



Malton Berhad

(Company No: 320888-T)

INTERIM FINANCIAL REPORT
30 SEPTEMBER 2014

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 30 SEPTEMBER 2014

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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 2014
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	CURRENT YEAR TO DATE 30.09.2014 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.09.2013 RM'000
Revenue	111,591	91,107	111,591	91,107
Operating Expenses	(90,239)	(86,221)	(90,239)	(86,221)
Other Operating Income	3,225	4,453	3,225	4,453
Finance Costs	(2,739)	(4,181)	(2,739)	(4,181)
Share in Results of Associated Companies	(169)	846	(169)	846
Profit before Taxation	21,669	6,004	21,669	6,004
Taxation	(6,560)	(1,941)	(6,560)	(1,941)
Net Profit for the Period	15,109	4,063	15,109	4,063
Other Comprehensive Income Change in fair value of available-for-sale financial assets	16	(299)	16	(299)
	15,125	3,764	15,125	3,764
Attributable to:				
Owners of the Company	15,109	4,063	15,109	4,063
Non-Controlling Interests	-	-	-	-
Net Profit for the Period	15,109	4,063	15,109	4,063
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	3.55	0.97	3.55	0.97
Fully Diluted	2.98	1.01	2.98	1.01

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

MALTON BERHAD
(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As At	As At
	30.09.2014	30.06.2014
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	10,687	10,386
Investment Properties	189,652	189,652
Land held for Property Development	253,863	248,980
Investment in Associated Companies	5,203	5,371
Other Investments	1,202	1,182
Deferred Tax Assets	2,910	2,417
Other Receivable	18,809	15,070
	<u>482,326</u>	<u>473,058</u>
Current Assets		
Property Development	109,041	102,738
Inventories	34,678	35,813
Trade Receivables	104,573	122,886
Accrued Billings	18,694	30,052
Amount due from contract customer	1,230	864
Other Receivables and Prepaid Expenses	443,170	441,760
Tax recoverable	3,289	3,677
Short term funds	1,294	1,283
Fixed Deposits with Licensed Banks	17,077	16,343
Cash and Bank Balances	90,476	69,622
	<u>823,522</u>	<u>825,038</u>
TOTAL ASSETS	<u><u>1,305,848</u></u>	<u><u>1,298,096</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	427,649	422,550
Share Premium	6	6
Other Reserves	26,714	27,080
Retained Earnings	221,756	209,690
	<u>676,125</u>	<u>659,326</u>
Non-Controlling Interests	-	-
Total Equity	<u>676,125</u>	<u>659,326</u>
Non-Current Liabilities		
RCSLS - Liability component	86,317	100,169
Redeemable Preference Shares	3,000	3,000
Bank Borrowings	214,801	226,475
Hire-Purchase Payables	2,119	1,688
Deferred Tax Liabilities	3,050	4,094
	<u>309,287</u>	<u>335,426</u>
Current Liabilities		
Trade Payables	157,086	162,489
Advance Billings	42,990	21,391
Other Payables and Accrued Expenses	42,053	41,344
RCSLS - Liability component	16,957	17,337
Bank Borrowings	41,383	43,498
Hire-Purchase Payables	1,126	1,003
Tax Liabilities	18,841	16,282
	<u>320,436</u>	<u>303,344</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,305,848</u></u>	<u><u>1,298,096</u></u>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	<u>1.58</u>	<u>1.56</u>

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

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(These figures have not been audited)**

	Share Capital RM'000	Equity Component of RCSLS RM'000	Share Premium RM'000	Available- for-sale Reserve RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000	Non- Controlling Interests RM'000	Total RM'000
Balance as at 1.7.2013	418,104	3,378	6	(693)	20,546	2,065	190	168,828	-	612,424
Total comprehensive income	-	-	-	(299)	-	-	-	4,063	-	3,764
Balance as at 30.9.2013	<u>418,104</u>	<u>3,378</u>	<u>6</u>	<u>(992)</u>	<u>20,546</u>	<u>2,065</u>	<u>190</u>	<u>172,891</u>	<u>-</u>	<u>616,188</u>
Balance as at 1.7.2014	422,550	3,286	6	(852)	20,546	2,065	2,035	209,690	-	659,326
Issuance of shares:										
- Conversion of RCSLS	5,099	(382)						(3,043)		1,674
Total comprehensive income	-		-	16	-	-	-	15,109	-	15,125
Balance as at 30.9.2014	<u>427,649</u>	<u>2,904</u>	<u>6</u>	<u>(836)</u>	<u>20,546</u>	<u>2,065</u>	<u>2,035</u>	<u>221,756</u>	<u>-</u>	<u>676,125</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 2014 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 2014****(These figures have not been audited)**

