



Malton Berhad

(Company No: 320888-T)

INTERIM FINANCIAL REPORT
30 JUNE 2019

MALTON BERHAD

(Company No: 320888-T)

Interim Financial Report – 30 JUNE 2019

| | Page No. |
|---|----------|
| Condensed Consolidated Statement Of Comprehensive Income | 1 |
| Condensed Consolidated Statement Of Financial Position | 2 |
| Condensed Consolidated Statement Of Changes In Equity | 3 |
| Condensed Consolidated Statement Of Cash Flows | 4 |
| Explanatory Notes To The Interim Financial Statements: | |
| Part A: Explanatory Notes Pursuant To MFRS 134 | 5 – 10 |
| Part B: Explanatory Notes Pursuant To Appendix 9B Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad | 11 – 19 |

MALTON BERHAD

(Company No : 320888-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND PERIOD ENDED 30 JUNE 2019 (These figures have not been audited)

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|---|--|--|---|
| | CURRENT YEAR QUARTER 30.06.2019 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000 (Restated) | CURRENT YEAR TO DATE 30.06.2019 RM'000 | PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.06.2018 RM'000 (Restated) |
| Revenue | 392,877 | 270,954 | 997,636 | 815,104 |
| Operating expenses | (347,505) | (244,842) | (901,985) | (753,995) |
| Other operating income | 5,666 | 9,283 | 14,320 | 48,219 |
| Finance costs | (10,482) | (21,388) | (40,261) | (33,347) |
| Share in results of associated companies | - | (7,262) | - | - |
| Profit before taxation | 40,556 | 6,745 | 69,710 | 75,981 |
| Taxation | (26,843) | (18,967) | (43,815) | (30,530) |
| Net profit/(loss) for the period | 13,713 | (12,222) | 25,895 | 45,451 |
| Other comprehensive (loss)/income | | | | |
| Change in fair value of available-for-sale financial assets | (17) | 1 | (79) | (5) |
| | 13,696 | (12,221) | 25,816 | 45,446 |
| Attributable to: | | | | |
| Owners of the company | 13,852 | (11,969) | 26,344 | 46,284 |
| Non-controlling interests | (139) | (253) | (449) | (833) |
| Net profit for the period | 13,713 | (12,222) | 25,895 | 45,451 |
| Earnings per Share Attributable to Equity Holders of the Company (Sen) | | | | |
| Basic | 2.62 | (2.27) | 4.99 | 8.77 |
| Fully Diluted | 2.62 | (2.27) | 4.99 | 8.75 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2018 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 30.06.2019 RM'000 | As At 30.06.2018 RM'000 (Restated) |
|--|--|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 29,403 | 15,230 |
| Investment properties | 185,801 | 178,559 |
| Inventories - Land held for property development | 20,844 | 31,457 |
| Other investments | 245 | 245 |
| Deferred tax assets | 7,651 | 7,815 |
| | 243,944 | 233,306 |
| Current Assets | | |
| Inventories - Property development costs | 1,737,065 | 1,697,812 |
| Inventories - Completed properties | 153,907 | 125,657 |
| Trade receivables | 131,661 | 190,317 |
| Accrued billings | 260,800 | 67,563 |
| Amount due from contract customer | 72,595 | 35,975 |
| Other receivables and prepaid expenses | 112,146 | 117,349 |
| Tax recoverable | 324 | 189 |
| Short term funds | 473 | 1,508 |
| Fixed deposits with licensed banks | 39,950 | 38,612 |
| Cash and bank balances | 83,737 | 122,757 |
| | 2,592,658 | 2,397,739 |
| TOTAL ASSETS | 2,836,602 | 2,631,045 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 528,552 | 528,552 |
| Other reserves | 3,185 | 3,264 |
| Retained earnings | 393,110 | 377,329 |
| | 924,847 | 909,145 |
| Non-Controlling Interests | 132,343 | 135,167 |
| Total Equity | 1,057,190 | 1,044,312 |
| Non-Current Liabilities | | |
| Other payables | 29,429 | 101,039 |
| Redeemable preference shares | 3,000 | 3,000 |
| Bank borrowings | 134,110 | 107,569 |
| Hire-purchase payables | 2,317 | 2,464 |
| Deferred tax liabilities | 64,928 | 64,928 |
| | 233,784 | 279,000 |
| Current Liabilities | | |
| Trade payables | 572,559 | 514,100 |
| Advance billings | 8,702 | 260 |
| Other payables and accrued expenses | 369,944 | 351,555 |
| Bank borrowings | 568,177 | 422,617 |
| Hire-purchase payables | 1,457 | 2,690 |
| Tax liabilities | 24,789 | 16,511 |
| | 1,545,628 | 1,307,733 |
| TOTAL EQUITY AND LIABILITIES | 2,836,602 | 2,631,045 |
| Net Assets Per Share Attributable to Equity Holders of the Company (RM) | 1.75 | 1.72 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD

