



Malton Berhad

Registration No: 199401035205 (320888-T)

INTERIM FINANCIAL REPORT
31 DECEMBER 2022

MALTON BERHAD

Registration No: 199401035205 (320888-T)

Interim Financial Report – 31 December 2022

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MALTON BERHAD

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2021 RM'000	CURRENT YEAR TO DATE 31.12.2022 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.12.2021 RM'000
Revenue	151,105	152,553	279,784	331,723
Operating expenses	(131,341)	(150,069)	(238,142)	(318,438)
Other operating income	2,231	21,751	4,303	22,611
Finance costs	(10,132)	(10,370)	(19,464)	(20,116)
Share in results of joint ventures	(12,859)	-	(28,409)	-
(Loss)/profit before tax	(996)	13,865	(1,928)	15,780
Income tax expense	(6,374)	(7,748)	(15,109)	(9,027)
Net (loss)/profit for the period	(7,370)	6,117	(17,037)	6,753
Other comprehensive income	-	-	-	-
Total comprehensive (expense)/income for the period	(7,370)	6,117	(17,037)	6,753
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(7,365)	6,232	(17,028)	6,993
Non-controlling interests	(5)	(115)	(9)	(240)
	(7,370)	6,117	(17,037)	6,753
(Loss)/Earnings per share attributable to equity holders of the Company:				
Basic (sen)	(1.39)	1.18	(3.22)	1.32
Diluted (sen)	(1.39)	1.18	(3.22)	1.32

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.)

MALTON BERHAD

Registration No: 199401035205 (320888-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.12.2022 RM'000	Audited As At 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,263	27,084
Right-of-use-assets	1,914	2,984
Investment properties	208,181	208,181
Land held for property development	673,362	671,520
Investment in associated company	23,400	-
Investment in joint ventures	2,838	31,247
Other investments	295,529	285,848
Deferred tax assets	16,359	17,587
Total non-current assets	1,246,846	1,244,451
Current assets		
Property development costs	346,154	337,397
Inventories	160,116	169,093
Trade receivables	221,253	287,142
Other receivables and prepaid expenses	31,944	53,256
Contract assets	216,701	214,102
Amount owing by associated company	1,550	-
Amount owing by joint ventures	32,240	38,376
Tax recoverable	1,158	684
Short-term funds	517	511
Fixed deposits with licensed banks	41,985	70,061
Cash and bank balances	119,315	141,072
Total current assets	1,172,933	1,311,694
Total assets	2,419,779	2,556,145
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	528,552	528,552
Other reserves	3,008	3,218
Retained earnings	454,967	471,785
	986,527	1,003,555
Non-controlling Interests	17,551	17,560
Total equity	1,004,078	1,021,115
Non-current liabilities		
Other payables	-	648
Redeemable preference shares	56,109	50,996
Bank borrowings - non-current portion	212,736	141,997
Hire-purchase payables - non-current portion	443	408
Lease liabilities - non-current portion	865	1,084
Deferred tax liabilities	57,601	57,601
Total non-current liabilities	327,754	252,734
Current liabilities		
Trade payables	520,412	657,933
Other payables and accrued expenses	151,059	180,346
Contract liabilities	80,922	24,142
Bank borrowings - current portion	291,810	379,424
Hire-purchase payables - current portion	528	500
Lease liabilities - current portion	1,216	2,177
Tax liabilities	42,000	37,774
Total current liabilities	1,087,947	1,282,296
Total liabilities	1,415,701	1,535,030
TOTAL EQUITY AND LIABILITIES	2,419,779	2,556,145
Net assets per share attributable to equity holders of the Company (RM)	1.87	1.90

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.)

MALTON BERHAD

Registration No: 199401035205 (320888-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

(These figures have not been audited)

	Non-distributable reserves			Distributable reserve	Non-Controlling Interests	Total
	Share Capital	Revaluation Reserve	Option Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000		
Balance as at 1.7.2021	528,552	2,065	1,153	395,551	18,016	945,337
Total comprehensive income/(expense) for the period	-	-	-	6,993	(240)	6,753
Balance as at 31.12.2021	528,552	2,065	1,153	402,544	17,776	952,090
Balance as at 1.7.2022	528,552	2,065	943	471,995	17,560	1,021,115
Total comprehensive expense for the period	-	-	-	(17,028)	(9)	(17,037)
Balance as at 31.12.2022	528,552	2,065	943	454,967	17,551	1,004,078

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.)

