Malton Berhad

(Company No: 320888-T)

INTERIM FINANCIAL REPORT
30 JUNE 2018

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 30 JUNE 2018

MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND YEAR ENDED 30 JUNE 2018
(These figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.6.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2017 RM'000	CURRENT YEAR TO DATE 30.6.2018 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.6.2017 RM'000
Revenue	274,555	348,358	818,773	830,739
Operating Expenses	(255,864)	(253,410)	(767,876)	(709,974)
Other Operating Income	2,359	37	41,295	10,338
Finance Costs	(743)	(3,134)	(12,702)	(16,257)
Share in Results of Associated Companies	(3,724)	304	3,538	(181)
Profit before Taxation	16,583	92,155	83,028	114,665
Taxation	(16,437)	(43,151)	(27,379)	(51,484)
Net Profit for the Period	146	49,004	55,649	63,181
Other Comprehensive Income				
Change in fair value of available-for-sale financial assets	1	-	(5)	(1)
	147	49,004	55,644	63,180
Attributable to:				
Owners of the Company	399	48,939	56,482	63,287
Non-Controlling Interests	(253)	65	(833)	(106)
Net Profit for the Period	146	49,004	55,649	63,181
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	0.08	9.49	10.70	13.59
Fully Diluted	0.08	8.36	10.68	13.53

(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 30.6.2018 RM'000	Audited As At 30.06.2017 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	15,226	12,339
Investment Properties	177,988	145,679
Land held for Property Development	31,457	78,888
Investment in Associated Companies	5,770	2,232
Other Investments	245	245
Deferred Tax Assets	7,359	4,253
	238,045	243,636
Current Assets		
Property Development Costs	1,687,794	1,467,117
Inventories	125,707	97,615
Trade Receivables	197,327	164,393
Accrued Billings	63,331	173,487
Amount due from contract customers	38,553	12,558
Other Receivables and Prepaid Expenses	123,430	352,801
Tax recoverable	1,282	231
Short term funds	1,566	1,530
Fixed Deposits with Licensed Banks	38,730	9,915
Cash and Bank Balances	122,728	73,033
	2,400,448	2,352,680
TOTAL ASSETS	2,638,493	2,596,316
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	528,552	528,176
Other Reserves	3,263	23,900
Retained Earnings	381,894	318,066
	913,709	870,142
Non-Controlling Interests	135,167	179,505
Total Equity	1,048,876	1,049,647
Non-Current Liabilities		
Other payables	85,567	170,202
Redeemable Preference Shares	3,000	3,000
Bank Borrowings	101,070	107,373
Hire-Purchase Payables	2,427	3,737
Deferred Tax Liabilities	62,450	62,450
	254,514	346,762
Current Liabilities		
Trade Payables	521,799	415,529
Advance Billings	261	8,466
Other Payables and Accrued Expenses	366,299	253,358
Bank Borrowings	429,116	484,640
Hire-Purchase Payables	2,728	2,162
Tax Liabilities	14,900	35,752
	1,335,103	1,199,907
TOTAL EQUITY AND LIABILITIES	2,638,493	2,596,316
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	1.73	1.65

(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 YEAR ENDED 30 JUNE 2018
(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
Share option granted under Employee Shares Opion Schemes ("ESOS")	-	-	-	-	-	-	3,805	-	-	3,805
Issurance of shares:										
Conversion of RCSLS	68,490	(2,887)	-	-	-	-	-	1,465	-	67,068
- Employees' Share Option Scheme ('ESOS")	11,264	-	-	-	-	-	(2,567)	-	-	8,697
Transfer arising from "no-par-value" regima	6	-	(6)	-	-	-	-	-	-	-
Dividends to equity holders of the Company	-	-	-	-	-	-	-	(11,211)	-	(11,211)
Acquisition of additional interests in an existing subsidiary company	-	-	-	-	-	-	-	-	2,401	2,401
Redemption of redeemable preferenace shares	-	-	-	-	-	-	-	-	(9,900)	(9,900)
Total comprehensive income	-		-	(1)	-	-	-	63,287	(106)	63,180
Balance as at 30.6.2017	528,176	-	-	51	20,546	2,065	1,238	318,066	179,505	1,049,647
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")	290	-	-	-	-	-	-	-	-	290
- Transfer arising from ESOS exercised	86	-	-	-	-	-	(86)	-	-	-
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(43,505)	(43,505)
Transfer to retained earnings upon expiry of warrants	-	-	-	-	(20,546)	-	-	20,546	-	-
Dividends to equity holders of the Company	-	-	-	-	-	-	-	(13,200)	-	(13,200)
Total comprehensive income	-	-	-	(5)	-	-	-	56,482	(833)	55,644
Balance as at 30.6.2018	528,552	-	-	46	-	2,065	1,152	381,894	135,167	1,048,876

