributable to:			
Owners of the Company	50,130	1,447	51,577

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

Effects on Condensed Consolidated Statement of Financial Position

	As previously reported RM'000	As at 30.6.2018 Effects of transition to MFRS RM'000	As restated RM'000
Current Assets			
Inventories – Property development			
Costs	1,686,591	12,003	1,698,594
Accrued billings	63,331	4,232	67,563
Equity and Liabilities			
Retained earnings	377,333	8,528	385,861
Other payables			
- Non-current liabilities	97,758	3,281	101,039
Deferred tax liabilities			
- Non-current liabilities	62,401	2,527	64,928
Other payables			
- Current liabilities	349,664	1,899	351,563

Standards, IC Int. and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new Standards, Amendments and IC Int. which were in issue but not yet effective and not early adopted by the Group are as listed below:

MFRS 16	Lease ¹
MFRS 17	Insurance Contracts ³
Amendments to FRS 9	Prepayments Features with Negative Compensation ¹
Amendments to FRS 10 and MFRS 128	Sales or Contribution of Assets between an investor and Associate or Joint Venture ⁴
Amendments to FRS 119	Plan Amendment, Curtailment or Settlement ¹
Amendments to FRS 128	Long-term interests in Associates and Joint Ventures ¹
IC Int. 23	Uncertainty Over Income Tax Treatments ¹
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle ¹	
Amendments to References to Conceptual Framework in MFRS Standards ²	

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective date deferred to a date to be announced by MASB

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

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

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 ended 31 December 2018.

7 Dividend Paid

On 28 December 2018, the Company paid a first and final single-tier dividend of 2 sen per ordinary share in respect of the financial year ended 30 June 2018 as approved by the shareholders at the Annual General Meeting of the Company held on 23 November 2018.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

8 Segmental Reporting

a) Analysis by business segments for the period ended 31 December 2018:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	223,973	16,171	170,256	467		410,867
Internal Sales	-	-	153,111	6,512	(159,623)	-
	<u>223,973</u>	<u>16,171</u>	<u>323,367</u>	<u>6,979</u>	<u>(159,623)</u>	<u>410,867</u>
Results						
Segmental operating profit/(loss)	<u>21,747</u>	<u>3,509</u>	<u>2,877</u>	<u>(4,714)</u>	<u>1,271</u>	<u>24,690</u>
Interest and distribution income						2,356
Profit from operations						<u>27,046</u>
Finance costs						(10,225)
Share in results of associated companies						-
Profit before tax						<u>16,821</u>
Income tax expense						(10,335)
Net profit for the Period						<u>6,486</u>

b) Analysis by business segments for the period ended 31 December 2017:

	Property development RM'000 (Restated)	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000 (Restated)
Revenue						
External Sales	202,773	10,939	152,332	795		366,839
Internal Sales	-	-	83,693	6,435	(90,128)	-
	<u>202,773</u>	<u>10,939</u>	<u>236,025</u>	<u>7,230</u>	<u>(90,128)</u>	<u>366,839</u>
Results						
Segmental operating profit/(loss)	<u>43,544</u>	<u>7,037</u>	<u>9,558</u>	<u>(7,124)</u>	<u>5,601</u>	<u>58,616</u>
Interest and distribution income						3,489
Profit from operations						<u>62,105</u>
Finance costs						(7,794)
Share in results of associated companies						7,943
Profit before tax						<u>62,254</u>
Income tax expense						(10,991)
Net profit for the Period						<u>51,263</u>

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

9 Revaluation of Property, Plant and Equipment and Investment Properties

The valuation of property, plant and equipment and investment properties have been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2018.

