



Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
31 MARCH 2019**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 31 MARCH 2019

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MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 31 MARCH 2019

(These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2018 RM'000 (Restated)	CURRENT YEAR TO DATE 31.03.2019 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.03.2018 RM'000 (Restated)
Revenue	193,892	177,311	604,759	544,150
Operating expenses	(165,053)	(168,567)	(554,480)	(509,153)
Other operating income	3,048	3,084	8,654	38,936
Finance costs	(19,554)	(4,165)	(29,779)	(11,959)
Share in results of associated companies	-	(681)	-	7,262
Profit before taxation	12,333	6,982	29,154	69,236
Taxation	(6,637)	(572)	(16,972)	(11,563)
Net profit for the period	5,696	6,410	12,182	57,673
Other comprehensive income/(loss) Change in fair value of available-for-sale financial assets	2	(4)	(62)	(6)
	5,698	6,406	12,120	57,667
Attributable to:				
Owners of the company	6,006	6,676	12,492	58,253
Non-controlling interests	(310)	(266)	(310)	(580)
Net profit for the period	5,696	6,410	12,182	57,673
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	2.34	1.32	5.52	13.11
Fully Diluted	2.34	1.32	5.52	12.90

(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 31.03.2019 RM'000	As At 30.06.2018 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	14,550	15,230
Investment properties	183,345	178,559
Inventories - Land held for property development	20,844	31,457
Other investments	245	245
Deferred tax assets	10,815	7,815
	<u>229,799</u>	<u>233,306</u>
Current Assets		
Inventories - Property development costs	1,721,818	1,698,594
Inventories - Completed properties	140,384	125,707
Trade receivables	171,756	190,317
Accrued billings	170,969	67,563
Amount due from contract customer	-	38,553
Other receivables and prepaid expenses	114,531	117,349
Tax recoverable	1,123	189
Short term funds	517	1,508
Fixed deposits with licensed banks	13,667	38,612
Cash and bank balances	55,151	122,757
	<u>2,389,916</u>	<u>2,401,149</u>
TOTAL ASSETS	<u>2,619,715</u>	<u>2,634,455</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	528,552	528,552
Other reserves	3,202	3,264
Retained earnings	387,790	385,861
	<u>919,544</u>	<u>917,677</u>
Non-Controlling Interests	132,482	135,167
Total Equity	<u>1,052,026</u>	<u>1,052,844</u>
Non-Current Liabilities		
Other payables	83,631	101,039
Redeemable preference shares	3,000	3,000
Bank borrowings	99,935	107,569
Hire-purchase payables	1,401	2,464
Deferred tax liabilities	64,928	64,928
	<u>252,895</u>	<u>279,000</u>
Current Liabilities		
Trade payables	433,406	508,970
Advance billings	19,973	260
Amount due to contract customer	18,286	-
Other payables and accrued expenses	262,254	351,563
Bank borrowings	567,585	422,617
Hire-purchase payables	1,704	2,690
Tax liabilities	11,586	16,511
	<u>1,314,794</u>	<u>1,302,611</u>
TOTAL EQUITY AND LIABILITIES	<u>2,619,715</u>	<u>2,634,455</u>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	<u>1.74</u>	<u>1.74</u>

(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 MARCH 2019
(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 RCSLS - ESOS	290	-	-	-	-	-	-	290
Transfer arising from 'no-par-value' regime	86	-	-	-	(86)	-	-	-
Redemption of redeemable preference shares	-	-	-	-	-	-	(35,749)	(35,749)
Total comprehensive income/(loss) for the period	-	(6)	-	-	-	58,253	(580)	57,667
Dividend to equity holders of the Company	-	-	-	-	-	(13,200)	-	(13,200)
Balance as at 31.03.2018	<u>528,552</u>	<u>45</u>	<u>20,546</u>	<u>2,065</u>	<u>1,152</u>	<u>363,119</u>	<u>143,176</u>	<u>1,058,655</u>
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	-	(62)	-	-	-	12,492	(310)	12,120
Dividend to equity holders of the Company	-	-	-	-	-	(10,563)	-	(10,563)
Acquisition of additional interest in an existing Subsidiary Company	-	-	-	-	-	-	155	155
Redemption of redeemable preference shares	-	-	-	-	-	-	(2,530)	(2,530)
Balance as at 31.03.2019	<u>528,552</u>	<u>(16)</u>	<u>-</u>	<u>2,065</u>	<u>1,153</u>	<u>387,790</u>	<u>132,482</u>	<u>1,052,026</u>