(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 YEAR ENDED 30 JUNE 2018
(These figures have not been audited)

	30.6.2018 RM'000	30.6.2017 RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	83,028	114,665
Adjustments for :		
Finance costs	12,702	16,257
Share in results of associated companies	(3,538)	181
Depreciation of property, plant & equipment	4,272	3,632
Allowance for doubful debts	-	3,095
Inventories written down	-	2,755
Write-offs of:		
Property, plant & equipment	6	-
Receivables	-	53
Reversal of impairment loss of inventories	(6,112)	-
Share options granted under ESOS	-	3,805
Loss on fair value adjustment of investment properties	-	931
Distribution income on short term funds	(82)	(57)
(Gain)/Loss on disposal of property, plant & equipment	(138)	411
Interest income	(5,330)	(3,133)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	84,808	142,595
CHANGES IN WORKING CAPITAL		
(Increase)/Decrease:		
Property development - current portion	(198,853)	(291,470)
Inventories	(21,980)	38,594
Receivables	193,374	(45,082)
Accrued billings	110,156	(148,289)
Amount owing by contract customers	(25,995)	(11,442)
Increase/(Decrease) in:		
Payables	134,577	317,316
(Accrued)/advance billing	(8,205)	1,359
CASH FROM OPERATIONS	267,882	3,581
Income tax paid net of refund	(52,388)	(31,737)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	215,494	(28,156)
INVESTING ACTIVITIES		
Interest received	5,690	3,133
Distribution income from short term funds received	82	57
(Increase)/Decrease in:		
Property development - non-current portion	34,586	(8,794)
Redemption of units/shares for short term funds	(5)	-
Short term funds	(36)	(109)
Additional of Investment properties	(32,309)	(31,840)
Redemption of redeemable preference shares from non-controlling interests	(43,505)	(9,900)
Proceeds from disposal of property, plant & equipment	145	44
Proceeds from issuance of additional shares of a subsidiary company to non-controllng interest	-	2,401
(Placement)/Withdrawal of fixed deposit	(28,815)	(5,823)
Addition to property, plant & equipment	(5,324)	(1,397)
NET CASH USED IN INVESTING ACTIVITIES	(69,491)	(52,228)
FINANCING ACTIVITIES		
Finance costs paid	(18,978)	(34,044)
Proceeds from long-term loan	227,310	345,053
Withdrawal of RCSLS Debts Service Reserve and Disbursements Accounts	-	28,201
Redemption of redeemable convertible secured loan stocks	-	(27,762)
Dividends paid	(13,200)	(11,211)
Repayment of borrowings	(282,427)	(229,124)
Repayment of hire purchase payables	(2,593)	(1,926)
Proceeds from exercise of share options	290	8,697
NET CASH FROM FINANCING ACTIVITIES	(89,598)	77,884
Net increase/(decrease) in cash and cash equivalents	56,405	(2,500)
Cash and cash equivalents at the beginning of the year	44,978	47,478
Cash and cash equivalents at the end of the year	101,383	44,978
Cash and cash equivalents comprise the followings :		
Fixed deposits net of amounts pledged	-	-
Cash and bank balances	122,728	73,033
Bank overdrafts	(21,345)	(28,055)
	101,383	44,978

(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 attachec to the interim financial statements)

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.

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.

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.

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 30 June 2018:

During the quarter, the Company issued 200 new ordinary shares pursuant to the exercise of 200 Warrants 2011/2018.

Accordingly, the issued and paid-up shares of the Company has increased from 528,140,341 ordinary shares to 528,140,541 ordinary shares as at 30 June 2018.

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 June 2018.

