



Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT  
30 SEPTEMBER 2019**

# MALTON BERHAD

(Company No: 320888-T)

## Interim Financial Report – 30 SEPTEMBER 2019

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# MALTON BERHAD

(Company No : 320888-T)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019 (These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000	CURRENT YEAR TO DATE 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.09.2018 RM'000
Revenue	115,918	157,936	115,918	157,936
Operating expenses	(105,383)	(148,572)	(105,383)	(148,572)
Other operating income	4,273	3,040	4,273	3,040
Finance costs	(11,373)	(4,505)	(11,373)	(4,505)
Share in results of joint venture	-	-	-	-
Profit before taxation	3,435	7,899	3,435	7,899
Taxation	(2,238)	(3,451)	(2,238)	(3,451)
Net profit for the period	1,197	4,448	1,197	4,448
Other comprehensive income/(loss)				
Change in fair value of available-for-sale financial assets	-	3	-	3
	1,197	4,451	1,197	4,451
<b>Attributable to:</b>				
Owners of the company	1,309	4,661	1,309	4,661
Non-controlling interests	(112)	(213)	(112)	(213)
Net profit for the period	1,197	4,448	1,197	4,448
<b>Earnings per Share Attributable to Equity Holders of the Company (Sen)</b>				
Basic	0.25	0.88	0.25	0.88
Fully Diluted	0.25	0.88	0.25	0.88

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)*

**MALTON BERHAD**  
(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 30.09.2019 RM'000</b>	<b>Audited As At 30.06.2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	38,895	40,189
Investment properties	179,593	174,883
Land held for property development	191,570	191,269
Investments in Joint Venture	51	-
Other investments	245	245
Deferred tax assets	19,912	17,211
	430,266	423,797
<b>Current Assets</b>		
Property development costs	1,821,681	1,796,070
Inventories	152,332	152,379
Trade receivables	133,634	133,184
Contract assets	260,017	306,663
Other receivables and prepaid expenses	94,487	97,208
Tax recoverable	349	121
Short term funds	476	473
Fixed deposits with licensed banks	37,849	40,005
Cash and bank balances	85,874	81,026
	2,586,699	2,607,129
<b>TOTAL ASSETS</b>	<b>3,016,965</b>	<b>3,030,926</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	528,552	528,552
Other reserves	3,218	3,218
Retained earnings	393,637	392,328
	925,407	924,098
Non-controlling interests	54,235	132,343
<b>Total Equity</b>	979,642	1,056,441
<b>Non-Current Liabilities</b>		
Other payables	11,105	11,105
Redeemable preference shares	3,000	3,000
Bank borrowings - non-current portion	111,116	124,013
Hire-purchase payables - non-current portion	1,925	1,988
Deferred tax liabilities	58,800	58,800
	185,946	198,906
<b>Current Liabilities</b>		
Trade payables	565,765	575,418
Contract liabilities	6,952	8,863
Other payables and accrued expenses	613,908	588,705
Bank borrowings - current portion	642,760	578,273
Hire-purchase payables - current portion	1,389	1,786
Tax liabilities	20,603	22,534
	1,851,377	1,775,579
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,016,965</b>	<b>3,030,926</b>
<b>Net Assets Per Share Attributable to Equity Holders of the Company (RM)</b>	<b>1.75</b>	<b>1.75</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2019 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 30 SEPTEMBER 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	Revaluation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000		
<b>Balance as at 1.7.2018</b>	528,552	46	2,065	1,153	376,506	135,167	1,043,489
Total comprehensive income for the period	-	3	-	-	4,661	(213)	4,451
<b>Balance as at 30.9.2018</b>	<u>528,552</u>	<u>49</u>	<u>2,065</u>	<u>1,153</u>	<u>381,167</u>	<u>134,954</u>	<u>1,047,940</u>
<b>Balance as at 1.7.2019</b>	528,552	-	2,065	1,153	392,328	132,343	1,056,441
Total comprehensive income for the period	-	-	-	-	1,309	(112)	1,197
Redemption of redeemable preference shares	-	-	-	-	-	(77,996)	(77,996)
<b>Balance as at 30.9.2019</b>	<u>528,552</u>	<u>-</u>	<u>2,065</u>	<u>1,153</u>	<u>393,637</u>	<u>54,235</u>	<u>979,642</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 2019 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 30 SEPTEMBER 2019**