(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)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019**

(These figures have not been audited)

	31.03.2019 RM'000	31.03.2018 RM'000 (Restated)
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	29,154	69,236
Adjustments for :		
Finance costs	29,779	11,959
Write off of:		
Property, plant & equipment	-	6
Reversal of Impairment loss of inventories	-	(6,111)
Share in results of associated companies	-	(7,263)
Depreciation of property, plant & equipment	3,870	3,082
(Gain)/loss on disposal of property, plant and equipment	(4)	(106)
Excess of cost of acquisition over net assets of the remaining interest in subsidiary company	155	-
Distribution income on short term funds	(36)	(69)
Interest income	(3,511)	(4,544)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>59,407</u>	<u>66,190</u>
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in:		
Inventories - Property development costs - current portion	(17,740)	(55,829)
Inventories - Completed properties	(14,659)	8,909
Receivables	18,920	230,451
Accrued billings	(103,406)	62,959
Amount owing by contract customers	56,839	21,742
(Decrease)/Increase in:		
Payables	(182,278)	(89,091)
Advance billing	19,712	8,156
CASH (USED IN)/FROM OPERATIONS	<u>(163,205)</u>	<u>253,487</u>
Income tax paid net of refund	(25,832)	(43,256)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u>(189,037)</u>	<u>210,231</u>
INVESTING ACTIVITIES		
Interest received	1,539	4,765
Distribution income from short term funds received	36	69
Decrease/(Increase) in:		
Inventories - Property development costs - non-current portion	10,613	(18,935)
Short term funds	925	(29)
Additional of Investment properties	(4,786)	(27,192)
Proceed from disposal of property, plant & equipment	4	113
Redemption of redeemable preference share for non-controlling interest	(2,530)	(35,750)
Withdrawal of fixed deposit	24,946	1,774
Addition to property, plant & equipment	(3,190)	(1,652)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	<u>27,557</u>	<u>(76,837)</u>
FINANCING ACTIVITIES		
Interest paid	(30,848)	(16,630)
Proceeds from long-term loan	468,318	177,971
Dividend paid	(10,563)	(13,200)
Repayment of borrowings	(329,104)	(250,499)
Repayment of hire purchase payables	(2,048)	(1,916)
Proceeds from exercise of share options	-	290
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>95,755</u>	<u>(103,984)</u>
Net (decrease)/increase in cash and cash equivalents	(65,725)	29,410
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>35,686</u>	<u>74,388</u>
Cash and cash equivalents comprise the followings :		
Cash and bank balances	55,151	95,562
Bank overdrafts	(19,465)	(21,174)
	<u>35,686</u>	<u>74,388</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 THIRD QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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

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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 – 31.3.2018		
	As previously reported RM’000	Effects of transition to MFRS RM’000	As restated RM’000
Revenue	177,597	(286)	177,311
Operating expenses	(169,783)	1,216	(168,567)
Profit before tax	6,052	930	6,982
Taxation	(365)	(207)	(572)
Net profit for the period	5,687	723	6,410
Attributable to:			
Owners of the Company	5,953	723	6,676

	Preceding Year Corresponding Year-to-date – 31.3.2018		
	As previously reported RM’000	Effects of transition to MFRS RM’000	As restated RM’000
Revenue	544,218	(68)	544,150
Operating expenses	(512,012)	2,859	(509,153)
Profit before tax	66,445	2,791	69,236
Taxation	(10,942)	(621)	(11,563)
Net profit for the period	55,503	2,170	57,673
Attributable to:			
Owners of the Company	56,083	2,170	58,253

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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

Agenda Decision 4: Over Time Transfer of Constructed Good

In March 2019, the International Financial Reporting Standard Interpretation Committee concluded that finance costs in relation to the construction shall not be capitalized as part of the costs of the units because the entity does not have a qualifying asset.

On 20 March 2019, the MASB allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to Agenda Decision 4 (“AD4”) beginning on or after 1 July 2020.

