



Malton Berhad

(Company No: 320888-T)

**INTERIM FINANCIAL REPORT
31 DECEMBER 2017**

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 31 DECEMBER 2017

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MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2017 (These figures have not been audited)

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|---|--|--|---|
| | CURRENT YEAR QUARTER 31.12.2017 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000 | CURRENT YEAR TO DATE 31.12.2017 RM'000 | PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.12.2016 RM'000 |
| Revenue | 241,504 | 195,974 | 366,621 | 326,015 |
| Operating Expenses | (222,219) | (191,501) | (342,229) | (311,268) |
| Other Operating Income | 9,070 | 4,631 | 35,852 | 8,349 |
| Finance Costs | (3,945) | (4,160) | (7,794) | (8,214) |
| Share in Results of Associated Companies | 8,057 | 170 | 7,943 | 105 |
| Profit before Taxation | 32,467 | 5,114 | 60,393 | 14,987 |
| Taxation | (8,419) | (972) | (10,577) | (4,611) |
| Net Profit for the Period | 24,048 | 4,142 | 49,816 | 10,376 |
| Other Comprehensive Income/(loss) Change in fair value of available-for-sale financial assets | (1) | (1) | (2) | 1 |
| | 24,047 | 4,141 | 49,814 | 10,377 |
| Attributable to: | | | | |
| Owners of the Company | 24,201 | 4,166 | 50,130 | 10,425 |
| Non-Controlling Interests | (153) | (24) | (314) | (49) |
| Net Profit for the Period | 24,048 | 4,142 | 49,816 | 10,376 |
| Earnings per Share Attributable to Equity Holders of the Company (Sen) | | | | |
| Basic | 4.59 | 0.92 | 9.50 | 2.31 |
| Fully Diluted | 4.48 | 0.96 | 9.19 | 2.32 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD
(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As At 31.12.2017 RM'000 | Audited As At 30.06.2017 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 12,886 | 12,339 |
| Investment Properties | 166,064 | 145,679 |
| Land held for Property Development | 96,402 | 78,888 |
| Investment in Associated Companies | 10,175 | 2,232 |
| Other Investments | 245 | 245 |
| Deferred Tax Assets | 5,714 | 4,253 |
| | <u>291,486</u> | <u>243,636</u> |
| Current Assets | | |
| Property Development | 1,492,761 | 1,467,117 |
| Inventories | 91,033 | 97,615 |
| Trade Receivables | 203,127 | 164,393 |
| Accrued Billings | 156,628 | 173,487 |
| Amount due from contract customer | - | 12,558 |
| Other Receivables and Prepaid Expenses | 113,369 | 352,801 |
| Tax recoverable | 1,211 | 231 |
| Short term funds | 1,544 | 1,530 |
| Fixed Deposits with Licensed Banks | 10,080 | 9,915 |
| Cash and Bank Balances | 114,146 | 73,033 |
| | <u>2,183,899</u> | <u>2,352,680</u> |
| TOTAL ASSETS | <u>2,475,385</u> | <u>2,596,316</u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share Capital | 528,418 | 528,176 |
| Other Reserves | 23,827 | 23,900 |
| Retained Earnings | 354,996 | 318,066 |
| | <u>907,241</u> | <u>870,142</u> |
| Non-Controlling Interests | 143,442 | 179,505 |
| Total Equity | <u>1,050,683</u> | <u>1,049,647</u> |
| Non-Current Liabilities | | |
| Other Payables | 135,621 | 170,202 |
| Redeemable Preference Shares | 3,000 | 3,000 |
| Bank Borrowings | 87,012 | 107,373 |
| Hire-Purchase Payables | 3,727 | 3,737 |
| Deferred Tax Liabilities | 62,450 | 62,450 |
| | <u>291,810</u> | <u>346,762</u> |
| Current Liabilities | | |
| Trade Payables | 351,072 | 415,529 |
| Amount Owing to Contract Customers | 13,739 | - |
| Advance Billings | 17,006 | 8,466 |
| Other Payables and Accrued Expenses | 303,027 | 253,358 |
| Bank Borrowings | 409,859 | 484,640 |
| Hire-Purchase Payables | 2,786 | 2,162 |
| Tax Liabilities | 35,403 | 35,752 |
| | <u>1,132,892</u> | <u>1,199,907</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,475,385</u> | <u>2,596,316</u> |
| Net Assets Per Share Attributable to Equity Holders of the Company (RM) | <u>1.72</u> | <u>1.65</u> |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017
(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 1.7.2016 | 448,416 | 2,887 | 6 | 52 | 20,546 | 2,065 | - | 264,525 | 187,110 | 925,607 |
| Acquisition of additional interests in an existing subsidiary company | - | - | - | - | - | - | - | - | 2,401 | 2,401 |
| Dividend to equity holders of the Company | - | - | - | - | - | - | - | (11,211) | - | (11,211) |
| Total comprehensive income/(loss) for the year | - | - | - | 1 | - | - | - | 10,425 | (49) | 10,377 |
| Balance as at 31.12.2016 | <u>448,416</u> | <u>2,887</u> | <u>6</u> | <u>53</u> | <u>20,546</u> | <u>2,065</u> | <u>-</u> | <u>263,739</u> | <u>189,462</u> | <u>927,174</u> |
| Balance as at 1.7.2017 | 528,176 | - | - | 51 | 20,546 | 2,065 | 1,238 | 318,066 | 179,505 | 1,049,647 |
| Issuance of ordinary shares: - Employees' Share Option Scheme ("ESOS") | 192 | - | - | - | - | - | (21) | - | - | 171 |
| Transfer arising from "no-par-value" regime | 50 | - | - | - | - | - | (50) | - | - | - |
| Redemption of redeemable preference shares | - | - | - | - | - | - | - | - | (35,749) | (35,749) |
| Dividend to equity holders of the Company | - | - | - | - | - | - | - | (13,200) | - | (13,200) |
| Total comprehensive income | - | - | - | (2) | - | - | - | 50,130 | (314) | 49,814 |
| Balance as at 31.12.2017 | <u>528,418</u> | <u>-</u> | <u>-</u> | <u>49</u> | <u>20,546</u> | <u>2,065</u> | <u>1,167</u> | <u>354,996</u> | <u>143,442</u> | <u>1,050,683</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 2017 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