(These figures have not been audited)

	30.09.2019 RM'000	30.09.2018 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Profit before Taxation	3,435	7,899
Adjustments for :		
Finance costs	11,373	4,505
Reserve on consolidation	(3,181)	-
Depreciation of property, plant & equipment	2,480	1,299
Gain on disposal of property, plant and equipment	(30)	-
Distribution income on short term funds	(3)	(40)
Interest income	(1,220)	(1,238)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>12,854</u>	<u>12,425</u>
<b>CHANGES IN WORKING CAPITAL</b>		
(Increase)/Decrease:		
Property development costs - current portion	(23,891)	87,992
Inventories	47	(36,696)
Receivables	(115,732)	(17,433)
Contract assets	79,181	41,527
Increase/(Decrease) in:		
Payables	104,202	(161,020)
Contract liabilities	(1,910)	7,221
<b>CASH FROM/(USED IN) OPERATIONS</b>	<u>54,751</u>	<u>(65,984)</u>
Income tax paid net of refund	(7,096)	(6,257)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<u>47,655</u>	<u>(72,241)</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	1,213	382
Distribution income from short term funds received	3	40
(Increase)/Decrease in:		
Land held for Property development - non-current portion	(301)	(460)
Short term funds	(3)	(11)
Additions to investment properties	(4,710)	(3,794)
Subscription of shares in Joint venture	(51)	-
Proceeds from disposal of property, plant & equipment	32	-
(Placement)/withdrawal of fixed deposit	(844)	29,151
Additions to property, plant & equipment	(1,188)	(1,700)
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>	<u>(5,849)</u>	<u>23,608</u>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(13,092)	(4,907)
Proceeds from bank borrowings	159,954	96,299
Repayments of bank borrowings	(108,422)	(73,002)
Repayments of hire-purchase payables	(460)	(688)
Redemption of redeemable preference shares for non-controlling interests	(77,996)	-
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<u>(40,016)</u>	<u>17,702</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,790	(30,931)
Cash and cash equivalents at the beginning of the period	88,011	101,411
Cash and cash equivalents at the end of the period	<u>89,801</u>	<u>70,480</u>
<b>Cash and cash equivalents comprise the followings :</b>		
Fixed deposits net of amounts pledged	25,000	1,000
Cash and bank balances	85,874	88,241
Bank overdrafts	(21,073)	(18,761)
	<u>89,801</u>	<u>70,480</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)*

**MALTON BERHAD** (Company No. 320888-T)  
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 2019 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 accounting policies and presentation adopted for this interim report are consistent with those adopted for audited financial for the financial year ended 30 June 2019, 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 2019 as follows:

MFRS 16	Lease
Amendments to FRS 9	Prepayments Features with Negative Compensation
Amendments to FRS 119	Plan Amendment, Curtailment or Settlement
Amendments to FRS 128	Long-term interests in Associates and joint Ventures
IC Int. 23	Uncertainty Over Income Tax Treatments
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 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.

**Standards 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 17	Insurance Contracts <sup>2</sup>
Amendments to FRS 10 and MFRS 128	Sales or Contribution of Assets between an investor and Associate or Joint Venture <sup>3</sup>
Amendments to FRS 101 and MFRS 108	Definition of Material <sup>1</sup>
Amendments to References to Conceptual Framework in MFRS Standards <sup>1</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned Standards and Amendments 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 FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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 30 September 2019.

**7 Dividend Paid**

There were no dividends paid during the quarter ended 30 September 2019.



**MALTON BERHAD** (Company No. 320888-T)  
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**8 Segmental Reporting**

a) Analysis by business segments for the period ended 30 September 2019:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>						
External Sales	100,888	-	14,481	549		115,918
Internal Sales	-	-	78,282	1,440	(79,722)	-
	<u>100,888</u>	<u>-</u>	<u>92,763</u>	<u>1,794</u>	<u>(79,722)</u>	<u>115,918</u>
<b>Results</b>						
Segmental operating profit/(loss)	<u>12,015</u>	<u>(31)</u>	<u>9,281</u>	<u>(4,783)</u>	<u>(2,897)</u>	<u>13,585</u>
Interest and distribution income						1,223
Profit from operations						<u>14,808</u>
Finance costs						(11,373)
Share in results of associated companies						-
Profit before tax						<u>3,435</u>
Income tax expense						(2,238)
Net profit for the period						<u>1,197</u>