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

There were no material events subsequent to the current quarter ended 31 December 2018 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
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Progress billings received/Receivable:				
Impian Ekspresi Sdn Bhd	27,084	43,699,	97,551	79,715
Harmoni Perkasa Sdn Bhd	12,269	16,605	61,349	23,174
Rental paid/payable to:				
Pavilion REIT #	820	817	1,581	1,607
Director of the Company	48	48	96	96
Dream Domain Sdn Bhd^	48	-	96	-
Sale of property to director and family members of director of the Company	-	-	-	3,976

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

^ A company in which a director of the Company has direct financial interest.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1 Review of Performance

	Individual Quarter		Change %	Cumulative Quarter		Change %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Year To-Date	
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	
Revenue						
Property development	105,009	116,125		223,973	202,773	
Completed properties	13,898	9,504		16,171	10,939	
Sub-Total	118,907	125,629	(5.4)	240,144	213,712	12.4
Construction	133,942	115,983	15.5	170,256	152,332	11.8
Others	82	396	(79.3)	467	795	(41.3)
Total	252,931	242,008	4.5	410,867	366,839	12.0
Profit Before Tax (“PBT”)						
Property development	4,594	10,353		12,992	37,104	
Completed properties	3,156	6,990		3,584	7,085	
Sub-Total	7,750	17,343	(55.3)	16,576	44,189	(62.5)
Construction	5,552	10,361	(46.4)	11,597	18,330	(36.7)
Others	(4,380)	5,694		(11,352)	(265)	(4,184)
Total	8,922	33,398	(73.3)	16,821	62,254	(73.0)

The Group’s revenue for the current quarter increased by 4.5% to RM252.9 million as compared to RM242.0 million reported in the previous corresponding quarter while PBT for the current quarter declined by 73.3% to RM8.9 million as compared to RM33.4 million reported in the previous corresponding quarter. The significant decline in PBT was mainly due to higher proportion of residential components during the current quarter as compared to previous corresponding quarter resulting in lower profits and contributions from construction projects with higher margins during the preceding corresponding quarter. In addition there was no share of profits of associated companies in current quarter as compared to profits of RM8.1 million in the preceding corresponding quarter.

The Group’s revenue for current year to-date improved by 12.0% to RM410.9 million as compared to RM366.8 million reported in the previous corresponding year to-date, attributed by increase in property development and construction turnover. PBT for current year-to-date declined by 73.0% to RM16.8 million as compared to RM62.3 million reported in the previous corresponding year to-date. The significant decrease in PBT arose from the lower contribution from construction division and recognition of group gain of RM23.8 million on revocation of joint

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

development agreement of a subsidiary company, Silver Setup Sdn Bhd, which was completed during the preceding year-to-date. In addition there was no share of profits of associate companies in the current year to-date as compared to profits of RM7.9 million in the preceding corresponding year to-date.

Property Development

Revenue from the property development division declined by 5.4% during the current quarter as compared to the previous corresponding quarter due to completion of SK One Residence @ Seri Kembangan and Phase 1 of Rapid City @ Johor although higher billings were recorded from The Park Sky Residence and The Park 2 Residence in Bukit Jalil and Duta Park Residence @ Jalan Kuching. PBT declined by 55.3% in the current quarter to RM7.8 million as compared to RM17.3 million in the previous corresponding quarter due to lower revenue recorded and higher proportion of residential billings which have lower margins during the current quarter.

Revenue from the property development division improved by 12.4% in current year to-date as compared to the previous corresponding year to-date due to higher billings from The Park Sky Residence and The Park 2 Residence in Bukit Jalil and initial recognition of revenue from Duta Park Residence @ Jalan Kuching in the current year to-date. PBT declined by 62.5% in the current year to-date as compared to the corresponding year to-date due to recognition of group gain of RM23.8 million on revocation of joint development agreement of a subsidiary company, Silver Setup Sdn Bhd, which was completed in September 2017. After excluding the one-off group gain of RM23.8 million in previous year corresponding year to-date, PBT declined by 18.7% to RM16.6 million as compared to RM20.4 million reported in the preceding corresponding year to-date due to completion of SK One Residence @ Seri Kembangan and Phase 1 of Rapid City @ Johor.

Construction

Revenue from construction division improved by 15.5% to RM133.9 million in the current quarter as compared to RM116.0 million in the previous corresponding quarter while PBT declined by 46.4% to RM5.6 million as compared to RM10.4 million recorded in the previous corresponding quarter due to current projects with lower margins and higher labour and construction costs.

Revenue from construction division improved by 11.8% to RM170.3 million in the current year to-date as compared to RM152.3 million in the previous corresponding year to-date while PBT declined by 36.7% to RM11.6 million as compared to RM18.3 million recorded in the previous corresponding year to-date due to current projects with lower margins and higher labour and construction costs.