	30.09.2014	30.09.2013
	RM'000	RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	21,669	6,004
Adjustments for :		
Finance costs	2,739	4,181
Write off of:		
Development expenditure	109	45
Share in results of associated companies	169	(846)
Depreciation of property, plant & equipment	626	511
Impairment loss on other investment	-	-
Reversal of provision for foreseeable loss	-	(7)
Gain on fair value changes of investment properties	-	(900)
Distribution income on short term funds	(21)	(118)
Gain on disposal of property, plant & equipment	-	-
Interest income	(2,689)	(2,891)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	22,602	5,979
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease:		
Property development - current portion	9,176	15,359
Inventories	1,134	(7,818)
Receivables	15,270	(137,707)
Accrued billings	11,358	(953)
Amount owing by contract customers	(367)	14,314
Increase/(Decrease) in:		
Payables	(22,897)	(1,456)
Advance billing	21,598	-
CASH FROM/(USED IN) OPERATIONS	57,874	(112,282)
Income tax paid net of refund	(4,224)	(3,008)
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	53,650	(115,290)
INVESTING ACTIVITIES		
Interest received	274	2,577
Distribution income from short term funds received	21	118
(Increase)/Decrease in:		
Property development - non-current portion	(18,019)	(3,178)
Short term funds	(14)	(5,113)
Proceeds from disposal of property, plant and equipment	-	1
(Placement)/Withdrawal of fixed deposit	2	(3)
Addition to property, plant & equipment	(225)	(170)
NET CASH USED IN INVESTING ACTIVITIES	(17,961)	(5,768)
FINANCING ACTIVITIES		
Finance costs paid	(4,773)	(4,959)
Proceeds from long-term loan	3,000	175,000
Proceeds from issuance of redeemable preference shares	-	3,000
Repayment of borrowings	(14,674)	(14,726)
Repayment of hire purchase payables	(256)	(175)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(16,703)	158,140
Net increase/(decrease) in cash and cash equivalents	18,986	37,082
Cash and cash equivalents at the beginning of the period	53,698	62,017
Cash and cash equivalents at the end of the period	<u>72,684</u>	<u>99,099</u>
Cash and cash equivalents comprise the followings :		
Fixed deposits net of amounts pledged	14,000	4,500
Cash and bank balances	66,068	96,795
Bank overdrafts	(7,384)	(2,196)
	<u>72,684</u>	<u>99,099</u>

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

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1 Accounting Policies and Method of Computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2014.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual audited financial statements for the financial year ended 30 June 2014.

Adoption of Malaysian Financial Reporting Standards

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

TEs are entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including the parent, significant investors and joint ventures. The Board permitted TEs to defer the adoption of the MFRS Framework in view of the then proposed changes to the revenue and agriculture standards by the IASB. With the issuance of MFRS 15 *Revenue from Contracts with Customers* and the amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141, TEs which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

A single mandatory effective date (i.e. 1 January 2017) for the changeover to the MFRS Framework applies for the aforementioned entities although the effective date of the amendments to MFRS 116 and MFRS 141 is a year earlier than that of MFRS 15. The Board believes that a single date would mitigate potential complexity in preparing consolidated financial statements by TEs that are involved in both the agriculture and property development industries.

The Group and the Company being TEs have availed themselves of these transitional arrangements and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 June 2018, being the first set of financial statements prepared in accordance with new MFRS framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

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Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the new and revised FRSs and Issues Committee Interpretations (“IC Interpretations”) and amendments to FRSs and IC Interpretations issued by the MASB that are effective for annual financial periods beginning on or after 1 July 2014.

Amendments to FRS 10, FRS 12 and FRS 127	Consolidated Financial Statements, Disclosure in Interest in Other Entities and Separate Financial Statements - Investment Entities
Amendments to FRS 119	Employee Benefits: Defined Benefit Plans - Employee Contributions
Amendments to FRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Amendments to FRSs	Annual Improvements 2010 - 2012 Cycle
Amendments to FRSs	Annual Improvements 2011 - 2013 Cycle

The adoption of these new and revised FRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performances or positions of the Group and of the Company.