(Company No : 320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019
(These figures have not been audited)**

| | Share Capital RM'000 | Non-distributable reserves | | | | Distributable reserves | | Non- Controlling Interests RM'000 | Total RM'000 |
|---|----------------------------|---|------------------------------|----------------------------------|-----------------------------|--|----------------|--|-----------------|
| | | Available- for-sale Reserve RM'000 | Warrant Reserve RM'000 | Revaluation Reserve RM'000 | Option Reserve RM'000 | Retained Earnings RM'000 (Restated) | | | |
| Balance as at 1.7.2017 | 528,176 | 51 | 20,546 | 2,065 | 1,238 | 323,699 | 179,505 | 1,055,280 | |
| Issuance of shares ESOS | 376 | - | - | - | (85) | - | - | 291 | |
| Redemption of redeemable preference shares | - | - | - | - | - | - | (43,505) | (43,505) | |
| Arising from warrants lapsed | - | - | (20,546) | - | - | 20,546 | - | - | |
| Total comprehensive income/(loss) for the period | - | (5) | - | - | - | 46,284 | (833) | 45,446 | |
| Dividend to equity holders of the Company | - | - | - | - | - | (13,200) | - | (13,200) | |
| Balance as at 30.06.2018 | 528,552 | 46 | - | 2,065 | 1,153 | 377,329 | 135,167 | 1,044,312 | |
| Balance as at 1.7.2018 | 528,552 | 46 | - | 2,065 | 1,153 | 377,329 | 135,167 | 1,044,312 | |
| Total comprehensive income/(loss) for the period | - | (79) | - | - | - | 26,344 | (449) | 25,816 | |
| Dividend to equity holders of the Company | - | - | - | - | - | (10,563) | - | (10,563) | |
| Acquisition of additional interest in an existing Subsidiary Company | - | - | - | - | - | - | 155 | 155 | |
| Redemption of redeemable preference shares | - | - | - | - | - | - | (2,530) | (2,530) | |
| Balance as at 30.06.2019 | 528,552 | (33) | - | 2,065 | 1,153 | 393,110 | 132,343 | 1,057,190 | |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019
(These figures have not been audited)**