The Group has decided to adopt the AD4 with effect from the current quarter. Accordingly, all finance costs in relation to the construction have been charged to income statement with effect from 1 July 2018.

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	

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
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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.

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 March 2019.

7 Dividend Paid

There were no dividends paid during the quarter ended 31 March 2019.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

8 Segmental Reporting

a) Analysis by business segments for the period ended 31 March 2019:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	342,942	33,915	227,277	625		604,759
Internal Sales	-	-	249,851	11,696	(261,547)	-
	<u>342,942</u>	<u>33,915</u>	<u>477,128</u>	<u>12,321</u>	<u>(261,547)</u>	<u>604,759</u>
Results						
Segmental operating profit/(loss)	<u>38,463</u>	<u>7,848</u>	<u>12,674</u>	<u>(5,186)</u>	<u>1,587</u>	<u>55,386</u>
Interest and distribution income						<u>3,547</u>
Profit from operations						<u>58,933</u>
Finance costs						<u>(29,779)</u>
Share in results of associated companies						<u>-</u>
Profit before tax						<u>29,154</u>
Income tax expense						<u>(16,972)</u>
Net profit for the period						<u>12,182</u>

b) Analysis by business segments for the period ended 31 March 2018:

	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	290,933	10,939	241,086	1,192		544,150
Internal Sales	-	-	148,006	11,614	(159,620)	-
	<u>290,933</u>	<u>10,939</u>	<u>389,092</u>	<u>12,806</u>	<u>(159,620)</u>	<u>544,150</u>
Results						
Segmental operating profit/(loss)	<u>23,002</u>	<u>6,791</u>	<u>20,457</u>	<u>(8,420)</u>	<u>27,490</u>	<u>69,320</u>
Interest and distribution income						<u>4,613</u>
Profit from operations						<u>73,933</u>
Finance costs						<u>(11,959)</u>
Share in results of associated companies						<u>7,262</u>
Profit before tax						<u>69,236</u>
Income tax expense						<u>(11,563)</u>
Net profit for the period						<u>57,673</u>

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER
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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 March 2019 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 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000	Current Year To-Date 31.3.2019 RM'000	Preceding Year Corresponding Year To-Date 31.3.2018 RM'000
Progress billings received/Receivable:				
Impian Ekpresi Sdn Bhd	43,007	43,699	140,558	79,715
Harmoni Perkasa Sdn Bhd	7,882	16,605	69,231	23,174
Management fees paid/payable:				
Kuala Lumpur Pavilion Sdn Bhd^	33	-	33	-
Rental paid/payable to:				
Pavilion REIT #	798	817	2,379	1,607
Director of the Company	48	48	144	96
Dream Domain Sdn Bhd^	48	48	144	48
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 THIRD 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

	Individual Quarter		Change %	Cumulative Quarter		Change %
	Current Year Quarter 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000 (Restated)		Current Year To-Date 31.3.2019 RM'000	Preceding Year Corresponding Year To-Date 31.3.2018 RM'000 (Restated)	
Revenue						
Property development	118,969	88,160		342,942	290,933	
Completed properties	17,744	-		33,915	10,939	
Sub-Total	136,713	88,160	55.1	376,857	301,872	24.8
Construction	57,021	88,754	(35.8)	227,277	241,086	(5.7)
Others	158	397	(60.2)	625	1,192	(47.6)
Total	193,892	177,311	9.4	604,759	544,150	11.1
Profit Before Tax (“PBT”)						
Property development	(552)	(39)		12,440	37,065	
Completed properties	4,377	(207)		7,961	6,878	
Sub-Total	3,825	(246)		20,401	43,943	(53.6)
Construction	11,066	11,686	(5.3)	22,663	30,016	(24.5)
Others	(2,558)	(4,458)	(42.6)	(13,910)	(4,723)	(194.5)
Total	12,333	6,982	76.6	29,154	69,236	(57.9)

The Group’s revenue for the current quarter increased by 9.4% to RM193.9 million as compared to RM177.3 million reported in the previous corresponding quarter while PBT for the current quarter improved by 76.6% to RM12.3 million as compared to RM7.0 million reported in the previous corresponding quarter. The increased in PBT was mainly due to contributions from the sale of completed shops in SK One Residence and Bukit Jalil City during the current quarter as compared to no sale of completed properties in the previous corresponding quarter while contributions from construction projects were maintained at the same level despite the decline in turnover during the current quarter. During the current quarter, the Group adopted the International Financial Reporting Standard Interpretation Committee (“IFRSIC”) conclusion pursuant to the Agenda Decision 4 (“AD4”) whereby the finance costs in relation to the construction totaling RM13.8 million have been charged out to the income statement while the gross profit improved by RM5.9 million. In addition there was no share of loss of associated companies in current quarter as compared to loss of RM0.7 million in the preceding corresponding quarter.