FRSs and IC Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised FRSs and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (FRS 9 as issued by IASB on November 2009 and October 2010) and Transition Disclosures ¹
FRS 9	Financial Instruments (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139) ¹
Amendments to FRS 11	Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations ²
FRS 14	Regulatory Deferral Accounts ²
Amendments to FRS 116	Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to FRS 138	Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation ²

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¹ The mandatory effective date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual period beginning on or after 1 January 2015, had been removed with the issuance of FRS 9 *Financial Instruments: Hedge Accounting* and amendments to FRS 9, FRS 7 and FRS 139. The effective date of FRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the FRS 9 is available for early adoption.

² Effective for annual periods beginning on or after 1 January 2016.

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

i) The following are the changes in debt and equity securities that were issued by the Company during the current quarter ended 30 September 2014:

On 1 July 2014, the Company redeemed RM13,485,444 nominal value 7-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") pursuant to the Trust Deed.

On 22 July 2014, the Company issued 348,300 new ordinary shares of RM1.00 each pursuant to conversion of RM348,300 nominal value RCSLS.

On 31 July 2014, the Company issued 750,000 new ordinary shares of RM1.00 each pursuant to conversion of RM750,000 nominal value RCSLS.

On 6 August 2014, the Company issued 3,960,000 new ordinary shares of RM1.00 each pursuant to conversion of RM3,960,000 nominal value RCSLS.

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On 15 August 2014, the Company issued 40,000 new ordinary shares of RM1.00 each pursuant to conversion of RM40,000 nominal value RCSLS.

Accordingly, the issued and paid-up share capital of the Company has increased from RM422,550,212 to RM427,648,512 as at 30 September 2014 and the outstanding RCSLS has reduced from RM134,854,469 to RM116,270,725 as at 30 September 2014.

- ii) The following are the changes in debt and equity securities that were issued by the Company subsequent to the quarter ended 30 September 2014 and have not been reflected in the financial statements for the quarter ended 30 September 2014:

On 23 October 2014, the Company issued 67,300 new ordinary shares of RM1.00 each pursuant to conversion of RM67,300 nominal value RCSLS.

On 6 November 2014, the Company issued 300,000 new ordinary shares of RM1.00 each pursuant to conversion of RM300,000 nominal value RCSLS.

Save as disclosed above, there were no cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Company.

7 Dividend Paid

There were no dividends paid during the quarter ended 30 September 2014.

8 Segmental Reporting

- a) Analysis by business segments for the period ended 30 September 2014:

	Property development RM'000	Construction RM'000	Property trading RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	70,812	39,144	1,458	177		111,591
Internal Sales	-	22,832	-	1,182	(24,014)	-
	<u>70,812</u>	<u>61,976</u>	<u>1,458</u>	<u>1,359</u>	<u>(24,014)</u>	<u>111,591</u>
Results						
Segmental operating profit/(loss)	<u>23,135</u>	<u>2,622</u>	<u>306</u>	<u>(3,003)</u>	<u>(1,193)</u>	<u>21,867</u>
Interest and distribution income						<u>2,710</u>
Profit from operations						<u>24,577</u>
Finance costs						<u>(2,739)</u>
Share in results of associated companies						<u>(169)</u>
Profit before tax						<u>21,669</u>
Income tax expense						<u>(6,560)</u>
Net profit for the period						<u>15,109</u>

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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b) Analysis by business segments for the period ended 30 September 2013:

	Property development RM'000	Construction RM'000	Property trading RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	35,225	53,262	2,443	177		91,107
Internal Sales	-	4,191	-	1,032	(5,223)	-
	<u>35,225</u>	<u>57,453</u>	<u>2,443</u>	<u>1,209</u>	<u>(5,223)</u>	<u>91,107</u>
Results						
Segmental operating profit/(loss)	<u>4,001</u>	<u>5,001</u>	<u>478</u>	<u>(2,903)</u>	<u>(247)</u>	<u>6,330</u>
Interest and distribution income						<u>3,009</u>
Profit from operations						<u>9,339</u>
Finance costs						<u>(4,181)</u>
Share in results of associated companies						<u>846</u>
Profit before tax						<u>6,004</u>
Income tax expense						<u>(1,941)</u>
Net profit for the period						<u>4,063</u>

9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2014.