MALTON BERHAD

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022****(These figures have not been audited)**

	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before Taxation	(1,928)	15,780
Adjustments for :		
Finance costs	19,464	20,116
Depreciation of:		
Property, plant & equipment	2,561	2,942
Right-of-use-assets	1,612	1,622
Share in result of joint venture	28,409	-
(Loss)/gain on disposal of property, plant and equipment	(51)	(111)
Provision for foreseeable losses	(704)	-
Distribution income on short term funds	(7)	(7)
Interest income	(1,058)	(650)
Deferred day one loss in profit or loss	492	454
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>48,790</u>	<u>40,146</u>
CHANGES IN WORKING CAPITAL		
Decrease/(Increase) in:		
Property development costs - current portion	(8,053)	108,186
Trade receivables	65,889	(95,389)
Other receivables and prepaid expenses	21,340	155
Inventories	8,977	1,367
Contract assets	36,678	251,097
Amount due from associated company	(1,550)	-
Amount due from joint ventures	6,136	(11,720)
(Decrease)/Increase in:		
Trade Payables	(137,520)	(38,995)
Other Payables and accrued expenses	(30,666)	(82,940)
Contract liabilities	17,503	(617)
CASH FROM OPERATIONS	<u>27,524</u>	<u>171,290</u>
Income tax paid	(10,130)	(7,595)
NET CASH FROM OPERATING ACTIVITIES	<u>17,394</u>	<u>163,695</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Increase in land held for property development	(1,841)	(1,206)
Additions to property, plant & equipment	(419)	(103)
Additions to investment properties	-	(95)
(Placement)/Withdrawal of:		
Fixed deposit	1,976	(19,064)
Restricted cash at bank	1,268	638
Additions to short-term funds	(7)	(6)
Proceeds from disposal of property, plant & equipment	55	159
Interest received	1,030	650
Distribution income on short-term funds received	7	7
Acquisition of an associated company	(23,400)	-
Additions to investment in redeemable preference shares	(10,174)	(36,966)
NET CASH USED IN INVESTING ACTIVITIES	<u>(31,505)</u>	<u>(55,986)</u>
CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	188,270	308,540
Repayments of bank borrowings	(204,042)	(359,929)
Repayments of hire-purchase payables	(263)	(585)
Repayment of lease liabilities	(1,722)	(1,660)
Interest paid	(14,351)	(15,003)
NET CASH USED IN FINANCING ACTIVITIES	<u>(32,108)</u>	<u>(68,637)</u>
Net decrease in cash and cash equivalents	(46,219)	39,072
Cash and cash equivalents at the beginning of the period	144,250	69,136
Cash and cash equivalents at the end of the period	<u>98,031</u>	<u>108,208</u>
Cash and cash equivalents comprise the followings :		
Cash and bank balances	119,213	130,041
Bank overdrafts	(21,182)	(21,833)
	<u>98,031</u>	<u>108,208</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial report.)

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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 2022 which were prepared under Financial Reporting Standards.

Adoption of Malaysian Financial Reporting Standards (“MFRS”) and Amendments to Financial Reporting Standards

The accounting policies and presentation adopted for this interim report are consistent with those adopted for audited financial statements for the financial year ended 30 June 2022, 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 2022 as follows:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

The adoption of these amendments to MFRSs 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 ¹
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or joint Venture ²
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information ¹
Amendments to MFRS 17	Insurance Contracts ¹
Amendments to MFRS 101	Disclosure of Accounting Policies ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ¹
Amendments to MFRS 108	Definition of Accounting Estimates ¹
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

² Effective date deferred to a date to be announced by MASB.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

1 Accounting Policies and Method of Computation (Cont'd)

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 and Amendments 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 unmodified.

3 Seasonal or Cyclical Factors

The business operations of the Group during the current year quarter under review and year to date were 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 of the Group during the current year quarter under review and year to date that are unusual because of their nature, size or incidence.

5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that had a material effect in the current year quarter under review.

6 Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current year quarter under review and year to date.

In addition, none of the outstanding Employee's Share Option Scheme ("ESOS") were exercised during the current year quarter under review and year to date.

7 Dividend Paid

There were no dividends paid during the current year quarter under review and year to date.

