



Malton Berhad

Registration No: 199401035205 (320888-T)

**INTERIM FINANCIAL REPORT**  
**31 DECEMBER 2020**

# MALTON BERHAD

Registration No: 199401035205 (320888-T)

## Interim Financial Report – 31 DECEMBER 2020

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## MALTON BERHAD

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND PERIOD ENDED 31 DECEMBER 2020  
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2019 RM'000	CURRENT YEAR TO DATE 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31.12.2019 RM'000
Revenue	216,987	701,865	476,060	817,783
Operating expenses	(210,035)	(680,951)	(463,237)	(786,334)
Other operating income	6,384	2,491	8,797	6,764
Finance costs	(9,599)	(9,606)	(15,363)	(20,979)
Share in results of joint ventures	-	(578)	-	(578)
Profit before tax	3,737	13,221	6,257	16,656
Income tax expense	(1,700)	(5,213)	(3,198)	(7,451)
Net profit for the period	2,037	8,008	3,059	9,205
<b>Other comprehensive income</b>				
Net changed in fair value of available-for-sale financial assets	-	-	-	-
	2,037	8,008	3,059	9,205
<b>Attributable to:</b>				
Owners of the Company	2,166	8,125	3,290	9,434
Non-controlling interests	(129)	(117)	(231)	(229)
Net profit for the period	2,037	8,008	3,059	9,205
<b>Earnings per Share Attributable to Equity Holders of the Company (Sen)</b>				
Basic	0.41	1.54	0.62	1.79
Fully Diluted	0.41	1.54	0.62	1.79

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

# MALTON BERHAD

Registration No: 199401035205 (320888-T)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.12.2020 RM'000	Audited As At 30.06.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,290	38,078
Right-of-use-assets	7,457	9,544
Investment properties	174,314	169,425
Land held for property development	672,775	670,052
Investment in associated companies	-	-
Investment in joint ventures	-	-
Other investments	160,225	129,054
Deferred tax assets	25,233	22,762
<b>Total non-current assets</b>	<u>1,076,294</u>	<u>1,038,915</u>
<b>Current assets</b>		
Property development costs	343,170	506,453
Inventories	161,189	170,179
Trade receivables	157,167	154,331
Other receivables and prepaid expenses	56,286	47,230
Contract assets	299,064	275,037
Amount owing by joint ventures	160	5,444
Tax recoverable	485	126
Short-term funds	496	489
Fixed deposits with licensed banks	29,972	33,458
Cash and bank balances	120,549	149,256
<b>Total current assets</b>	<u>1,168,538</u>	<u>1,342,003</u>
<b>Total assets</b>	<u>2,244,832</u>	<u>2,380,918</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	528,552	528,552
Other reserves	3,218	3,218
Retained earnings	396,221	392,931
	<u>927,991</u>	<u>924,701</u>
Non-controlling Interests	19,236	19,467
<b>Total equity</b>	<u>947,227</u>	<u>944,168</u>
<b>Non-current liabilities</b>		
Other payables	202	5,227
Redeemable preference shares	21,884	17,818
Bank borrowings - non-current portion	76,910	66,307
Hire-purchase payables - non-current portion	1,033	743
Lease liabilities - non-current portion	6,018	6,020
Deferred tax liabilities	57,892	57,894
<b>Total non-current liabilities</b>	<u>163,939</u>	<u>154,009</u>
<b>Current liabilities</b>		
Trade payables	436,813	561,885
Other payables and accrued expenses	216,697	268,797
Contract liabilities	16,745	4,478
Bank borrowings - current portion	444,628	425,054
Hire-purchase payables - current portion	832	1,245
Lease liabilities - current portion	1,752	3,739
Tax liabilities	16,199	17,543
<b>Total current liabilities</b>	<u>1,133,666</u>	<u>1,282,741</u>
<b>Total liabilities</b>	<u>1,297,605</u>	<u>1,436,750</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,244,832</u>	<u>2,380,918</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<u>1.76</u>	<u>1.75</u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**MALTON BERHAD**