| | 30.06.2019 | 30.06.2018 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| | | (Restated) |
| CASH FLOWS FROM/(USED IN) | | |
| OPERATING ACTIVITIES | | |
| Profit before Taxation | 69,710 | 75,981 |
| Adjustments for : | | |
| Finance costs | 40,261 | 13,780 |
| Write offs of: | | |
| Property development costs | - | 1,185 |
| Property, plant & equipment | - | 6 |
| Impairment loss in investment in associate companies | - | 2,232 |
| Provision for doubtful debts | 11,237 | - |
| Gain on: | | |
| Revocation of joint development agreement of a subsidiary | - | (30,023) |
| Fair value adjustments of investment properties | - | (994) |
| Disposal of property, plant and equipment | (48) | (138) |
| Depreciation of property, plant & equipment | 6,801 | 4,272 |
| Allowance for doubtful debts no longer required | - | (3,095) |
| Excess of cost of acquisition over net assets of the remaining interest in subsidiary company | 155 | - |
| Distribution income on short term funds | (40) | (82) |
| Interest income | (1,421) | (5,330) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | <u>126,655</u> | <u>57,794</u> |
| CHANGES IN WORKING CAPITAL | | |
| (Increase)/Decrease in: | | |
| Inventories - Property development costs - current portion | (31,872) | (129,069) |
| Inventories - Completed properties | (28,250) | 3,483 |
| Receivables | 48,282 | 188,398 |
| Accrued billings | (193,238) | 110,156 |
| Amount owing from contract customers | (36,619) | (23,417) |
| (Decrease)/Increase in: | | |
| Payables | 5,232 | 136,190 |
| Advance billings | 8,441 | (8,206) |
| CASH (USED IN)/FROM OPERATIONS | <u>(101,369)</u> | <u>335,329</u> |
| Income tax paid net of refund | (35,510) | (51,685) |
| NET CASH (USED IN)/FROM OPERATING ACTIVITIES | <u>(136,879)</u> | <u>283,644</u> |
| INVESTING ACTIVITIES | | |
| Interest received | 2,495 | 5,330 |
| Distribution income on short term funds received | 40 | 82 |
| Decrease/(Increase) in: | | |
| Inventories - Property development costs - non-current portion | 10,613 | (22,102) |
| Short term funds | 953 | 17 |
| Additional of Investment properties | (7,255) | (29,264) |
| Proceeds from disposal of property, plant & equipment | 48 | 144 |
| Redemption of redeemable preference shares from non-controlling interests | (2,530) | (43,505) |
| Withdrawal/(placement) of fixed deposit | (1,337) | (28,697) |
| Additions to property, plant & equipment | (19,557) | (5,446) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(16,530)</u> | <u>(123,441)</u> |
| FINANCING ACTIVITIES | | |
| Interest paid | (44,351) | (33,269) |
| Proceeds from long-term loans | 536,089 | 223,795 |
| Dividends paid | (10,563) | (13,200) |
| Repayments of borrowings | (363,659) | (278,912) |
| Repayments of hire purchase payables | (2,797) | (2,474) |
| Proceeds from exercise of share options | - | 291 |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | <u>114,719</u> | <u>(103,769)</u> |
| Net (decrease)/increase in cash and cash equivalents | (38,690) | 56,434 |
| Cash and cash equivalents at the beginning of the period | 101,412 | 44,978 |
| Cash and cash equivalents at the end of the period | <u>62,722</u> | <u>101,412</u> |
| Cash and cash equivalents comprise the followings : | | |
| Cash and bank balances | 83,737 | 122,757 |
| Bank overdrafts | (21,015) | (21,345) |
| | <u>62,722</u> | <u>101,412</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

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 2018 which were prepared under Financial Reporting Standards.

Adoption of Malaysian Financial Reporting Standards (“MFRS”), Amendments to Financial Reporting Standards and Issues Committee Interpretations (“IC Int.”)

The Group has adopted the MFRS framework for the first time in the current financial year beginning 1 July 2018 and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied. In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework, as if these policies had always been in effect.

The accounting policies and presentation adopted for this interim report are consistent with those adopted for audited financial for the financial year ended 30 June 2018, 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 2018 as follows:

| | |
|---|---|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers (and the related clarifications) |
| Amendments to MFRS 2 | Classification and Measurement of Share-Based Payment Transactions |
| Amendments to MFRS 4 | Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i> |
| Amendments to MFRS 140 | Transfers of Investment Property |
| IC Int. 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle | |

The adoption of these MFRSs, amendments to MFRSs and IC Int. 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 except as follows:

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

Agenda Decision 4: Over Time Transfer of Constructed Good

In March 2019, the International Financial Reporting Standard Interpretation Committee concluded that finance costs in relation to the construction shall not be capitalized as part of the costs of the units because the entity does not have a qualifying asset.

On 20 March 2019, the MASB allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to Agenda Decision 4 (“AD4”) beginning on or after 1 July 2020.

The Group has decided to adopt the AD4 with effect from the previous quarter. Accordingly, all finance costs in relation to the construction have been charged to income statement with effect from 1 July 2018.