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

8 Segmental Reporting

- a) Analysis of revenue and results by business segments for the financial period ended 31 December 2022:

	<u>Property development</u> RM'000	<u>Property trading</u> RM'000	<u>Construction contracts</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue						
External Sales	192,838	10,693	72,950	3,303	-	279,784
Inter-segment Sales	-	-	17,062	24,867	(41,929)	-
Total revenue	<u>192,838</u>	<u>10,693</u>	<u>90,012</u>	<u>28,170</u>	<u>(41,929)</u>	<u>279,784</u>
Results						
Segmental results	40,616	2,561	5,925	19,190	(23,412)	44,880
Interest and distribution income						1,065
Profit from operations						<u>45,945</u>
Finance costs						(19,464)
Share in results of joint ventures						(28,409)
Loss before tax						<u>(1,928)</u>
Income tax expense						(15,109)
Loss for the period						<u>(17,037)</u>

- b) Analysis of revenue and results by business segments for the financial period ended 31 December 2021:

	<u>Property development</u> RM'000	<u>Property trading</u> RM'000	<u>Construction contracts</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue						
External Sales	186,249	3,547	138,768	3,159	-	331,723
Inter-segment Sales	-	-	52,259	4,678	(56,937)	-
Total revenue	<u>186,249</u>	<u>3,547</u>	<u>191,027</u>	<u>7,837</u>	<u>(56,937)</u>	<u>331,723</u>
Results						
Segmental results	33,386	(288)	6,099	(566)	(3,392)	35,239
Interest and distribution income						657
Profit from operations						<u>35,896</u>
Finance costs						(20,116)
Share in results of joint ventures						-
Profit before tax						<u>15,780</u>
Income tax expense						(9,027)
Profit for the period						<u>6,753</u>

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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 2022.

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

There were no material events subsequent to the end of the current year quarter up to the date of this interim report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in the Composition of the Group

Save as disclosed below, there we no other changes in the composition of the Group for the current year quarter under review and year to date.

On 8 July 2022, Ambang Suriamas Sdn Bhd, a wholly-owned indirect subsidiary of the Company, subscribed for 100,000 ordinary shares representing 50% of the enlarged issued and paid-up-share capital of Kristaljaya Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM23,400,000.00.

12 Contingent Liabilities

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

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

13 Significant Related Party Transactions

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Year To-Date
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	R'000	RM'000
Progress billings				
received/Receivable:				
Impian Ekspresi Sdn Bhd*	2,938	15,771	2,938	20,978
Jendela Mayang Sdn Bhd*	1,253	28,503	4,756	40,052
WCT OUG Development Sdn Bhd*	25,499	-	45,037	-
WCT Holdings Berhad*	38	-	38	-
Rental received/receivable:				
WCT Holdings Berhad*	98	98	196	196
Pavilion REIT Management Sdn Bhd #	98	98	196	196
Management fees				
received/receivable:				
Regal Path Sdn Bhd*	-	14	19	14
Management fees paid/payable:				
Kuala Lumpur Pavilion Sdn Bhd^	29	29	58	58
Rental paid/payable to:				
Pavilion REIT #	593	593	1,186	1,186
Dream Domain Sdn Bhd^	-	32	-	80
Lumayan Indah Sdn Bhd*	50	50	99	99

* A company in which a director of the Company has direct/indirect financial interest.

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 a direct financial interest.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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

1 Review of Performance

	Individual Period		Change %	Cumulative Period		Change %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- Date	Preceding Year Corresponding Year To-Date	
	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000		<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000	
Revenue						
Property development	101,465	65,601		192,838	186,249	
Property trading	4,610	697		10,693	3,547	
Sub-Total	<u>106,075</u>	<u>66,298</u>	60.0	<u>203,531</u>	<u>189,796</u>	7.2
Construction	43,388	84,651	(48.7)	72,950	138,768	(47.4)
Others	1,642	1,604	2.4	3,303	3,159	4.6
Total	<u>151,105</u>	<u>152,553</u>	(0.9)	<u>279,784</u>	<u>331,723</u>	(15.7)
(Loss)/Profit Before Tax ("PBT")						
Property development	16,507	13,799		31,199	17,509	
Property trading	1,075	270		2,561	(288)	
Sub-Total	<u>17,582</u>	<u>14,069</u>	25.0	<u>33,760</u>	<u>17,221</u>	96.0
Construction	157	1,315	(88.1)	4,861	3,468	40.2
Others	(18,735)	(1,519)	(1,133.4)	(40,549)	(4,909)	(726.0)
Total	<u>(996)</u>	<u>13,865</u>		<u>(1,928)</u>	<u>15,780</u>	

The Group's revenue for the current year quarter declined marginally to RM151.1 million as compared to RM152.6 million reported in the preceding year corresponding quarter. However, the Group recorded loss before tax of RM1.0 million as compared to a PBT of RM13.9 million reported in the preceding year corresponding quarter.