(These figures have not been audited)

| | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
|---|----------------------|----------------------|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit before Taxation | 60,393 | 14,987 |
| Adjustments for : | | |
| Finance costs | 7,794 | 8,214 |
| Reversal of impairment loss of inventories | (6,112) | (3,399) |
| Write off of: | | |
| Property, plant & equipment | 6 | - |
| Share in results of associated companies | (7,943) | (105) |
| Depreciation of property, plant & equipment | 2,005 | 1,806 |
| (Gain)/loss on disposal of PPE | (106) | 418 |
| Distribution income on short term funds | (55) | (31) |
| Interest income | (3,434) | (2,998) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | <u>52,548</u> | <u>18,892</u> |
| CHANGES IN WORKING CAPITAL | | |
| (Increase)/Decrease: | | |
| Property development - current portion | (21,410) | 77,606 |
| Inventories | 12,693 | - |
| Receivables | 198,565 | (22,276) |
| Accrued billings | 16,859 | (38,559) |
| Amount owing by contract customers | 26,297 | 25,524 |
| Increase/(Decrease) in: | | |
| Payables | (49,354) | (83,397) |
| Advance billing | 8,540 | 1,862 |
| CASH FROM/(USED IN) OPERATIONS | <u>244,738</u> | <u>(20,348)</u> |
| Income tax paid net of refund | (13,368) | (11,544) |
| NET CASH FROM/(USED IN) OPERATING ACTIVITIES | <u>231,370</u> | <u>(31,892)</u> |
| INVESTING ACTIVITIES | | |
| Interest received | 4,222 | 6,576 |
| Distribution income from short term funds received | 55 | 31 |
| (Increase)/Decrease in: | | |
| Property development - non-current portion | (17,514) | 10,563 |
| Short term funds | (16) | (1,525) |
| Additional of Investment properties | (20,385) | (19,066) |
| Proceed from disposal of property, plant & equipment | 112 | 36 |
| Redemption of redeemable preference shares for non-controlling interest | (35,750) | - |
| (Placement)/Withdrawal of fixed deposit | (165) | (181) |
| Addition to property, plant & equipment | (716) | (1,119) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(70,157)</u> | <u>(4,685)</u> |
| FINANCING ACTIVITIES | | |
| Interest paid | (10,694) | (15,589) |
| Proceeds from long-term loan | 122,149 | 206,449 |
| Dividend paid | (13,200) | (11,211) |
| Repayment of borrowings | (205,799) | (141,666) |
| Repayment of hire purchase payables | (1,234) | (927) |
| Proceeds from exercise of share options | 170 | - |
| NET CASH (USED IN)/FROM FINANCING ACTIVITIES | <u>(108,608)</u> | <u>37,056</u> |
| Net increase in cash and cash equivalents | 52,605 | 479 |
| Cash and cash equivalents at the beginning of the period | 44,978 | 47,478 |
| Cash and cash equivalents at the end of the period | <u>97,583</u> | <u>47,957</u> |
| Cash and cash equivalents comprise the followings : | | |
| Fixed deposits net of amounts pledged | - | - |
| Cash and bank balances | 114,146 | 74,985 |
| Bank overdrafts | (16,563) | (27,028) |
| | <u>97,583</u> | <u>47,957</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