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020  
(These figures have not been audited)**

	Non-distributable reserves			Distributable reserves	Non-Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000		
<b>Balance as at 1.7.2019</b>	528,552	2,065	1,153	382,766	132,343	1,046,879
Redemption of redeemable preference shares	-	-	-	-	(85,498)	(85,498)
Total comprehensive income/(loss) for the period	-	-	-	9,434	(229)	9,205
Dividend to equity holders of the Company	-	-	-	(7,922)	-	(7,922)
<b>Balance as at 31.12.2019</b>	<u>528,552</u>	<u>2,065</u>	<u>1,153</u>	<u>384,278</u>	<u>46,616</u>	<u>962,664</u>
<b>Balance as at 1.7.2020</b>	528,552	2,065	1,153	392,931	19,467	944,168
Total comprehensive income/(loss) for the period	-	-	-	3,290	(231)	3,059
<b>Balance as at 31.12.2020</b>	<u>528,552</u>	<u>2,065</u>	<u>1,153</u>	<u>396,221</u>	<u>19,236</u>	<u>947,227</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 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**MALTON BERHAD**

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(These figures have not been audited)

	31.12.2020 RM'000	31.12.2019 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Profit before Taxation	6,257	16,656
Adjustments for :		
Finance costs	15,363	20,979
Depreciation of:		
Property, plant & equipment	3,473	5,026
Right-of-use-assets	2,087	-
Reversal of allowance for impairment loss in:		
other receivables	(4,365)	-
Gain on disposal of property, plant and equipment	(170)	(30)
Share in results of joint ventures	-	578
Loss on fair value adjustments of investment in redeemable preference shares	1,213	-
Effect of dilution in investment in former subsidiary companies	-	(3,181)
Distribution income on short term funds	(8)	(8)
Interest income	(1,064)	(2,081)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>22,786</u>	<u>37,939</u>
<b>CHANGES IN WORKING CAPITAL</b>		
Decrease/(Increase) in:		
Property development costs - current portion	163,338	399,713
Inventories	8,990	11,185
Receivables	(7,531)	(130,658)
Contract assets	(13,076)	281,081
Amount due from joint ventures	5,289	-
(Decrease)/Increase in:		
Payables	(182,200)	(402,637)
Contract liabilities	1,314	428,947
<b>CASH (USED IN)/FROM OPERATIONS</b>	<u>(1,090)</u>	<u>625,570</u>
Income tax paid/refunded	(7,373)	(12,137)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<u>(8,463)</u>	<u>613,433</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	1,065	2,080
Distribution income on short-term funds received	8	8
Increase in land held for property development	(5,247)	(1,523)
Additions to short-term funds	(7)	(7)
Additions to Investment properties	(4,888)	(4,649)
Proceeds from disposal of property, plant & equipment	170	32
Withdrawal/(placement) of:		
Fixed deposit	11,111	(1,737)
Restricted cash at bank	(358)	6,184
Additions to property, plant & equipment	(1,079)	(2,016)
Additions to investment in redeemable preference shares	(32,384)	(98,377)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(31,609)</u>	<u>(100,005)</u>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(8,826)	(24,584)
Proceeds from bank borrowings	254,668	240,442
Dividends paid	-	(7,922)
Repayments of bank borrowings	(225,993)	(391,044)
Repayments of hire-purchase payables	(730)	(901)
Repayment of lease liabilities	(1,989)	-
Redemption of redeemable preference shares from non-controlling interests	-	(85,498)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>17,130</u>	<u>(269,507)</u>
Net (decrease)/increase in cash and cash equivalents	(22,942)	243,921
Cash and cash equivalents at the beginning of the period	134,580	74,239
Cash and cash equivalents at the end of the period	<u>111,638</u>	<u>318,160</u>
<b>Cash and cash equivalents comprise the followings :</b>		
Cash and bank balances	133,570	339,910
Bank overdrafts	(21,932)	(21,750)
	<u>111,638</u>	<u>318,160</u>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**MALTON BERHAD** [Registration No. 199401035205 (320888-T)]  
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1 Accounting Policies and Method of Computation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2020 which were prepared under Financial Reporting Standards.