The Group's revenue for the current year-to-date declined by 15.7% to RM279.8 million as compared to RM331.7 million reported in the preceding corresponding year-to-date. The Group incurred a loss before tax of RM1.9 million as compared to PBT of RM15.8 million reported in the preceding corresponding year-to-date.

The loss before tax for the current year quarter and year-to-date were mainly due to lower operating income generated coupled with the recognition of loss in joint ventures of RM12.9 million and RM28.4 million respectively. There was one-off government grant received of RM15.9 million and insurance claims for damage to Mega Canopy under Pavilion Bukit Jalil Mall of RM3.9 million recognized as other operating income in the preceding year corresponding quarter and year-to date.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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1 Review of Performance (Cont'd)

Property Development and Trading

For the Current year quarter, revenue from the property development and trading divisions increased by 60.0% to RM106.1 million as compared to RM66.3 million in the preceding year corresponding quarter mainly due to the higher progress billings recognised from Duta Park Residences @ Jalan Kuching.

Hence, the PBT from the property development and trading divisions improved by 25.0% to RM17.6 million for the current quarter as compared to RM14.1 million in the preceding year corresponding quarter.

Revenue increased by 7.2% to RM203.5 million for the current year-to-date as compared to RM189.8 in the preceding year corresponding year-to-date due to the higher progress billings recognised from on-going development projects as well as higher sales of completed units.

PBT reached RM33.8 million for the year-to-date year as compared to RM17.2 million in the preceding year corresponding year-to-date due to higher profit margin recognized from Duta Park Residence @ Jalan Kuching.

Construction

Revenue from the construction division declined by 48.7% to RM43.4 million as compared to RM84.7 million in the preceding year corresponding quarter due to lower work progress of Pavilion Damansara Heights and Pavilion Ceylon Hill projects and certain projects which are nearing completion.

As a result, PBT from the construction division declined by 88.1% to RM0.2 million as compared to RM1.3 million in the preceding year corresponding quarter.

Revenue declined by 47.4% to RM73.0 million for the current year-to-date as compared to RM138.8 in the preceding year corresponding year-to-date due to lower progress billings recognised from on-going construction projects.

However, PBT improved by 40.2% to RM4.9 million for the current year-to-date as compared to RM3.5 million in the preceding year corresponding year-to-date due to cost savings resulting from the finalisation of costs for completed projects.

Share of Results of Joint Ventures

The share of results of joint ventures showed a loss of RM12.9 million and RM28.4 million in the current year quarter and year-to-date respectively due to higher finance costs of the joint ventures.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

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

	Current Quarter	Immediate Preceding Quarter	Change %
	<u>31.12.2022</u>	<u>30.09.2022</u>	
	RM'000	RM'000	
Revenue			
Property development	101,465	91,373	
Property trading	4,610	6,083	
Sub-Total	106,075	97,456	8.8
Construction	43,388	29,562	46.8
Others	1,642	1,661	(1.1)
Total	<u>151,105</u>	<u>128,679</u>	17.4
Loss Before Tax			
Property development	16,507	14,692	
Property trading	1,075	1,486	
Sub-Total	17,582	16,178	8.7
Construction	157	4,209	(96.3)
Others	(18,735)	(21,319)	12.1
Total	<u>(996)</u>	<u>(932)</u>	(6.9)

The Group's revenue increased by 17.4% to RM151.1 million for the current year quarter as compared to RM128.7 million for the immediate preceding quarter. The increase in revenue for the current quarter from property development and trading division was due to higher billings of the current projects. The construction division registered higher revenue due to higher work progress of The Maple @ OUG project.

Nevertheless, the Group incurred a loss before tax of RM1.0 million for the current year quarter as compared to a loss of RM0.9 million for the immediate preceding quarter, attributed mainly to share of loss in joint ventures of RM12.9 million in the current year quarter (RM15.6 million in the immediate preceding quarter). There were certain cost savings from the construction division in the immediate preceding quarter.

3 Prospects for the current Financial Year Ending 30 June 2023

The property development industry will remain challenging moving into 2023 and the recovery of the industry is very much dependent on the country's economy. The improvement in labour supply, easing of raw material prices and pent-up demand will continue to lead earnings recovery in year 2023. However, the interest rate hikes and the rising cost of living may remain headwinds for the property market as Bank Negara Malaysia has raised the OPR four times in year 2020 and this has increased borrowing costs for the purchase of properties.