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 2017.

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 2017.

Adoption of Malaysian Financial Reporting Standards

On 19 November 2011, the MASB 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 should apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group 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 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

Adoption of Amendments to Financial Reporting Standards

In the current financial year, the Group and the Company adopted all the amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2017 as follows:

| | |
|-----------------------|--|
| Amendments to FRS 107 | Disclosure Initiative |
| Amendments to FRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to FRSs | Annual Improvements to FRSs 2014 - 2016 Cycle |

The adoption of these amendments to FRSs 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 performance or position of the Group and of the Company.

Standards, Issues Committee Interpretations (“IC Int.”) and Amendments in issue but not yet effective

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

| | |
|-----------------------|--|
| FRS 9 | Financial Instruments ¹ |
| Amendments to FRS 2 | Classification and Measurement of Share-based Payment Transactions ¹ |
| Amendments to FRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ¹ |
| Amendments to FRS 140 | Transfers of Investment Property ¹ |
| IC Int. 22 | Foreign Currency Transactions and Advance Consideration ¹ |
| IC Int. 23 | Uncertainty Over Income Tax Treatments ² |
| Amendments to FRSs | Annual Improvements to FRSs 2014 - 2016 Cycle ¹ |

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The directors anticipate that the abovementioned Standards, Amendments and IC Int. 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 Standards, Amendments and IC Int. will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

FRS 9 Financial Instruments

FRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. FRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of FRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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Key requirements of FRS 9:

- All recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, FRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of FRS 9 in the future may have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company complete a detailed review.

2 Audit Report

The auditors' report on preceding year's annual financial statements of the Company and of the Group was not qualified.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

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

The following are the changes in debt and equity securities that were issued by the Company during the current quarter ended 31 December 2017:

During the quarter, the Company issued 125,000 new ordinary shares pursuant to the exercise of options under the Employees' Share Option Scheme.

Accordingly, the issued share capital of the Company has increased from 527,865,341 ordinary shares to 527,990,341 ordinary shares as at 31 December 2017.

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

On 29 December 2017, the Company paid a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 30 June 2017 as approved by the shareholders at the Annual General Meeting of the Company held on 22 November 2017.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

8 Segmental Reporting

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

| | Property development RM'000 | Completed properties RM'000 | Construction RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|-----------------------------------|-----------------------------------|------------------------|------------------|-----------------------|-----------------|
| Revenue | | | | | | |
| External Sales | 202,555 | 10,939 | 152,332 | 795 | | 366,621 |
| Internal Sales | - | - | 83,693 | 6,435 | (90,128) | - |
| | <u>202,555</u> | <u>10,939</u> | <u>236,025</u> | <u>7,230</u> | <u>(90,128)</u> | <u>366,621</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>41,683</u> | <u>7,037</u> | <u>9,558</u> | <u>(7,124)</u> | <u>5,601</u> | <u>56,755</u> |
| Interest and distribution income | | | | | | <u>3,489</u> |
| Profit from operations | | | | | | <u>60,244</u> |
| Finance costs | | | | | | <u>(7,794)</u> |
| Share in results of associated companies | | | | | | <u>7,943</u> |
| Profit before tax | | | | | | <u>60,393</u> |
| Income tax expense | | | | | | <u>(10,577)</u> |
| Net profit for the period | | | | | | <u>49,816</u> |