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

There were no material events subsequent to the current quarter ended 30 September 2014 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in the Composition of the Group

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

12 Contingent Liabilities

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

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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13 Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Year To-Date
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Rental paid/payable to:				
Pavilion REIT #	553	535	553	535
Purchase of gifts and hampers				
Crabtree & Evelyn (Malaysia) Sdn Bhd	141	5	141	5

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

14 Capital Commitments

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

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

1 Review of Performance

During the previous financial year, several cooling measures have been announced by the Government to curb excessive property speculations. These measures may pose potential downside risks for the property sectors. The Malaysian economy grew by 5.6% in the third quarter of 2014 as compared to 6.4% recorded in the second quarter of 2014.

The Group's revenue for the current quarter improved by 22.5% to RM111.6 million as compared to RM91.1 million reported in the previous corresponding quarter while pre-tax profit for the current quarter increased to RM21.7 million as compared to RM6.0 million reported in the previous corresponding quarter.

The improvement in turnover and pre-tax profit for the current quarter mainly arose from the completion of the disposal of certain parcels of land for a total consideration of RM35.7 million in September 2014.

Revenue and profit from the property development division increased during the current quarter as compared to the previous corresponding quarter mainly attributed to disposal of certain parcels of land as mentioned above. Revenue and profit from construction and project management division declined in the current quarter as compared to previous corresponding quarter due to lower billings as a result of the completion of the Jaya 14 project.

The share of results of associated companies during the quarter declined to a loss of RM0.2 million as compared to profit RM0.8 million reported in the previous corresponding quarter.

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

The Group's revenue increased to RM111.6 million for the current quarter as compared to RM102.2 million for the immediate preceding quarter. The Group recorded a pre-tax profit of RM21.7 million for the current quarter as compared to the pre-tax profit of RM19.0 million for the immediate preceding quarter. The improvement in turnover and pre-tax profit for the current quarter arose from the completion of the disposal of certain parcels of land for a total consideration of RM35.7 million in September 2014.

3 Prospects for the current Financial Year Ending 30 June 2015

The Malaysia economy is expected to remain on a steady path to be driven by private investment and private consumption.

In the meantime, the on-going development projects of the Group namely The Cantonment in Penang, Nova Saujana in Subang, Bukit Jalil City in Kuala Lumpur and SK One Residence in Seri Kembangan, together with the on-going construction contracts in hand, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2015.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2015.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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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 30.9.2014 RM'000	Preceding Year Corresponding Quarter 30.9.2013 RM'000	Current Year To-Date 30.9.2014 RM'000	Preceding Year Corresponding Year To-Date 30.9.2013 RM'000
Current taxation	7,171	1,625	7,171	1,625
Under provision in prior year	-	292	-	292
Deferred taxation	(611)	24	(611)	24
	<u>6,560</u>	<u>1,941</u>	<u>6,560</u>	<u>1,941</u>

The effective tax rate for the current year to-date (before share of results of associated companies) is higher than the statutory tax rate due to the incurrence of certain expenses that are not deductible for tax purposes and losses incurred by certain subsidiary companies which do not qualify for group relief.

6 Profits /(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investment and/or properties for the quarter under review.

7 Purchases or Disposals of Quoted Securities

There was no purchase and disposal of quoted securities by the Group for the current financial quarter under review.

8 Status of Corporate Proposals

On 30 May 2014, Rentak Sejati Sdn Bhd (“RSSB”), an indirect wholly-owned subsidiary company of the Company, had entered into a conditional Sale and Purchase Agreement with Hedgeford Ventures Sdn Bhd (“HVSF”) for the proposed disposal of a piece of leasehold land held under Pajakan Negeri No. Hakmilik 77546, Lot No. 43001, Pekan Baru Subang, daerah Petaling, Selangor measuring in area of approximately 12 acres for a cash consideration of RM83,665,642.00 (“RSSB Land”)(“Proposed Disposal”).

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The Proposed Disposal is conditional upon the followings:

- (a) RSSB having obtained the approval from the appropriate authorities for the conversion of the RSSB Land use from “Perusahaan” to “Bangunan Perniagaan” (“Conversion”);
- (b) RSSB having paid for the premium for the Conversion;
- (c) RSSB having obtained the written consent from the appropriate authority/(ies) consenting to the transfer of the RSSB Land to HVSB and/or the sale of the RSSB Land to HVSB;
- (d) RSSB having issued a letter of undertaking to HVSB undertaking to terminate all the contracts or letters of appointment entered into with RSSB’s architect, surveyors, consultants, advisers and agents in relation to the project on the RSSB Land; and
- (e) HVSB having obtained the approval of the Economic Planning Unit of the Prime Minister’s Department, Malaysia for the sale and purchase of the RSSB Land by HVSB from RSSB.