b) Analysis by business segments for the period ended 30 September 2018:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>						
External Sales	118,964	2,273	36,314	385		157,936
Internal Sales	-	-	53,943	1,409	(55,352)	-
	<u>118,964</u>	<u>2,273</u>	<u>90,257</u>	<u>1,794</u>	<u>(55,352)</u>	<u>157,936</u>
<b>Results</b>						
Segmental operating profit/(loss)	<u>12,638</u>	<u>391</u>	<u>231</u>	<u>(4,433)</u>	<u>2,299</u>	<u>11,126</u>
Interest and distribution income						1,278
Profit from operations						<u>12,404</u>
Finance costs						(4,505)
Share in results of associated companies						-
Profit before tax						<u>7,899</u>
Income tax expense						(3,451)
Net profit for the period						<u>4,448</u>

**MALTON BERHAD** (Company No. 320888-T)  
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**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 2019.

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

There were no material events subsequent to the current quarter ended 30 September 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 except as follows:-

On 25 September 2019, Khuan Choo Realty Sdn Bhd (“KCR”), a wholly-owned subsidiary of Malton Berhad, and Jelang Tegas Sdn Bhd, subscribed 50,998 and 49,000 shares in Amberstraits Sdn Bhd (“Amberstraits”), a company incorporated in Malaysia, comprising 50,998 and 49,000 ordinary shares for a total consideration of RM50,998 and RM49,000 respectively.

On 25 September 2019, Amberstraits subscribed 99,998 shares in Regal Path Sdn Bhd (“Regal Path”), a company incorporated in Malaysia, comprising 99,998 ordinary shares for a total consideration of RM99,998.

With the abovementioned subscriptions of shares, the effective interest of KCR in Amberstraits and Regal Path has been diluted to 51%. However, Amberstraits and Regal Path will not be consolidated, as subsidiaries, in the financial statements of the Group, after taking into consideration, inter-alia, the board and shareholders’ reserved matters set out respectively in the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, as the Group will not have a sole control over Amberstraits and Regal Path in accordance with MFRS 10 - Consolidated Financial Statements. In lieu of the Amberstraits Shareholders Agreement and Regal Path Shareholders Agreement, there will be joint control, therefore, Amberstraits and Regal Path will be considered as Joint Ventures in the Financial Statements of the Group and has been consolidated as such in the consolidated financial statements of the Group in accordance with MFRS 11 - Joint Arrangements.

**12 Contingent Liabilities**

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

**13 Capital Commitments**

There were no material capital commitments for the Group for the quarter under review.

**MALTON BERHAD** (Company No. 320888-T)  
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
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**14 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
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
<b>Progress billings received/receivable:</b>				
Impian Ekspresi Sdn Bhd	31,543	70,467	31,543	70,467
Harmoni Perkasa Sdn Bhd	483	49,080	483	49,080
<b>Progress billings paid/payable:</b>				
SEGC Bina Sdn Bhd*	3,339	-	3,339	-
<b>Property management fees paid/payable:</b>				
Kuala Lumpur Pavilion Sdn Bhd^	29	-	29	-
<b>Rental paid/payable to:</b>				
Pavilion REIT #	770	761	770	761
Director of the Company	-	48	-	48
Dream Domain Sdn Bhd^	48	48	48	48
Sale of property to director and family members of director of the Company	-	-	-	-

\* A company in which a director of the Company is related to its director/shareholder.

# 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 FIRST 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 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000 (Restated)		Current Year To-Date 30.9.2019 RM'000	Preceding Year Corresponding Year To-Date 30.9.2018 RM'000 (Restated)	
<b>Revenue</b>						
Property development	100,888	118,964		100,888	118,964	
Completed properties	-	2,273		-	2,273	
Sub-Total	100,888	121,237	(16.8)	100,888	121,237	(16.8)
Construction	14,481	36,314	(60.1)	14,481	36,314	(60.1)
Others	549	385	42.6	549	385	42.6
Total	115,918	157,936	(26.6)	115,918	157,936	(26.6)
<b>Profit Before Tax (“PBT”)</b>						
Property development	2,531	8,398		2,531	8,398	
Completed properties	-	428		-	428	
Sub-Total	2,531	8,826	(71.3)	2,531	8,826	(71.3)
Construction	9,038	6,045	49.5	9,038	6,045	49.5
Others	(8,134)	(6,972)	(16.7)	(8,134)	(6,972)	(16.7)
Total	3,435	7,899	(56.5)	3,435	7,899	(56.5)