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

The accounting policies and presentation adopted for this interim report are consistent with those adopted for audited financial statements for the financial year ended 30 June 2020, except for the adoption of the following MFRSs, amendments to MFRSs and IC Int. issued by MASB that are relevant to its operations and effective for annual financial periods beginning on or after 1 July 2020 as follows:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to Conceptual Framework in MFRS Standards	

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group.

**Standards and Amendments in issue but not yet effective**

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

MFRS 17	Insurance Contracts <sup>2</sup>
Amendments to MFRS 3	Reference to Conceptual Framework <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an investor and Associate or Joint Venture <sup>3</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

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

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

**MALTON BERHAD** [Registration No. 199401035205 (320888-T)]  
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

**2 Audit Report**

The auditors' report on preceding year's annual financial statements of the Company and of the Group was unmodified.

**3 Seasonal or Cyclical Factors**

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

**4 Unusual Items**

There were no material items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

**5 Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter results.

**6 Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 December 2020.

**7 Dividend Paid**

There were no dividends paid during the quarter ended 31 December 2020.

**MALTON BERHAD** [Registration No. 199401035205 (320888-T)]  
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

**8 Segmental Reporting**

a) Analysis by business segments for the period ended 31 December 2020:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>						
External Sales	376,009	12,848	84,532	2,671		476,060
Internal Sales	-	-	94,858	26,404	(121,262)	-
	<u>376,009</u>	<u>12,848</u>	<u>179,390</u>	<u>29,075</u>	<u>(121,262)</u>	<u>476,060</u>
<b>Results</b>						
Segmental operating profit/(loss)	<u>2,976</u>	<u>2,144</u>	<u>7,783</u>	<u>20,052</u>	<u>(12,407)</u>	20,548
Interest and distribution income						1,072
Profit from operations						21,620
Finance costs						(15,363)
Share in results of Joint venture						-
Profit before tax						6,257
Income tax expense						(3,198)
Net profit for the Period						<u>3,059</u>

b) Analysis by business segments for the period ended 31 December 2019:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>						
External Sales	746,957	13,709	55,848	1,269		817,783
Internal Sales	-	-	181,781	6,783	(188,564)	-
	<u>746,957</u>	<u>13,709</u>	<u>237,629</u>	<u>8,052</u>	<u>(188,564)</u>	<u>817,783</u>
<b>Results</b>						
Segmental operating profit/(loss)	<u>26,860</u>	<u>1,937</u>	<u>2,440</u>	<u>(3,357)</u>	<u>8,244</u>	36,124
Interest and distribution income						2,089
Profit from operations						38,213
Finance costs						(20,979)
Share in results of associated companies						(578)
Profit before tax						16,656
Income tax expense						(7,451)
Net profit for the Period						<u>9,205</u>

**MALTON BERHAD** [Registration No. 199401035205 (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 2020.

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

There were no material events subsequent to the current quarter ended 31 December 2020 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.

**MALTON BERHAD** [Registration No. 199401035205 (320888-T)]  
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
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**13 Significant Related Party Transactions**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Year To-Date
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Progress billings received/Receivable:</b>				
Impian Ekspresi Sdn Bhd*	31,012	20,795	55,266	52,338
Harmoni Perkasa Sdn Bhd*	-	11	-	494
<b>Rental received/receivable:</b>				
WCT Holdings Berhad*	98	98	196	164
Pavilion REIT Management Sdn Bhd #	98	98	196	164
<b>Progress billings paid/Payable:</b>				
SECG Bina Sdn Bhd@	1,021	2,983	1,078	6,322
<b>Management fees paid/payable:</b>				
Kuala Lumpur Pavilion Sdn Bhd^	29	28	58	57
<b>Rental paid/payable to:</b>				
Pavilion REIT #	706	836	1,412	1,606
Dream Domain Sdn Bhd^	34	48	68	96
Sale of property to directors and family members of directors of the Company	4,500	-	4,500	-