b) Analysis by business segments for the period ended 31 December 2016:

| | Property development RM'000 | Completed properties RM'000 | Construction RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|-----------------------------------|-----------------------------------|------------------------|------------------|-----------------------|-----------------|
| Revenue | | | | | | |
| External Sales | 264,276 | 350 | 61,024 | 365 | | 326,015 |
| Internal Sales | - | - | 137,605 | 34,068 | (171,673) | - |
| | <u>264,276</u> | <u>350</u> | <u>198,629</u> | <u>34,433</u> | <u>(171,673)</u> | <u>326,015</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>18,661</u> | <u>3,653</u> | <u>8,044</u> | <u>22,574</u> | <u>(32,865)</u> | <u>20,067</u> |
| Interest and distribution income | | | | | | <u>3,029</u> |
| Profit from operations | | | | | | <u>23,096</u> |
| Finance costs | | | | | | <u>(8,214)</u> |
| Share in results of associated companies | | | | | | <u>105</u> |
| Profit before tax | | | | | | <u>14,987</u> |
| Income tax expense | | | | | | <u>(4,611)</u> |
| Net profit for the period | | | | | | <u>10,376</u> |

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
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9 Revaluation of Property, Plant and Equipment and Investment Properties

The valuation of property, plant and equipment and investment properties have been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2017.

10 Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the current quarter ended 31 December 2017 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in the Composition of the Group

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

12 Contingent Liabilities

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

13 Capital Commitments

| | As at 31.12.2017 RM'000 | As at 30.9.2017 RM'000 |
|--|-------------------------------|------------------------------|
| Approved and contracted for - Construction of investment property | <u>15,818</u> | <u>21,684</u> |

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

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 |
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
| Progress billings received/Receivable: | | | | |
| Impian Ekspresi Sdn Bhd | 43,699 | 6,307 | 79,715 | 8,677 |
| Harmoni Perkasa Sdn Bhd | 16,605 | 22,156 | 23,174 | 36,703 |
| Rental paid/payable to: | | | | |
| Pavilion REIT # | 817 | 744 | 1,607 | 1,488 |
| Directors of the Company | 48 | - | 96 | - |
| Purchase of gifts and hampers | | | | |
| Crabtree & Evelyn (Malaysia) Sdn Bhd | 34 | 41 | 67 | 96 |
| Sale of property to director and family members of director of the Company | - | - | 3,976 | - |

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

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

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

1 Review of Performance

| | Individual Quarter | | Change % | Cumulative Quarter | | Change % |
|--------------------------------------|---|---|---------------------|---|--|---------------------|
| | Current Year Quarter 31.12.2017 RM'000 | Preceding Year Corresponding Quarter 31.12.2016 RM'000 | | Current Year To-Date 31.12.2017 RM'000 | Preceding Year Corresponding Year To-Date 31.12.2016 RM'000 | |
| Revenue | | | | | | |
| Property development | 115,621 | 154,089 | | 202,555 | 264,276 | |
| Completed properties | 9,504 | 350 | | 10,939 | 350 | |
| Sub-Total | 125,125 | 154,439 | (19.0) | 213,494 | 264,626 | (19.3) |
| Construction | 115,983 | 41,366 | 180.4 | 152,332 | 61,024 | 149.6 |
| Others | 396 | 169 | 134.3 | 795 | 365 | 117.8 |
| Total | 241,504 | 195,974 | 23.2 | 366,621 | 326,015 | 12.5 |
| Profit Before Tax ("PBT") | | | | | | |
| Property development | 9,422 | (2,902) | | 35,243 | 12,213 | |
| Completed properties | 6,990 | 3,669 | | 7,085 | 3,653 | |
| Sub-Total | 16,412 | 767 | 2,039 | 42,328 | 15,866 | 166.8 |
| Construction | 10,361 | 9,701 | 6.8 | 18,330 | 12,213 | 50.1 |
| Others | 5,694 | (5,354) | 206.4 | (265) | (13,092) | 93.3 |
| Total | 32,467 | 5,114 | 534.9 | 60,393 | 14,987 | 303.0 |