The impact of the adoption of MFRS 15 and AD 4 on the Group’s financial statements are as follows:-

Effects on Condensed Consolidated Statement of Comprehensive Income

| | Preceding Year Corresponding Quarter – 30.6.2018 | | |
|---------------------------|--|---|-----------------------|
| | As previously reported RM’000 | Effects of transition to MFRS RM’000 | As restated RM’000 |
| Revenue | 274,555 | (286) | 270,954 |
| Operating expenses | (256,231) | 1,216 | (244,842) |
| Profit before tax | 5,105 | 930 | 9,283 |
| Finance costs | (17,223) | (4,165) | (21,388) |
| Taxation | (18,761) | (206) | (18,967) |
| Net profit for the period | (4,415) | (7,827) | (12,222) |
| Attributable to: | | | |
| Owners of the Company | (4,162) | (7,807) | (11,969) |
| | | | |
| | Preceding Year Corresponding Year-to-date – 30.6.2018 | | |
| | As previously reported RM’000 | Effects of transition to MFRS RM’000 | As restated RM’000 |
| Revenue | 818,773 | (3,669) | 815,104 |
| Operating expenses | (768,243) | 14,248 | (753,995) |
| Profit before tax | 80,791 | (4,810) | 75,981 |
| Finance costs | (13,780) | (19,567) | (33,347) |
| Taxation | (29,703) | (827) | (30,530) |
| Net profit for the year | 51,088 | (5,637) | 45,451 |
| Attributable to: | | | |
| Owners of the Company | 51,921 | (5,637) | 46,284 |

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

Effects on Condensed Consolidated Statement of Financial Position

| | As previously reported RM'000 | As at 30.6.2018 Effects of transition to MFRS RM'000 | As restated RM'000 |
|------------------------------------|--|--|-----------------------|
| Current Assets | | | |
| Inventories – Property development | | | |
| Costs | 1,686,591 | 12,003 | 1,697,812 |
| Inventories – Completed units | 125,707 | (50) | 125,657 |
| Accrued billings | 63,331 | 4,232 | 67,563 |
| Amount due from contract customer | 38,553 | (2,578) | 35,975 |
| Equity and Liabilities | | | |
| Retained earnings | 377,333 | (4) | 377,329 |
| Other payables | | | |
| - Non-current liabilities | 97,758 | 3,281 | 101,039 |
| Deferred tax liabilities | | | |
| - Non-current liabilities | 62,401 | 2,527 | 64,928 |
| Trade payables | | | |
| - Current liabilities | 508,970 | 5,130 | 514,100 |
| Other payables | | | |
| - Current liabilities | 349,664 | 1,891 | 351,555 |

Standards, 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 are as listed below:

| | |
|---|--|
| MFRS 16 | Lease ¹ |
| MFRS 17 | Insurance Contracts ³ |
| Amendments to MFRS 3 | Business Combination ² |
| Amendments to MFRS 9 | Prepayments Features with Negative Compensation ¹ |
| Amendments to MFRS 10 and MFRS 128 | Sales or Contribution of Assets between an investor and Associate or Joint Venture ⁴ |
| Amendments to MFRS 101 | Presentation of Financial Statements ² |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material ² |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement ¹ |
| Amendments to MFRS 128 | Long-term interests in Associates and Joint Ventures ¹ |
| IC Int. 23 | Uncertainty Over Income Tax Treatments ¹ |
| Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle ¹ | |
| Amendments to References to Conceptual Framework in MFRS Standards ² | |

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective date deferred to a date to be announced by MASB

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

The directors anticipate that the abovementioned Standards, Amendments and IC Int. will be adopted in the annual financial statements of the Group 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 in the period of initial application.

2 Audit Report

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

3 Seasonal or Cyclical Factors

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

4 Unusual Items

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

5 Changes in Estimates

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

6 Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 June 2019.

7 Dividend Paid

There were no dividends paid during the quarter ended 30 June 2019.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

8 Segmental Reporting

a) Analysis by business segments for the year ended 30 June 2019:

| | Property development RM'000 | Completed properties RM'000 | Construction RM'000 | Others RM'000 | Elimination RM'000 | Group RM'000 |
|---|-----------------------------------|-----------------------------------|------------------------|------------------|-----------------------|-----------------|
| Revenue | | | | | | |
| External Sales | 540,548 | 57,811 | 398,483 | 794 | | 997,636 |
| Internal Sales | - | - | 384,509 | 22,580 | (407,089) | - |
| | <u>540,548</u> | <u>57,811</u> | <u>782,992</u> | <u>23,374</u> | <u>(407,089)</u> | <u>997,636</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>56,369</u> | <u>13,883</u> | <u>46,307</u> | <u>5,101</u> | <u>(13,150)</u> | <u>108,510</u> |
| Interest and distribution income | | | | | | 1,461 |
| Profit from operations | | | | | | <u>109,971</u> |
| Finance costs | | | | | | (40,261) |
| Share in results of associated companies | | | | | | - |
| Profit before tax | | | | | | <u>69,710</u> |
| Income tax expense | | | | | | (43,815) |
| Net profit for the year | | | | | | <u>25,895</u> |