Notwithstanding the above, the Group is cautiously optimistic about the outlook of the current financial year and focusing on cost-effective approaches and materials, launching innovative designs as well as reducing completed inventories to improve sales and cash flow. The Group will remain resilient and vigilant in addressing any uncertainties in its business activities.

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3 Prospects for the current Financial Year Ending 30 June 2023 (Cont'd)

Barring the uncertainty of economic recovery over the next quarter and beyond, the ongoing development projects of the Group namely, Duta Park Residence @ Jalan Kuching, River Park @ Bangsar South and Mutiara Hilltop @ Puchong with total unbilled sales of RM653 million as of 31 December 2022 coupled with the on-going construction contracts in hand, are expected to contribute to the earnings of the Group for the current financial year ending 30 June 2023.

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 Period		Cumulative Period	
	Current Year Quarter <u>31.12.2022</u> RM'000	Preceding Year Corresponding Quarter <u>31.12.2021</u> RM'000	Current Year To-Date <u>31.12.2022</u> RM'000	Preceding Year Corresponding Year To-Date <u>31.12.2021</u> RM'000
Current taxation	5,851	8,448	13,882	10,027
Over provision in prior year	-	-	-	-
Deferred taxation	523	(700)	1,227	(1,000)
	<u>6,374</u>	<u>7,748</u>	<u>15,109</u>	<u>9,027</u>

The effective tax rate for the current year quarter and year-to-date (before share of results of joint ventures) 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 current year 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 year quarter under review.

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8 Status of Corporate Proposals

Save as disclosed below, there was no other corporate proposal announced but not completed as of the date of this report.

On 22 November 2022, Regal Path Sdn Bhd ("Regal Path"), a 51% joint venture of Malton, had entered into a conditional Sale and Purchase Agreement with MTrustee Berhad, acting as the trustee of Pavilion Real Estate Investment Trust ("Pavilion REIT"), to dispose of 1 block of 5-storey retail mall with 2 basement car park levels located within Bukit Jalil City, Bukit Jalil, Kuala Lumpur, together with the related assets and rights, known as "Pavilion Bukit Jalil Mall" to Pavilion REIT, for a total indicative disposal consideration of RM2,200,000,000 to be fully satisfied either by fully in cash, or a combination of new units in Pavilion REIT of up to the equivalent sum of RM600,000,000 and the balance in cash.

9 Borrowings and Debt Securities

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

	<u>As at 31 December 2022</u>		
	<u>Long-term</u>	<u>Short-term</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Secured			
Term loans	81,208	11,254	92,462
Revolving credits	89,684	213,920	303,604
Bridging loans	41,844	454	42,298
Redeemable preference shares	56,109	-	56,109
Bank overdrafts	-	21,182	21,182
Hire-purchase payables	443	528	971
	269,288	247,338	516,626
Unsecured			
Revolving credit	-	45,000	45,000
	269,288	292,338	561,626

	<u>As at 31 December 2021</u>		
	<u>Long-term</u>	<u>Short-term</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Secured			
Term loans	15,604	23,401	39,005
Revolving credits	88,405	226,860	315,265
Bridging loans	80,606	10,000	90,606
Redeemable preference shares	27,515	-	27,515
Trade facilities	-	15,004	15,004
Bank overdrafts	-	21,832	21,832
Hire-purchase payables	651	614	1,265
	212,781	297,711	510,492
Unsecured			
Revolving credit	-	60,000	60,000
	212,781	357,711	570,492

All borrowings are denominated in Ringgit Malaysia ("RM").

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10 Material Litigation

Save as disclosed below, neither the Company nor any of its subsidiaries are 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:

In connection with the joint venture agreement dated 7 April 2014 between Yayasan Wilayah Persekutuan (“YWP”) and Memang Perkasa Sdn Bhd (“MPSB”), a 51% owned subsidiary of the Company for the proposed development of an approximately 12 acres leasehold land in total land area 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 (“DBKL”) 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 YWP and MPSB’s application to intervene and be added as the 3rd and 4th Respondents in the Judicial Review proceeding.

Subsequently, the Applicants withdrew their claim against DBKL.