Share of Results of Associated Companies

There was no share of results of associated companies during the quarter as a result of completion of the project undertaken by the associated company and the investment has been fully impaired as of 30 June 2018.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

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

	Current Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.9.2018 RM'000	Change %
Revenue			
Property development	105,009	118,964	
Completed properties	13,898	2,273	
Sub-Total	118,907	121,237	(1.9)
Construction	133,942	36,314	268.8
Others	82	385	(78.7)
Total	<u>252,931</u>	<u>157,936</u>	60.1
Profit Before Tax ("PBT")			
Property development	4,594	8,398	
Completed properties	3,156	428	
Sub-Total	7,750	8,826	(12.2)
Construction	5,552	6,045	(8.2)
Others	(4,380)	(6,972)	37.2
Total	<u>8,922</u>	<u>7,899</u>	13.0

The Group's revenue improved by 60.1% to RM252.9 million for the current quarter as compared to RM157.9 million for the immediate preceding quarter. The Group recorded a 13.0% improvement in PBT of RM8.9 million for the current quarter as compared to the PBT of RM7.9 million for the immediate preceding quarter. The lower property development turnover and PBT for the current quarter was mainly due to lower billings from The Park Sky Residence and The Park 2 in Bukit Jalil. The construction division recorded higher progress billings from its projects during the current quarter as compared to the immediate preceding quarter while PBT was lower due to current projects with lower margins and higher labour and construction costs.

3 Prospects for the next Financial Year Ending 30 June 2019

The Malaysian real GDP expanded by 4.7% in the fourth quarter of 2018 as compared to 4.4% recorded in the third quarter of 2018 driven mainly by private sector activity and positive growth of net exports.

The Malaysian economy is expected to remain on a steady growth path with domestic demand remaining as the key driver of growth.

In the meantime, the on-going development projects of the Group namely, The Park Sky Residence and The Park 2 Residence in Bukit Jalil, Duta Park Residence @ Jalan Kuching, Rapid City Centre in Johor and BAC Tower with a total unbilled sales of RM1.1 billion as of 31 December 2018 together with the on-going construction contracts in hand and in particular Pavilion Damansara Heights, Pavilion Ceylon Hill and Pavilion Embassy projects, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2019.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2019.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

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 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000 (Restated)	Current Year To-Date 31.12.2018 RM'000	Preceding Year Corresponding Year To-Date 31.12.2017 RM'000 (Restated)
Current taxation	8,184	7,943	12,435	11,558
Under/(Over) provision in prior year	-	895	-	895
Deferred taxation	(1,300)	(212)	(2,100)	(1,462)
	<u>6,884</u>	<u>8,626</u>	<u>10,335</u>	<u>10,991</u>

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

8 Status of Corporate Proposals

There was no outstanding corporate proposal for the Group.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

9 Borrowings and Debt Securities

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

	As at 31 December 2018		
	Long-term RM'000	Short-term RM'000	Total RM'000
Secured			
Term Loans	80,867	194,183	275,050
Revolving Credits	-	151,863	151,863
Bridging Loans	2,388	13,780	16,168
Redeemable Preference Shares	3,000	-	3,000
Trade facilities	-	16,223	16,223
Bank Overdrafts	-	20,728	20,728
Hire Purchase Payables	1,755	2,011	3,766
	<u>88,010</u>	<u>398,788</u>	<u>486,798</u>
Unsecured			
Revolving credit	-	80,000	80,000
	<u>88,010</u>	<u>481,788</u>	<u>566,798</u>
	As at 31 December 2017		
	Long-term RM'000	Short-term RM'000	Total RM'000
Secured			
Term Loans	54,497	168,987	223,484
Revolving Credits	32,515	114,309	146,824
Redeemable Preference Shares	3,000	-	3,000
Bank Overdrafts	-	16,563	16,563
Hire Purchase Payables	3,727	2,786	6,513
	<u>93,739</u>	<u>302,645</u>	<u>396,384</u>
Unsecured			
Revolving credit	-	110,000	110,000
	<u>93,739</u>	<u>412,645</u>	<u>506,384</u>