8 Segmental Reporting

a) Analysis by business segments for the year ended 30 June 2018:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	419,418	11,991	385,779	1,585		818,773
Internal Sales	-	-	307,386	32,446	(339,832)	-
	419,418	11,991	693,165	34,031	(339,832)	818,773
Results						
Segmental operating profit/(loss)	22,999	6,926	33,833	8,989	14,033	86,780
Interest and distribution income						5,412
Profit from operations						92,192
Finance costs						(12,702)
Share in results of associated companies						3,538
Profit before tax						83,028
Income tax expense						(27,379)
Net profit for the year						55,649

b) Analysis by business segments for the year ended 30 June 2017:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	550,904	69,289	209,386	1,160		830,739
Internal Sales	-	-	364,228	51,570	(415,798)	-
	550,904	69,289	573,614	52,730	(415,798)	830,739
Results						
Segmental operating profit/(loss)	73,901	15,388	37,982	14,389	(13,747)	127,913
Interest and distribution income						3,190
Profit from operations						131,103
Finance costs						(16,257)
Share in results of associated companies						(181)
Profit before tax						114,665
Income tax expense						(51,484)
Net profit for the year						63,181

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 30 June 2018 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 30.6.2018 RM'000	As at 30.6.2017 RM'000
Approved and contracted for		
- Construction of investment property	3,167	28,733

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 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year To-Date 30.6.2018 RM'000	Preceding Year Corresponding Year To-Date 30.6.2017 RM'000
Progress billings received/Receivable:				
Impian Ekspresi Sdn Bhd	46,660	37,160	170,639	61,478
Harmoni Perkasa Sdn Bhd	18,768	16,590	47,611	61,372
Rental paid/payable to:				
Pavilion REIT #	611	744	3,071	3,017
Directors of the Company	96	-	304	-
Purchase of gifts and hampers:				
Crabtree & Evelyn (Malaysia) Sdn Bhd	60	-	148	258
Sale of properties to certain directors and family members of certain directors of the Company	-	29,614	3,976	29,614

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

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

1 Review of Performance

	Individual Quarter		Change %	Cumulative Quarter		Change %
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000		Current Year To-Date 30.6.2018 RM'000	Preceding Year Corresponding Year To-Date 30.6.2017 RM'000	
Revenue						
Property development	128,417	231,839		419,418	550,904	
Completed properties	1,052	28,761		11,991	69,289	
Sub-Total	129,469	260,600	(50.3)	431,409	620,193	(30.4)
Construction	144,693	87,309	65.7	385,779	209,386	84.2
Others	393	449	(12.5)	1,585	1,160	36.6
Total	274,555	348,358	(21.2)	818,773	830,739	(1.4)
Profit Before Tax ("PBT")						
Property development	1,791	45,218		36,065	63,416	
Completed properties	182	5,669		7,060	9,778	
Sub-Total	1,973	50,887	(96.1)	43,125	73,194	(41.1)
Construction	18,601	27,815	(33.1)	48,617	50,868	(4.4)
Others	(3,991)	13,453		(8,714)	(9,397)	7.3
Total	16,583	92,155	(82.0)	83,028	114,665	(27.6)

The Group's revenue for the current quarter declined by 21.2% to RM274.6 million as compared to RM348.4 million reported in the previous corresponding quarter while PBT for the current quarter declined by 82.0% to RM16.6 million as compared to RM92.2 million reported in the previous corresponding quarter.

The Group's revenue for the current financial year declined marginally by 1.4% to RM818.8 million as compared to RM830.7 million reported in the previous corresponding financial year, attributed to lower property turnover although construction turnover saw an improvement in current financial year as compared to previous corresponding financial year. PBT for the current financial year declined by 27.6% to RM83.0 million as compared to RM114.7 million reported in the previous corresponding financial year with the lower contribution from the property division and lower margins recorded by the construction division.

Property Development

Revenue and PBT from the property development division declined by 50.3% and 96.1% respectively during the current quarter as compared to the previous corresponding quarter due to completion of Bukit Jalil City Signature Shops in May 2017 and SK One Residence in August 2017 and lower revenue from sale of completed properties in current quarter as compared to much higher recognition of revenue upon completion and sale of remaining units of Bukit Jalil City Signature Shops in previous corresponding quarter.

Revenue and PBT from the property development division declined by 30.4% and 41.1% during the current financial year as compared to the previous corresponding financial year due to completion of Bukit Jalil City Signature Shops in May 2017 and SK One Residence in August 2017, the initial recognition of revenue and lower PBT from The Park 2 Residence in Bukit Jalil City, higher marketing costs of Duta Park Residence @ Jalan Kuching which was launched in May 2018 and initial costs incurred for projects to be launched. The lower PBT was also due to higher material and labour costs for The Park Sky Residence at Bukit Jalil. The PBT for current financial year includes a one-off 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 and a reversal of impairment loss of inventories of RM6.1 million.