The Group’s revenue for current year to-date improved by 11.1% to RM604.8 million as compared to RM544.1 million reported in the previous corresponding year to-date, attributed mainly by higher property development turnover. PBT for current year-to-date declined by 57.9%

MALTON BERHAD (Company No. 320888-T)
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to RM29.2 million as compared to RM69.2 million reported in the previous corresponding year to-date. The significant decrease in PBT arose from the lower contribution from construction division, finance costs of RM13.8 million charged out to income statement with the adoption the IFRSIC conclusion pursuant to the AD4 and 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 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 RM7.3 million in the preceding corresponding year to-date.

Property Development

Revenue from the property development division improved by 55.1% during the current quarter as compared to the previous corresponding quarter due to higher billings recorded from The Park Sky Residence and The Park 2 Residence in Bukit Jalil and Duta Park Residence @ Jalan Kuching. PBT also improved during the quarter to RM3.8 million as compared to loss of RM0.2 million in the previous corresponding quarter due to higher revenue recorded from sale of the completed commercial units. During the quarter, the Group adopted the IFRSIC conclusion pursuant to the AD4 whereby the finance costs in relation to the construction totaling RM13.8 million have been charged out to the income statement while the gross profit improved by RM5.9 million.

Revenue from the property development division improved by 24.8% 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 53.6% 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 improved marginally by 1.5% to RM20.4 million as compared to RM20.1 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 declined by 35.8% to RM57.0 million in the current quarter as compared to RM88.8 million in the previous corresponding quarter while PBT declined marginally by 5.3% to RM11.1 million as compared to RM11.7 million recorded in the previous corresponding quarter as a result of costs provision write back for the completed projects during the current quarter.

Revenue from construction division declined by 5.7% to RM227.3 million in the current year to-date as compared to RM241.1 million in the previous corresponding year to-date while PBT declined by 24.5% to RM22.7 million as compared to RM30.0 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.

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

	Current Quarter 31.3.2019 RM'000	Immediate Preceding Quarter 31.12.2018 RM'000	Change %
Revenue			
Property development	118,969	105,009	
Completed properties	17,744	13,898	
Sub-Total	136,713	118,907	15.0
Construction	57,021	133,942	(57.4)
Others	158	82	92.7
Total	193,892	252,931	(23.3)
Profit Before Tax ("PBT")			
Property development	(552)	4,594	
Completed properties	4,377	3,156	
Sub-Total	3,825	7,750	(50.6)
Construction	11,066	5,552	99.3
Others	(2,558)	(4,380)	(41.6)
Total	12,333	8,922	54.9

The Group's revenue declined by 23.3% to RM193.9 million for the current quarter as compared to RM252.9 million for the immediate preceding quarter. However, the Group recorded a 54.9% improvement in PBT of RM12.3 million for the current quarter as compared to the PBT of RM8.9 million for the immediate preceding quarter. The higher property development revenue for the current quarter was mainly due to higher billings from The Park Sky Residence and The Park 2 in Bukit Jalil while the higher PBT was mainly attributed to the higher contribution from the construction division despite the lower revenue due to costs provision write back on certain completed projects. This was reduced to a certain extent by the adoption of AD4 during the current quarter resulting in finance charges of RM13.8 million charged out to the income statement during the current quarter.

3 Prospects for the next Financial Year Ending 30 June 2019

The Malaysian real GDP growth weakened to 4.5% in the first quarter of 2019 as compared to 4.7% recorded in the fourth quarter of 2018 resulting from subdued investments with support from firm private sector consumption growth during the quarter.

The Malaysian economy is expected to remain on a steady growth path with domestic demand remaining as the key driver of growth. The property development and construction industries are expected to remain very competitive.