The Group's revenue for the current quarter improved by 23.2% to RM241.5 million as compared to RM196.0 million reported in the previous corresponding quarter while PBT for the current quarter improved by 534.9% to RM32.5 million as compared to RM5.1 million reported in the previous corresponding quarter.

The Group's revenue for current year to-date improved by 12.5% to RM366.6 million as compared to RM326.0 million reported in the previous corresponding year to-date, attributed by increase in construction turnover while property development saw a decline in current year to-date compared to previous year to-date due to the completion and hand over of Bukit Jalil City Signature Shops in May 2017 and SK One Residence in Seri Kembangan and offset to a certain extent by the contribution from The Park 2 Residence in Bukit Jalil in current year to-date quarters. PBT for current year-to-date improved by 303.0% to RM60.4 million as compared to RM15.0 million reported in the previous corresponding year to-date. The significant increase in PBT arose from the improved contribution from construction division and recognition of group gain of RM23.8 million on revocation of joint development agreement of a subsidiary company, Silver Setup Sdn Bhd, which was completed during the last quarter. In addition there was an increase in contribution for share of associate profits to RM7.9 million in current year to-date compared to RM0.1 million in previous corresponding year to-date.

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Property Development

Revenue from the property development division declined by 19.0% in the current quarter as compared to the previous corresponding quarter due to completion and hand over of Bukit Jalil City Signature Shops in May 2017 and SK One Residence in Seri Kembangan in August 2017 and offset by the contribution from The Park 2 Residence in Bukit Jalil in current quarter. PBT improved by 2,039% in the current quarter to RM16.4 million as compared to RM0.8 million in the previous corresponding quarter due to lower marketing expenses during the current quarter and higher sale of completed properties.

Revenue from the property development division declined by 19.3% in current year to-date as compared to the previous corresponding year to-date due to recognition of revenue due to completion and hand over of Bukit Jalil City Signature Shops and SK One Residence in Seri Kembangan and offset to a certain extent by the contribution from The Park 2 Residence in Bukit Jalil in the current quarter. PBT improved by 166.8% in the current year to-date as compared to the corresponding year to-date and recognition of group gain of RM23.8 million on revocation of joint development agreement of a subsidiary company, Silver Setup Sdn Bhd, which was completed in August 2017.

Construction

Revenue and PBT from construction division improved by 180.4% and 6.8% respectively in the current quarter as compared to the previous corresponding quarter due to higher work progress and contribution from new external projects during the current quarter.

Revenue and PBT from construction division improved by 149.6% and 50.1% respectively in the current year to-date as compared to the previous corresponding year to-date due to higher work progress and contribution from new external projects and effects of cost savings measures and value engineering undertaken by the division.

Share of Results of Associated Companies

The share of results of associated companies during the quarter showed a profit of RM8.1 million in the current quarter as compared to a gain of RM0.2 million in the previous corresponding quarter as a result of distribution of income upon liquidation of its investment upon completion of the project.

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

| | Current Quarter 31.12.2017 RM'000 | Immediate Preceding Quarter 30.9.2017 RM'000 | Change % |
|----------------------------------|--|---|---------------------|
| Revenue | | | |
| Property development | 115,621 | 86,934 | |
| Completed properties | 9,504 | 1,435 | |
| Sub-Total | 125,125 | 88,369 | 41.6 |
| Construction | 115,983 | 36,349 | 219.1 |
| Others | 396 | 399 | (0.8) |
| Total | 241,504 | 125,117 | 93.0 |
| Profit Before Tax (“PBT”) | | | |
| Property development | 9,422 | 25,821 | |
| Completed properties | 6,990 | 95 | |
| Sub-Total | 16,412 | 25,916 | (36.7) |
| Construction | 10,361 | 7,969 | 30.0 |
| Others | 5,694 | (5,959) | 195.6 |
| Total | 32,467 | 27,926 | 16.3 |