Construction

Revenue from construction division improved by 65.7% in the current quarter as compared to the previous corresponding quarter due to higher work progress during the current quarter and commencement of works of new projects. However, PBT from construction division declined by 33.1% in the current quarter as compared to the previous corresponding quarter as a result of higher material, labour and operating costs.

Revenue from construction division improved by 84.2% in the current financial year as compared to the previous corresponding financial year due to commencement of new external projects in the current financial year. However, PBT declined by 4.4% in the current financial year as compared to the previous corresponding financial year as a result of higher material, labour and operating costs in the current financial year and greater effects of cost savings and value engineering undertaken by the division in previous financial year as compared to current financial year.

Share of Results of Associated Companies

The share of results of associated companies during the quarter showed a loss of RM3.7 million in the current quarter as compared to a gain of RM0.3 million in the previous corresponding quarter due to loss on fair value adjustment and higher expenses incurred during the current quarter.

The share of results of associated companies showed a gain of RM3.5 million in the current financial year as compared to a loss of RM0.2 million in the previous corresponding financial year as a result of distribution of income upon liquidation of its investment upon completion of the project during the current financial year.

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

	Current Quarter 30.6.2018 RM'000	Immediate Preceding Quarter 31.3.2018 RM'000	Change %
Revenue			
Property development	128,417	88,446	
Completed properties	1,052	-	
Sub-Total	129,469	88,446	46.4
Construction	144,693	88,754	63.0
Others	393	397	(1.0)
Total	274,555	177,597	54.6
Profit Before Tax ("PBT")			
Property development	1,791	(969)	
Completed properties	182	(207)	
Sub-Total	1,973	(1,176)	
Construction	18,601	11,686	59.2
Others	(3,991)	(4,458)	10.5
Total	16,583	6,052	174.0

The Group's revenue improved by 54.6% to RM274.6 million for the current quarter as compared to RM177.6 million for the immediate preceding quarter. The Group recorded a 174.0% improvement in PBT of RM16.6 million for the current quarter as compared to the PBT of RM6.1 million for the immediate preceding quarter. The higher turnover for the current quarter was due to higher billings from The Park Sky Residence in Bukit Jalil under the property development division. The construction division also recorded higher contributions arising from higher progress billings from its projects.

3 Prospects for the next Financial Year Ending 30 June 2019

The Malaysian real GDP expanded by 4.5% in the second quarter of 2018 as compared to 5.4% recorded in the first quarter of 2018 with private sector activity continue to be the primary driver of growth.

The Malaysian economy is expected to remain on a steady growth path with domestic demand remaining as the key driver of growth.

In the meantime, the on-going development projects of the Group namely, The Park Sky Residence and The Park 2 Residence in Bukit Jalil, Duta Park Residence @ Jalan Kuching and Rapid City Centre in Johor, with a total unbilled sales of RM1.03 billion as of 30 June 2018 together with the on-going construction contracts in hand and in particular Pavilion Damansara Heights, The Pavilion hotel, Pavilion Ceylon Hill and Pavilion Embassy projects, will continue to contribute positively to the earnings of the Group for the financial year ending 30 June 2019.

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

4 Profit Forecast or Profit Guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee.

5 Taxation

Details of taxation are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2018 RM'000	Preceding Year Corresponding Quarter 30.6.2017 RM'000	Current Year To-Date 30.6.2018 RM'000	Preceding Year Corresponding Year To-Date 30.6.2017 RM'000
Current taxation	7,355	32,712	27,939	48,451
Under/(Over) provision in prior year	7,785	1,818	2,546	(343)
Deferred taxation	1,297	8,621	(3,106)	3,376
	16,437	43,151	27,379	51,484

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

There was no outstanding corporate proposal for the Group except as follows:

On 8 August 2018, Pioneer Haven Sdn Bhd, a wholly-owned subsidiary of Malton, had formally invited Pavilion Real Estate Investment Trust ("Pavilion REIT") to participate in the ownership of an on-going development comprising one block of retail mall with five (5) levels of retail spaces and two (2) levels of basement parking to be provisionally known as Pavilion Bukit Jalil.