All borrowings are denominated in Ringgit Malaysia.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

10 Material Litigation

Save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board has no knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any fact likely to give rise to any proceeding which may materially affect the financial position of the Malton Group:

- (a) In connection with the joint venture agreement dated 7 April 2014 between Yayasan Wilayah Persekutuan and Memang Perkasa Sdn Bhd (“MPSB”), a 51% owned subsidiary of Malton Berhad for the proposed development of a 12 acre leasehold land located in Taman Tun Dr Ismail, Kuala Lumpur (“Land”), Perbadanan Pengurusan Trellises and 9 Others had on 11 August 2017, filed a Judicial Review proceeding against Datuk Bandar Kuala Lumpur and Dewan Bandaraya Kuala Lumpur for the following Orders:-
- (i) An Order of Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a conditional planning approval dated 28 February 2017 for the proposed development on the Land;
 - (ii) An Order for Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant the development order dated 13 July 2017 in relation to the proposed development mentioned in paragraph (i) above; and
 - (iii) An Order on Mandamus for the Datuk Bandar Kuala Lumpur to adopt the draft Kuala Lumpur local plan 2020 and publish the said adoption in the gazette pursuant to Section 16 of the Federal Territory (Planning Act) 1982.

On 15 November 2017, the Kuala Lumpur High Court allowed MPSB’s application to intervene and be added as the 4th Respondent in the Judicial Review proceeding.

The Judicial Review proceeding that was scheduled on 26 and 27 September 2018 has been postponed to 28 and 29 November 2018. On 28 November 2018, the High Court has ruled that all the above applications made by the Plaintiffs above have been rejected with costs of RM1,500 awarded to MPSB.

The Plaintiffs filed an appeal against the decision of the High Court on 13 December 2018. The appeal has been fixed for case management on 13 March 2019 pending the Grounds of Judgement of the High Court Judge.

11 Dividend

No interim dividend has been recommended for the financial quarter ended 31 December 2018.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

12 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 owners of the Company of RM2,587,000 and RM7,035,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period ended 31 December 2018.

Fully Diluted

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 RM2,587,000 and RM7,035,000 respectively and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the quarter and financial period ended 31 December 2018 after adjustment for the effects of all dilutive potential ordinary shares.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2018	Preceding Year Corresponding Qtr 31.12.2017 (Restated)	Current Year To Date 31.12.2018	Preceding Year to Date 31.12.2017 (Restated)
Profit attributable to owners of the Company (RM’000)	2,587	24,925	7,035	51,577
Weighted average number of shares in issue (’000)	528,141	527,939	528,141	527,874
Basic earnings per share (sen)	0.49	4.72	1.33	9.77
(b) Diluted EPS	Current Quarter 31.12.2018	Preceding Year Corresponding Qtr 31.12.2017 (Restated)	Current Year To Date 31.12.2018	Preceding Year to Date 31.12.2017 (Restated)
Profit attributable to owners of the Company (RM’000)	2,587	24,925	7,035	51,577
Weighted average number of shares in issue (’000)	528,141	527,939	528,141	527,874
Effects of Warrants	-	11,054	-	16,127
Effects of unexercised ESOS	-	1,246	-	1,363
Adjusted weighted average number of shares in issue and issuable (’000)	528,141	540,239	528,141	545,364
Diluted earnings per share (sen)	0.49	4.61	1.33	9.46

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

13 Profit Before Tax

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

After charging:	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2018 RM'000	Preceding Year Corresponding Qtr 31.12.2017 RM'000 (Restated)	Current Year To Date 31.12.2018 RM'000	Preceding Year to Date 31.12.2017 RM'000 (Restated)
Interest expense	5,720	3,945	10,225	7,794
Depreciation and Amortization	1,332	1,034	2,631	2,005
After crediting:				
Gain on revocation of joint development agreement of a subsidiary	-	-	-	23,808
Reversal of impairment loss of inventories	-	6,111	-	6,111
Interest income	1,094	1,735	2,332	3,434
Gain on disposal of property, plant and Equipment	-	45	-	106
Other income	1,488	1,139	3,250	2,338
Distribution income from short term funds	(16)	40	24	55

There were no other 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, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 31 December 2018.