The Group’s revenue for the current quarter decreased by 26.6% to RM115.9 million as compared to RM157.9 million reported in the previous corresponding quarter while PBT for the current quarter declined by 56.5% to RM3.4 million as compared to RM7.9 million reported in the previous corresponding quarter. The declined in PBT was attributed to lower revenue recorded by both property and construction divisions and higher finance costs incurred in current quarter.

**Property Development**

Revenue from the property development division declined by 16.8% during the current quarter as compared to the previous corresponding quarter due to lower billings from The Park Sky Residence and the completion of The Park Shops in Bukit Jalil. PBT declined by 71.3% to RM2.5 million as compared to RM8.8 million reported in the previous corresponding quarter due to higher finance costs for the Group’s ongoing projects.

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

Revenue from construction division declined by 60.1% to RM14.8 million in the current quarter and as compared to RM36.3 million recorded in the previous corresponding quarter while PBT improved by 49.5% to RM9.0 million as compared to RM6.0 million recorded in the previous corresponding quarter due to write back of costs for completed external project.

**Share of Results of Joint Venture**

There was no share of results of joint venture during the quarter as it is still in the early stage of formation.

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

	<b>Current Quarter 30.9.2019 RM'000</b>	<b>Immediate Preceding Quarter 30.6.2019 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property development	100,888	197,606	
Completed properties	-	23,896	
Sub-Total	100,888	221,502	(54.5)
Construction	14,481	171,206	(91.5)
Others	549	169	224.9
Total	115,918	392,877	(70.5)
<b>Profit Before Tax ("PBT")</b>			
Property development	2,531	6,052	
Completed properties	-	6,072	
Sub-Total	2,531	12,124	(79.1)
Construction	9,038	31,316	(71.1)
Others	(8,134)	(2,884)	(182.0)
Total	3,435	40,556	(91.5)

The Group's revenue declined by 70.5% to RM115.9 million for the current quarter as compared to RM392.9 million for the immediate preceding quarter. The Group recorded a 91.5% decline in PBT of RM3.4 million for the current quarter as compared to the PBT of RM40.6 million for the immediate preceding quarter. The lower property development turnover for the current quarter was mainly due to near completion of The Park Sky Residence @ Bukit Jalil and lower billings from BAC Tower projects during the current quarter. The lower property development PBT for the current quarter was due to higher finance costs incurred in the current quarter. The construction division also recorded lower contributions arising from lower progress billings from its projects during the current quarter as compared to the immediate preceding quarter due to completion of Pavilion Hotel and Pavilion Damansara Heights sub-structure works.

**MALTON BERHAD** (Company No. 320888-T)  
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

**3 Prospects for the next Financial Year Ending 30 June 2020**

Malaysia's economy recorded a slower growth of 4.4% in the third quarter of 2019 as compared to 4.9% recorded in the second quarter of 2019 primarily attributed to lower growth in key sectors and a decline in the mining and construction activities.

The Malaysian economy registered an average growth of 4.6% in the first three quarters of 2019. Overall, growth is expected to be within projections in 2019 and the pace sustained going into 2020. This is underpinned mainly by private sector activity, particularly household spending, which is supported by continued expansion in employment and income. 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 30 September 2019 together with the on-going construction contracts in hand and in particular 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 2020.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2020.

**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 30.9.2018 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To-Date 30.9.2019 RM'000	Preceding Year Corresponding Year To-Date 30.9.2018 RM'000
Current taxation	4,938	4,251	4,938	4,251
Under/(Over) provision in prior year	-	-	-	-
Deferred taxation	(2,700)	(800)	(2,700)	(800)
	<u>2,238</u>	<u>3,451</u>	<u>2,238</u>	<u>3,451</u>

The effective tax rate for the current year to-date is higher than the statutory tax rate due to the incurrance 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.

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**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.