On 28 November 2018, the Kuala Lumpur High Court ruled that the Development Order dated 13 July 2017 issued by Datuk Bandar Kuala Lumpur was valid. The Judicial Review Application was accordingly dismissed with costs. The Applicants appealed to the Court of Appeal against the decision of the Kuala Lumpur High Court on 28 November 2018.

On 27 January 2021, the Court of Appeal delivered its decision and handed down the following Orders:

- (i) That the Applicants’ Appeal was unanimously allowed with costs;
- (ii) That the decision of the High Court dated 28 November 2018 was set aside; and
- (iii) That an Order of Certiorari be granted quashing the decision of the Datuk Bandar Kuala Lumpur in granting the Development Order dated 13 July 2017 in respect of the proposed development on the Land.

On 23 February 2021, MPSB filed a Notice of Motion for Leave to Appeal to the Federal Court and the Federal Court had on 1 September 2021 allowed the application by MPSB to appeal against the decision of the Court of Appeal. The Notice of Appeal was filed in the Federal Court on 14 September 2021 and the hearing for the appeal which was fixed on 19 January 2022 was postponed to 22 and 28 April 2022. Hearing continued from 25 July 2022 and was concluded on 27 July 2022. The Federal Court has yet to fix a date for the decision.

11 Dividend

No interim dividend has been recommended for the current year quarter under review.

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12 Earnings Per Share (“EPS”)

Basic

The basic earnings/(loss) per ordinary share of the Group for the current year quarter and year to date has been calculated based on the Group’s profit attributable to equity holders of the Company and on the weighted average number of ordinary shares in issue and ranking for dividend during the current year quarter and financial period ended 31 December 2022.

Diluted

The diluted earnings/(loss) per ordinary share of the Group for the current year quarter and year to date has been calculated based on the Group’s adjusted profit attributable to equity holders of the Company and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the current year quarter and financial period ended 31 December 2022 and after adjusted for the effects of unexercised ESOS options.

(a) Basic EPS	Individual Period		Cumulative Period	
	Current Year Quarter <u>31.12.2022</u>	Preceding Year Corresponding Quarter <u>31.12.2021</u>	Current Year To Date <u>31.12.2022</u>	Preceding Year to Date <u>31.12.2021</u>
(Loss)/Profit attributable to equity holders of the Company (RM’000)	(7,365)	6,232	(17,028)	6,993
Weighted average number of ordinary shares in issue (’000)	528,141	528,141	528,141	528,141
Basic (loss)/earnings per share (sen)	<u>(1.39)</u>	<u>1.18</u>	<u>(3.22)</u>	<u>1.32</u>

12 Earnings Per Share (“EPS”) (Cont’d)

(b) Diluted EPS	Current Year Quarter <u>31.12.2022</u>	Preceding Year Corresponding Quarter <u>31.12.2021</u>	Current Year To Date <u>31.12.2022</u>	Preceding Year to Date <u>31.12.2021</u>
(Loss)/Profit attributable to equity holders of the Company (RM’000)	(7,365)	6,232	(17,028)	6,993
Weighted average number of ordinary shares in issue (’000)	528,141	528,141	528,141	528,141
Effects of unexercised ESOS	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable (’000)	<u>528,141</u>	<u>528,141</u>	<u>528,141</u>	<u>528,141</u>
Diluted (loss)/earnings per share (sen)	<u>(1.39)</u>	<u>1.18</u>	<u>(3.22)</u>	<u>1.32</u>

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13 (Loss)/Profit Before Tax

The following items have been included in arriving at (loss)/profit before tax:

	Individual Period		Cumulative Period	
	Current Year Quarter <u>31.12.2022</u> RM'000	Preceding Year Corresponding Quarter <u>31.12.2021</u> RM'000	Current Year To Date <u>31.12.2022</u> RM'000	Preceding Year to Date <u>31.12.2021</u> RM'000
After charging:				
Interest expense	10,132	10,370	19,464	20,116
Depreciation and amortization	1,259	1,415	2,561	2,942
Depreciation of right-of-use assets	798	781	1,612	1,622
Deferred day one loss in profit or loss	246	227	492	454
After crediting:				
Government grant received in respect of a project of a a subsidiary company	-	15,904	-	15,904
Interest income	342	419	1,058	650
Rental income	1,164	-	1,941	-
Gain on disposal of property, plant and equipment	51	111	51	111
Other income	670	5,314	1,246	5,939
Distribution income from short term funds	4	3	7	7

There were no other provisions 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 year quarter under review and financial period ended 31 December 2022.