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

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

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

^ A company in which a director of the Company has direct financial interest.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND 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**

	<b>Individual Quarter</b>		<b>Change</b>	<b>Cumulative Quarter</b>		<b>Change</b>
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter	Corresponding Quarter		To-Date	Corresponding Year To-Date	
	31.12.2020	31.12.2019		31.12.2020	31.12.2019	
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>						
Property development	156,736	646,069		376,009	746,957	
Completed properties	9,890	13,709		12,848	13,709	
Sub-Total	166,626	659,778	(74.7)	388,857	760,666	(48.9)
Construction	48,967	41,367	18.4	84,532	55,848	51.4
Others	1,394	720	93.6	2,671	1,269	110.5
Total	216,987	701,865	(69.1)	476,060	817,783	(41.8)
<b>Profit Before Tax ("PBT")</b>						
Property development	871	9,455		3,025	11,986	
Completed properties	2,021	2,006		2,202	2,006	
Sub-Total	2,892	11,461	(74.8)	5,227	13,992	(62.4)
Construction	(2,146)	8,186		6,802	17,224	(60.5)
Others	2,991	(6,426)		(5,772)	(14,560)	60.4
Total	3,737	13,221	(71.7)	6,257	16,656	(62.4)

The Group's revenue for the current quarter decreased by 69.1% to RM217.0 million as compared to RM701.9 million reported in the preceding corresponding quarter while PBT for the current quarter decreased by 71.7% to RM3.7 million as compared to RM13.2 million reported in the preceding corresponding quarter. The lower PBT was due to recognition of revenue from Pavilion Bukit Jalil Mall with lower margins as compared with other property development mix.

**Property Development**

Revenue from the property development division decreased by 74.7% during the current quarter as compared to the preceding corresponding quarter due to lower billings from Pavilion Bukit Jalil Mall and The Park 2 Residence @ Bukit Jalil which are in advance stage of completion.

PBT from the property development division decreased by 74.8% to RM2.9 million for current quarter as compared to RM11.5 million attributed mainly to lower margins recorded in current quarter.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
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**Construction**

Revenue from construction division improved by 18.4% to RM49.0 million in the current quarter as compared to RM41.4 million recorded in the preceding corresponding quarter due to higher work progress of Pavilion Damansara Heights and Pavilion Ceylon Hill projects.

PBT for the current quarter recorded a loss of RM2.1 million as compared to a profit of RM8.2 million reported in the preceding corresponding quarter. The loss was due to projects with lower margins and higher carrying fixed costs coupled with additional costs incurred for site compliance as a result of the COVID-19 pandemic.

**Share of Results of Joint Ventures**

There was no share of results of Joint Ventures during the quarter as the Group is liable up to the cost of investments in the Joint Ventures. The joint ventures have not commenced commercial operations during the quarter.

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

	<b>Current Quarter 31.12.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.9.2020 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property development	156,736	219,273	
Completed properties	9,890	2,958	
Sub-Total	166,626	222,231	(25.0)
Construction	48,967	35,565	37.7
Others	1,394	1,277	9.2
Total	216,987	259,073	(16.2)
<b>Profit Before Tax ("PBT")</b>			
Property development	871	2,154	
Completed properties	2,021	181	
Sub-Total	2,892	2,335	23.9
Construction	(2,146)	8,948	
Others	2,991	(8,763)	
Total	3,737	2,520	48.3

The Group's revenue declined by 16.2% to RM217.0 million for the current quarter as compared to RM259.1 million for the immediate preceding quarter. The Group recorded a 48.3% improvement in PBT of RM3.7 million for the current quarter as compared to the PBT of RM2.5 million for the immediate preceding quarter. The lower turnover for the current quarter from property division was due to lower billings from Pavilion Bukit Jalil Mall and The Park 2 Residence @ Bukit Jalil. The construction division recorded losses despite higher progress billings due to current projects with lower margins and higher carrying fixed costs coupled with additional site expenses incurred to comply with standard operating procedures ("SOPs") as a result of COVID-19 pandemic.