The Group’s revenue improved by 93.0% to RM241.5 million for the current quarter as compared to RM125.1 million for the immediate preceding quarter. The Group recorded a 16.3% improvement in PBT of RM32.5 million for the current quarter as compared to the PBT of RM27.9 million for the immediate preceding quarter. The higher property development turnover for the current quarter was due to increased work progress of The Park Sky Residence and The Park 2 Residence in Bukit Jalil. The lower property development PBT for the current quarter was due to the group gain of RM23.8 million on revocation of joint development agreement of a subsidiary, Silver Setup Sdn Bhd which was completed during the preceding quarter. The construction division also recorded higher contributions arising from higher progress billings from its projects during the current quarter as compared to the immediate preceding quarter.

3 Prospects for the next Financial Year Ending 30 June 2018

The Malaysian real GDP expanded by 5.9% in the fourth quarter of 2017 as compared to 6.2% recorded in the third quarter of 2017 driven mainly by private sector demand with support from the external sector.

The Malaysian economy is expected to expand by 5.2-5.7% in 2018 with domestic demand remaining as the key driver of growth and exports are expected to benefit from the favourable global demand conditions.

In the meantime, the on-going development projects of the Group namely, The Park Sky Residence and The Park 2 Residence in Bukit Jalil and Rapid City Centre in Johor, with a total unbilled sales of RM1.1 billion as of 31 December 2017 together with the on-going construction contracts in hand and in particular Pavilion Damansara Heights and Royale Pavilion Hotel projects, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2018.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2018.

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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 | Preceding Year Corresponding Quarter | Current Year To-Date | Preceding Year Corresponding Year To-Date |
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
| Current taxation | 7,736 | 3,369 | 11,144 | 9,382 |
| Under provision in prior year | 895 | - | 895 | - |
| Deferred taxation | (212) | (2,397) | (1,462) | (4,771) |
| | <u>8,419</u> | <u>972</u> | <u>10,577</u> | <u>4,611</u> |

The effective tax rate for the current year to-date (before share of results of associated companies) is lower than the statutory tax rate due to group gain on revocation that is not taxable at group level.

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

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

7 Purchases or Disposals of Quoted Securities

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

8 Status of Corporate Proposals

There was no outstanding corporate proposal for the Group.

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9 Borrowings and Debt Securities

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

| | As at 31 December 2017 | | |
|------------------------------|-------------------------------|-------------------|----------------|
| | Long-term | Short-term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Term Loans | 54,497 | 168,987 | 223,484 |
| Revolving Credits | 32,515 | 114,309 | 146,824 |
| Bridging Loans | - | - | - |
| Redeemable Preference Shares | 3,000 | - | 3,000 |
| Bank Overdrafts | - | 16,563 | 16,563 |
| Hire Purchase Payables | 3,727 | 2,786 | 6,513 |
| | <u>93,739</u> | <u>302,645</u> | <u>396,384</u> |
| Unsecured | | | |
| Revolving credit | - | 110,000 | 110,000 |
| | <u>93,739</u> | <u>412,645</u> | <u>506,384</u> |

| | As at 31 December 2016 | | |
|------------------------------|-------------------------------|-------------------|----------------|
| | Long-term | Short-term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Term Loans | 37,732 | 32,084 | 69,816 |
| Revolving Credits | 195,724 | 132,706 | 328,430 |
| Revolving Credits | 8,311 | 95,089 | 103,400 |
| Bridging Loans | 50,982 | - | 50,982 |
| Redeemable Preference Shares | 3,000 | - | 3,000 |
| Bank Overdrafts | - | 27,028 | 27,028 |
| Hire Purchase Payables | 4,478 | 1,790 | 6,268 |
| | <u>300,227</u> | <u>288,697</u> | <u>588,924</u> |
| Unsecured | | | |
| Revolving credit | - | 30,000 | 30,000 |
| | <u>300,227</u> | <u>318,697</u> | <u>618,924</u> |

All borrowings are denominated in Ringgit Malaysia.