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 @ Johor and BAC Tower with a total unbilled sales of RM1.1 billion as of 31 March 2019 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.

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

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 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000 (Restated)	Current Year To-Date 31.3.2019 RM'000	Preceding Year Corresponding Year To-Date 31.3.2018 RM'000 (Restated)
Current taxation	9,883	9,026	22,318	20,584
Under/(Over) provision in prior year	(2,346)	(6,134)	(2,346)	(5,239)
Deferred taxation	(900)	(2,320)	(3,000)	(3,782)
	<u>6,637</u>	<u>572</u>	<u>16,972</u>	<u>11,563</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.

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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 March 2019		
	Long-term	Short-term	Total
	RM'000	RM'000	RM'000
Secured			
Term Loans	42,883	271,754	314,637
Revolving Credits	31,315	141,006	172,321
Bridging Loans	25,737	14,901	40,638
Redeemable Preference Shares	3,000	-	3,000
Trade facilities	-	40,459	40,459
Bank Overdrafts	-	19,465	19,465
Hire Purchase Payables	1,401	1,704	3,105
	<u>104,336</u>	<u>489,289</u>	<u>593,625</u>
Unsecured			
Revolving credit	-	80,000	80,000
	<u>104,336</u>	<u>569,289</u>	<u>673,625</u>
	As at 31 March 2018		
	Long-term	Short-term	Total
	RM'000	RM'000	RM'000
Secured			
Term Loans	73,002	169,089	242,091
Revolving Credits	27,810	110,528	138,338
Bridging Loans	-	1,000	1,000
Redeemable Preference Shares	3,000	-	3,000
Bank Overdrafts	-	21,174	21,174
Hire Purchase Payables	3,070	2,762	5,832
	<u>106,882</u>	<u>304,553</u>	<u>411,435</u>
Unsecured			
Revolving credit	-	110,000	110,000
	<u>106,882</u>	<u>414,553</u>	<u>521,435</u>

All borrowings are denominated in Ringgit Malaysia.

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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.

As at to-date, all relevant documents to the court, including the common core bundle, chronology of facts, written submission and bundle of authority and executive summary have been filed with the court and the appeal has been fixed for hearing on 10th September 2019.

11 Dividend

No interim dividend has been recommended for the financial quarter ended 31 March 2019.

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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 RM12,333,000 and RM29,154,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period ended 31 March 2019.

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 RM12,333,000 and RM29,154,000 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 March 2019 after adjustment for the effects of all dilutive potential ordinary shares.

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.3.2019	Preceding Year Corresponding Qtr 31.3.2018 (Restated)	Current Year To Date 31.3.2019	Preceding Year to Date 31.3.2018 (Restated)
(a) Basic EPS				
Profit attributable to owners of the Company (RM’000)	12,333	6,982	29,154	69,236
Weighted average number of shares in issue (’000)	528,141	528,117	528,141	527,954
Basic earnings per share (sen)	2.34	1.32	5.52	13.11
(b) Diluted EPS				
Profit attributable to owners of the Company (RM’000)	12,333	6,982	29,154	69,236
Weighted average number of shares in issue (’000)	528,141	528,117	528,141	527,954
Effects of Warrants	-	-	-	7,506
Effects of unexercised ESOS	-	-	-	1,219
Adjusted weighted average number of shares in issue and issuable (’000)	528,141	528,117	528,141	536,679
Diluted earnings per share (sen)	2.34	1.32	5.52	12.90

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13 Profit Before Tax

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

After charging:	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.3.2019 RM'000	Preceding Year Corresponding Qtr 31.3.2018 RM'000 (Restated)	Current Year To Date 31.3.2019 RM'000	Preceding Year to Date 31.3.2018 RM'000 (Restated)
Interest expense	19,554	4,165	29,779	11,959
Depreciation and Amortization	1,239	1,077	3,870	3,082
After crediting:				
Gain on revocation of joint development agreement of a subsidiary	-	-	-	23,808
Reversal of impairment loss of inventories	-	1	-	6,112
Interest income	1,179	1,110	3,511	4,544
Gain on disposal of property, plant and Equipment	4	-	4	106
Other income	1,853	1,959	5,103	4,297
Distribution income from short term funds	12	14	36	69

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 March 2019.