**MALTON BERHAD** [Registration No. 199401035205 (320888-T)]  
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

**3 Prospects for the current Financial Year Ending 30 June 2021**

Malaysia’s economy contracted by 3.4% in the fourth quarter of 2020 as compared to contraction of 2.7% recorded in the third quarter of 2020 largely attributable to the imposition of Conditional Movement Control Order on a number of states since mid-October 2020.

The Malaysian economy is projected to improve from second quarter of 2021 onwards as economic activity is expected to gradually return to normal with the launching of the National COVID-19 Immunisation Programme. However, prospects of the property development and construction industries are expected to remain challenging. Several measures undertaken by the Government such as lowering of overnight policy rate, reintroduction of Home Ownership Campaign and exemption of real property gain tax for residential properties are expected to boost the property sector.

The on-going development projects of the Group namely, Pavilion Bukit Jalil Mall, The Park 2 Residence @ Bukit Jalil, Duta Park Residence @ Jalan Kuching, Rapid City Centre @ Johor, Villa 22 @ Bukit Rimau and BAC Tower with total unbilled sales of RM1.0 billion as of 31 December 2020 together with the on-going construction contracts in hand, will continue to contribute to the earnings of the Group for the financial year ending 30 June 2021.

The re-imposition of the Movement Control Order on 13 January 2021 due to rising cases of COVID-19 is expected to impact the results of the Group for the next quarter ending 31 March 2021 arising from lower projected new sales and delays in launching of new projects although construction progress of the Group’s property development and construction divisions is expected to improve. The Group has also undertaken cost reduction measures to mitigate the impact of COVID-19 pandemic. The Group is committed to strict compliance of the Government’s SOPs for all its worksite and premises under the “New Normal” of business operations.

**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 31.12.2020 RM’000	Preceding Year Corresponding Quarter 31.12.2019 RM’000	Current Year To-Date 31.12.2020 RM’000	Preceding Year Corresponding Year To-Date 31.12.2019 RM’000
Current taxation	1,700	6,513	5,598	11,451
Deferred taxation	-	(1,300)	(2,400)	(4,000)
	<u>1,700</u>	<u>5,213</u>	<u>3,198</u>	<u>7,451</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.

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**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.

**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:

	<b><u>As at 31 December 2020</u></b>		
	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term loans	7,998	6,019	14,017
Revolving credits	30,774	269,863	300,637
Bridging loans	38,138	13,920	52,058
Redeemable preference shares	21,884	-	21,884
Trade facilities	-	82,894	82,894
Bank overdrafts	-	21,932	21,932
Hire-purchase payables	1,033	832	1,865
	99,827	395,460	495,287
<b>Unsecured</b>			
Revolving credit	-	50,000	50,000
	99,827	445,460	545,287
	<b><u>As at 31 December 2019</u></b>		
	<b>Long-term</b>	<b>Short-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term loans	49,138	22,605	71,743
Revolving credits	46,915	295,950	342,865
Bridging loans	8,595	5,867	14,462
Redeemable preference shares	3,000	-	3,000
Trade facilities	-	51,600	51,600
Bank overdrafts	-	21,750	21,750
Hire-purchase payables	1,608	1,265	2,873
	109,256	399,037	508,293
<b>Unsecured</b>			
Revolving credit	-	50,000	50,000
	109,256	449,037	558,293

All borrowings are denominated in Ringgit Malaysia.