**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:

	<u>As at 30 September 2019</u>		
	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term Loans	49,138	230,785	279,923
Revolving Credits	46,915	294,629	341,544
Bridging Loans	15,063	10,555	25,618
Redeemable Preference Shares	3,000	-	3,000
Trade facilities	-	35,718	35,718
Bank Overdrafts	-	21,073	21,073
Hire Purchase Payables	1,925	1,389	3,314
	<u>116,041</u>	<u>594,149</u>	<u>710,190</u>
<b>Unsecured</b>			
Revolving credit	-	50,000	50,000
	<u>116,041</u>	<u>644,149</u>	<u>760,190</u>
	<u>As at 30 September 2018</u>		
	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term Loans	51,484	222,450	273,934
Revolving Credits	29,811	118,678	148,489
Bridging Loans	10,000	-	10,000
Redeemable Preference Shares	3,000	-	3,000
Bank Overdrafts	-	19,715	19,715
Trade facilities	-	18,761	18,761
Hire Purchase Payables	1,880	2,586	4,466
	<u>96,175</u>	<u>382,190</u>	<u>478,365</u>
<b>Unsecured</b>			
Revolving credit	-	80,000	80,000
	<u>96,175</u>	<u>462,190</u>	<u>558,365</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 the Company 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 28 November 2018, the Judge has denied the Applicants’ Judicial Review proceeding to quash the development order. Subsequent to this, the Applicants filed a notice of appeal with the Court of Appeal on 13 December 2018. The hearing of the Court of Appeal that was scheduled on 10 September 2019 has been postponed to 22 November 2019.

On 22 November 2019, the Court of Appeal heard the parties on the Preliminary Objections raised by the Company in respect of the plans proposed to be included by the Appellant. The Court of Appeal, after hearing the submission of all counsels decided that the Appellant’s proposed plans should not be referred to and the Court of Appeal would only refer to the plans in the Bundles of Documents. The full hearing of the substantive appeal will be heard on 15 January 2020.

Barring unforeseen circumstances and based on the opinion of the legal counsel, the management is of the opinion that MPSB has a strong defence of the Judicial Review.

**11 Dividend**

The Directors have proposed a first and final single-tier dividend of 1.5 sen per share in respect of the financial year ended 30 June 2019, which has been approved by the shareholders at the Annual General Meeting of the Company held on 22 November 2019.

The dividend will be paid on 31 December 2019 and entitlement to dividends will be determined on the basis of the record of depositors as at 2 December 2019.

No interim dividend has been recommended for the financial quarter ended 30 September 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 RM1,309,000 and RM1,309,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period ended 30 September 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 RM1,309,000 and RM1,309,000 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 30 September 2019 after adjustment for the effects of all dilutive potential ordinary shares.

(a) <b>Basic EPS</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Quarter 30.9.2019	Preceding Year Corresponding Qtr 30.9.2018	Current Year To Date 30.9.2019	Preceding Year to Date 30.9.2018
Profit attributable to owners of the Company (RM’000)	1,309	4,661	1,309	4,661
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Basic earnings per share (sen)	0.25	0.88	0.25	0.88
(b) <b>Diluted EPS</b>	Current Quarter 30.9.2019	Preceding Year Corresponding Qtr 30.9.2018	Current Year To Date 30.9.2019	Preceding Year to Date 30.9.2018
Profit attributable to owners of the Company (RM’000)	1,309	4,661	1,309	4,661
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Effects of unexercised ESOS	-	-	-	-
Adjusted weighted average number of shares in issue and issuable (’000)	528,141	528,141	528,141	528,141
Diluted earnings per share (sen)	0.25	0.88	0.25	0.88

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**13 Profit Before Tax**

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

<b>After charging:</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Quarter 30.9.2019 RM'000	Preceding Year Corresponding Qtr 30.9.2018 RM'000	Current Year To Date 30.9.2019 RM'000	Preceding Year to Date 30.9.2018 RM'000
Interest expense	11,373	4,505	11,373	4,505
Depreciation and Amortization	2,480	1,299	2,480	1,299
<b>After crediting:</b>				
Interest income	1,220	1,238	1,220	1,238
Gain on disposal of property, plant and Equipment	-	-	-	-
Other income	3,050	1,762	3,050	1,762
Distribution income from short term funds	3	40	3	40

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 30 September 2019.