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

9 Borrowings and Debt Securities

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

	RM’000
RCSLS – Liability Component	103,274
Term Loans	218,530
Revolving Credits	28,000
Bridging Loans	2,271
Redeemable Preference Shares	3,000
Bank Overdrafts	7,383
Hire Purchase Payables	3,245
Total	<u>365,703</u>
Repayment due within next 12 months	<u>59,466</u>
Repayment due after 12 months	<u>306,237</u>

All borrowings are denominated in Ringgit Malaysia and are secured.

10 Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued by the Group as at the date of this report.

11 Material Litigation

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

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13 Dividend

The Directors have proposed a first and final single-tier dividend of 3% per share in respect of the financial year ended 30 June 2014, for approval of the shareholders at the forthcoming Annual General Meeting of the Company to be held on 20 November 2014.

The dividend if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 30 January 2015 and entitlement to dividends will be determined on the basis of the record of depositors as at 31 December 2014.

No interim dividend has been recommended for the financial quarter ended 30 September 2014.

14 Earnings Per Share (“EPS”)

Basic

The basic earnings per ordinary share of the Group for the current quarter and current year to date have been calculated based on the Group’s profit attributable to equity holders of the Company of RM15,109,000 and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter.

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 RM16,417,000 and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the quarter assuming full conversion of the outstanding RCSLS, and the effects of unexercised Warrants and Employees’ Share Option Scheme (“ESOS”) options.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2014	Preceding Year Corresponding Qtr 30.9.2013	Current Year To Date 30.9.2014	Preceding Year to Date 30.9.2013
Profit attributable to equity holders of the Company (RM’000)	15,109	4,063	15,109	4,063
Weighted average number of shares in issue (’000)	425,147	418,104	425,147	418,104
Basic earnings per share (sen)	3.55	0.97	3.55	0.97

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(b) Diluted EPS	Current Quarter 30.9.2014	Preceding Year Corresponding Qtr 30.9.2013	Current Year To Date 30.9.2014	Preceding Year to Date 30.9.2013
Profit attributable to equity holders of the Company (RM'000)	15,109	4,063	15,109	4,063
Effects on earnings upon conversion of RCSLS (RM'000)	1,308	1,567	1,308	1,567
	<u>16,417</u>	<u>5,630</u>	<u>16,417</u>	<u>5,630</u>
Weighted average number of shares in issue ('000)	425,147	418,104	425,147	418,104
Effects of RCSLS	116,270	139,301	116,270	139,301
Effects of unexercised Warrants	8,132	-	8,132	-
Effects of unexercised ESOS	944	-	944	-
	<u>550,493</u>	<u>557,405</u>	<u>550,493</u>	<u>557,405</u>
Adjusted weighted average number of shares in issue and issuable ('000)				
Diluted earnings per share (sen)	2.98	1.01	2.98	1.01

15 Profit Before Tax

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

After charging:	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2014 RM'000	Preceding Year Corresponding Qtr 30.9.2013 RM'000	Current Year To Date 30.9.2014 RM'000	Preceding Year to Date 30.9.2013 RM'000
Interest expense	2,739	4,181	2,739	4,181
Depreciation and Amortization	626	511	626	511
Impairment loss on other investment	-	-	-	-
After crediting:				
Interest income	2,689	2,891	2,689	2,891
Gain on fair value changes of investment properties	-	900	-	900
Other income	515	544	515	544
Distribution income from short term funds	21	118	21	118

There were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 30 September 2014.

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16 Realised and Unrealised Retained Earnings

	As at 30.9.2014 RM'000	As at 30.6.2014 RM'000
Total retained earnings:		
Company and subsidiaries		
-realised profit	444,381	430,234
-unrealised loss	2,737	1,200
	<u>447,118</u>	<u>431,434</u>
Associated companies		
-realised profit	1,653	1,821
-unrealised profit	3,550	3,550
	<u>5,203</u>	<u>5,371</u>
Less: Consolidation adjustments	(230,565)	(227,115)
Total group retained earnings as per unaudited consolidated financial statements	<u>221,756</u>	<u>209,690</u>