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**10 Material Litigation**

Save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board has no knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any fact likely to give rise to any proceeding which may materially affect the financial position of the Malton Group:

In connection with the joint venture agreement dated 7 April 2014 between Yayasan Wilayah Persekutuan (“YWP”) and Memang Perkasa Sdn Bhd (“MPSB”), a 51% owned subsidiary of the Company for the proposed development of a 12 acre leasehold land located in Taman Tun Dr Ismail, Kuala Lumpur (“Land”), Perbadanan Pengurusan Trellises and 9 Others had on 11 August 2017, filed a Judicial Review proceeding against Datuk Bandar Kuala Lumpur and Dewan Bandaraya Kuala Lumpur (“DBKL”) for the following Orders:-

- (i) An Order of Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant a conditional planning approval dated 28 February 2017 for the proposed development on the Land;
- (ii) An Order for Certiorari to quash the decision of Datuk Bandar Kuala Lumpur to grant the development order dated 13 July 2017 in relation to the proposed development mentioned in paragraph (i) above; and
- (iii) An Order on Mandamus for the Datuk Bandar Kuala Lumpur to adopt the draft Kuala Lumpur local plan 2020 and publish the said adoption in the gazette pursuant to Section 16 of the Federal Territory (Planning Act) 1982.

On 15 November 2017, the Kuala Lumpur High Court allowed YWP and MPSB’s application to intervene and be added as the 3rd and 4th Respondents in the Judicial Review proceeding.

Subsequently, the Applicants withdrew their claim against DBKL.

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

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

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

On 23 February 2021, MPSB filed a Notice of Motion for Leave to Appeal to the Federal Court. The Federal Court fixed the Notice of Motion for Leave to Appeal to the Federal Court for Case Management on 25 March 2021 by way of e-review.

**11 Dividend**

No interim dividend has been recommended for the financial quarter ended 31 December 2020.

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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 equity holders of the Company of RM2,166,000 and RM3,290,000 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 2020.

**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 RM2,166,000 and RM3,290,000 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 2020 and the effects of unexercised ESOS options.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2020	Preceding Year Corresponding Qtr 31.12.2019	Current Year To Date 31.12.2020	Preceding Year to Date 31.12.2019
Profit attributable to equity holders of the Company (RM’000)	2,166	8,125	3,290	9,434
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Basic earnings per share (sen)	0.41	1.54	0.62	1.79
 (b) Diluted EPS	 Current Quarter 31.12.2020	 Preceding Year Corresponding Qtr 31.12.2019	 Current Year To Date 31.12.2020	 Preceding Year to Date 31.12.2019
Profit attributable to equity holders of the Company (RM’000)	2,166	8,125	3,290	9,434
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Effects of unexercised ESOS	-	-	-	-
Adjusted weighted average number of shares in issue and issuable (’000)	528,141	528,141	528,141	528,141
Diluted earnings per share (sen)	0.41	1.54	0.62	1.79

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**13 Profit Before Tax**

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

<b>After charging:</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Quarter	Preceding Year	Current Year	Preceding
	31.12.2020	Corresponding Qtr	To Date	Year to Date
	RM'000	31.12.2019	31.12.2020	31.12.2019
		RM'000	RM'000	RM'000
Interest expense	9,599	9,606	15,363	20,979
Loss on fair value adjustments of investment in redeemable preference shares	-	-	1,213	-
Depreciation and amortization	1,726	2,546	3,473	5,026
Depreciation of right-of-use assets	1,212	-	2,087	-
<b>After crediting:</b>				
Interest income	307	861	1,064	2,081
Gain on disposal of property, plant and equipment	20	30	170	30
Reversal of allowance for impairment loss in other receivables	4,365	-	4,365	-
Other income	1,687	1,595	3,190	4,645
Distribution income from short term funds	5	5	8	8

There was 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 2020.