Pavilion REIT had on 13 August 2018 accepted the Offer and both parties shall enter into a non-disclosure agreement to commence due diligence, discussions on method of participation and negotiate relevant terms and conditions.

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:

	As at 30 June 2018		
	Long-term	**Short-term**	**Total**
Secured	**RM'000**	**RM'000**	**RM'000**
Term loans	101,070	140,140	241,210
Revolving credits	-	102,607	102,607
Bridging loans	-	10,000	10,000
Redeemable preference shares	3,000	-	3,000
Trade facilities	-	35,024	35,024
Bank overdrafts	-	21,345	21,345
Hire-purchase payables	2,427	2,728	5,155
	106,497	311,844	418,341
Unsecured			
Revolving credit	-	120,000	120,000
	106,497	431,844	538,341

	As at 30 June 2017		
	Long-term	**Short-term**	**Total**
Secured	**RM'000**	**RM'000**	**RM'000**
Term loans	52,539	283,707	336,246
Revolving credits	10,271	99,593	109,864
Bridging loans	44,563	-	44,563
Redeemable preference shares	3,000	-	3,000
Trade facilities	-	13,285	13,285
Bank overdrafts	-	28,055	28,055
Hire-purchase payables	3,737	2,162	5,899
	114,110	426,802	540,912
Unsecured			
Revolving credit	-	60,000	60,000
	114,110	486,802	600,912

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 30 June 2018.

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 equity holders of the Company of RM399,000 and RM56,482,000 respectively and on the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial year ended 30 June 2018.

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 RM399,000 and RM56,482,000 respectively and on the weighted average number of ordinary shares in issue and issuable and ranking for dividend during the quarter and financial year ended 30 June 2018 and the effects of unexercised ESOS options.

	Individual Quarter		**Cumulative Quarter**	
(a) Basic EPS	Current Quarter 30.6.2018	Preceding Year Corresponding Qtr 30.6.2017	Current Year To Date 30.6.2018	Preceding Year to Date 30.6.2017
Profit attributable to equity holders of the Company (RM'000)	399	48,939	56,482	63,287
Weighted average number of shares in issue ('000)	528,140	515,840	528,000	465,845
Basic earnings per share (sen)	0.08	9.49	10.70	13.59
(b) Diluted EPS	Current Quarter 30.6.2018	Preceding Year Corresponding Qtr 30.6.2017	Current Year To Date 30.6.2018	Preceding Year to Date 30.6.2017
Profit attributable to equity holders of the Company (RM'000)	399	48,939	56,482	63,287
Weighted average number of shares in issue ('000)	528,140	515,840	528,000	465,845
Effects of Warrants	-	66,463	-	-
Effects of unexercised ESOS	-	3,405	805	1,760
Adjusted weighted average number of shares in issue and issuable ('000)	528,140	585,708	528,805	467,605
Diluted earnings per share (sen)	0.08	8.36	10.68	13.53

13 Profit Before Tax

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

	Individual Quarter		**Cumulative Quarter**	
After charging:	Current Quarter 30.6.2018 RM'000	Preceding Year Corresponding Qtr 30.6.2017 RM'000	Current Year To Date 30.6.2018 RM'000	Preceding Year to Date 30.6.2017 RM'000
Interest expense	743	4,425	12,702	16,257
Depreciation and amortization	1,190	917	4,272	3,632
Allowance for doubtful debts	-	3,095	-	3,095
Loss on disposal of property, plant and equipment	-	-	-	411
Impairment loss on:				
Inventories	-	2,755	-	2,755
Investment properties	-	931	-	931
After crediting:				
Interest income	786	(583)	5,330	3,133
Reversal of impairment loss of inventories	-	-	6,112	-
Gain on revocation of joint development agreement of a subsidiary	-	-	23,808	-
Gain on disposal of property, plant and equipment	32	-	138	-
Other income	1,528	608	5,825	7,148
Distribution income from short term funds	13	12	82	57

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 year ended 30 June 2018.

14 Realised and Unrealised Retained Earnings

	As at 30.6.2018 RM'000	As at 31.3.2018 RM'000
Total share of retained earnings:		
Company and subsidiaries		
-realised	622,170	594,592
-unrealised	5,345	6,624
	627,515	601,216
Associated companies		
-realised	5,747	9,471
-unrealised	23	23
	5,770	9,494
Less: Consolidation adjustments	(251,391)	(249,761)
Total group retained earnings as per unaudited consolidated financial statements	381,894	360,949