10 Material Litigation

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

11 Dividend

No interim dividend has been recommended for the financial quarter ended 31 December 2017.

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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 RM24,201,000 and RM50,130,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period ended 31 December 2017.

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 RM24,201,000 and RM50,130,000 respectively and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the quarter and financial period ended 31 December 2017 and the effects of unexercised Warrants and ESOS options.

| | Individual Quarter | | Cumulative Quarter | |
|---|----------------------------------|---|---------------------------------------|---|
| | Current Quarter 31.12.2017 | Preceding Year Corresponding Qtr 31.12.2016 | Current Year To Date 31.12.2017 | Preceding Year to Date 31.12.2016 |
| (a) Basic EPS | | | | |
| Profit attributable to owners of the Company (RM’000) | 24,201 | 4,166 | 50,130 | 10,425 |
| Weighted average number of shares in issue (’000) | 527,939 | 448,416 | 527,874 | 448,416 |
| Basic earnings per share (sen) | 4.59 | 0.92 | 9.50 | 2.31 |
| (b) Diluted EPS | | | | |
| Profit attributable to owners of the Company (RM’000) | 24,201 | 4,166 | 50,130 | 10,425 |
| Effects on earnings upon conversion of RCSLS (RM’000) | - | 805 | - | 1,610 |
| | <u>24,201</u> | <u>4,971</u> | <u>50,130</u> | <u>12,035</u> |
| Weighted average number of shares in issue (’000) | 527,939 | 448,416 | 527,874 | 448,416 |
| Effects of Warrants | 11,054 | - | 16,127 | - |
| Effects of RCSLS | - | 70,586 | - | 70,586 |
| Effects of unexercised ESOS | <u>1,246</u> | <u>-</u> | <u>1,363</u> | <u>-</u> |
| Adjusted weighted average number of shares in issue and issuable (’000) | <u>540,239</u> | <u>519,002</u> | <u>545,364</u> | <u>519,002</u> |
| Diluted earnings per share (sen) | 4.48 | 0.96 | 9.19 | 2.32 |

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13 Profit Before Tax

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

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-------------------|---------------------------|--------------|
| | Current Quarter | Preceding Year | Current Year | Preceding |
| | 31.12.2017 | Corresponding Qtr | To Date | Year to Date |
| | RM'000 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| After charging: | | | | |
| Interest expense | 3,945 | 4,160 | 7,794 | 8,214 |
| Depreciation and Amortization | 1,034 | 940 | 2,005 | 1,806 |
| loss on disposal of property, plant and Equipment | - | 418 | - | 418 |
| After crediting: | | | | |
| Reversal of impairment loss of inventories | 6,111 | 3,399 | 6,111 | 3,399 |
| Gain on revocation of joint development agreement of a subsidiary | - | - | 23,808 | - |
| Interest income | 1,735 | 1,539 | 3,434 | 2,988 |
| Gain on disposal of property, plant and Equipment | 45 | - | 106 | - |
| Other income | 1,139 | (327) | 2,338 | 1,921 |
| Distribution income from short term funds | 40 | 20 | 55 | 31 |

There were no other provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, foreign exchange gain or loss, gain or loss on derivatives and exceptional items for the current quarter under review and financial period ended 31 December 2017.

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14 Realised and Unrealised Retained Earnings

| | As at 31.12.2017 RM'000 | As at 30.9.2017 RM'000 |
|---|-------------------------------|------------------------------|
| Total share of retained earnings: | | |
| Company and subsidiaries | | |
| -realised | 588,165 | 584,929 |
| -unrealised | 3,683 | 3,475 |
| | <u>591,848</u> | <u>588,404</u> |
| Associated companies | | |
| -realised | 10,152 | 2,095 |
| -unrealised | 23 | 23 |
| | <u>10,175</u> | <u>2,118</u> |
| Less: Consolidation adjustments | <u>(247,027)</u> | <u>(246,527)</u> |
| Total group retained earnings as per unaudited consolidated financial statements | <u>354,996</u> | <u>343,995</u> |