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

| | Property development RM'000 (Restated) | Completed properties RM'000 | Construction RM'000 (Restated) | Others RM'000 | Elimination RM'000 | Group RM'000 (Restated) |
|---|---|-----------------------------------|--------------------------------------|------------------|-----------------------|-------------------------------|
| Revenue | | | | | | |
| External Sales | 398,298 | 29,417 | 384,730 | 2,659 | | 815,104 |
| Internal Sales | - | - | 307,386 | 32,446 | (339,832) | - |
| | <u>398,298</u> | <u>29,417</u> | <u>692,116</u> | <u>35,105</u> | <u>(339,832)</u> | <u>815,104</u> |
| Results | | | | | | |
| Segmental operating profit/(loss) | <u>40,530</u> | <u>6,895</u> | <u>34,910</u> | <u>9,779</u> | <u>11,802</u> | <u>103,916</u> |
| Interest and distribution income | | | | | | 5,412 |
| Profit from operations | | | | | | <u>109,328</u> |
| Finance costs | | | | | | (33,347) |
| Share in results of associated companies | | | | | | - |
| Profit before tax | | | | | | <u>75,981</u> |
| Income tax expense | | | | | | (30,530) |
| Net profit for the Year | | | | | | <u>45,451</u> |

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

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 2018.

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

There were no material events subsequent to the current quarter ended 30 June 2019 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 Significant Related Party Transactions

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|--|--|
| | Current Year Quarter 30.6.2019 RM'000 | Preceding Year Corresponding Quarter 30.6.2018 RM'000 | Current Year To-Date 30.6.2019 RM'000 | Preceding Year Corresponding Year To-Date 30.6.2018 RM'000 |
| Progress billings received/Receivable: | | | | |
| Impian Ekspresi Sdn Bhd* | 39,698 | 90,924 | 180,256 | 170,639 |
| Harmoni Perkasa Sdn Bhd* | 22,665 | 24,437 | 91,896 | 47,611 |
| Progress billings paid/Payable: | | | | |
| SECG Bina Sdn Bhd@ | 3,802 | - | 3,802 | - |
| Management fees paid/payable: | | | | |
| Kuala Lumpur Pavilion Sdn Bhd^ | 29 | - | 62 | - |
| Rental paid/payable to: | | | | |
| Pavilion REIT # | 787 | 611 | 3,166 | 3,071 |
| Director of the Company | 32 | 48 | 176 | 192 |
| Dream Domain Sdn Bhd^ | 48 | 48 | 192 | 112 |
| Sale of property to director and family members of director of the Company | 1,365 | - | 1,365 | 3,976 |

* A company in which a director of the Company has 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.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

**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 30.6.2019 RM'000 | Preceding Year Corresponding Quarter 30.6.2018 RM'000 (Restated) | % | Current Year To-Date 30.6.2019 RM'000 | Preceding Year Corresponding Year To-Date 30.6.2018 RM'000 (Restated) | % |
| Revenue | | | | | | |
| Property development | 197,606 | 107,365 | | 540,548 | 398,298 | |
| Completed properties | 23,896 | 18,478 | | 57,811 | 29,417 | |
| Sub-Total | 221,502 | 125,843 | 76.0 | 598,359 | 427,715 | 39.9 |
| Construction | 171,206 | 143,644 | 19.2 | 398,483 | 384,730 | 3.6 |
| Others | 169 | 1,467 | (88.5) | 794 | 2,659 | (70.1) |
| Total | 392,877 | 270,954 | 45.0 | 997,636 | 815,104 | 22.4 |
| Profit Before Tax ("PBT") | | | | | | |
| Property development | 6,052 | (2,965) | | 18,492 | 34,100 | |
| Completed properties | 6,072 | 181 | | 14,033 | 7,059 | |
| Sub-Total | 12,124 | (2,784) | | 32,525 | 41,159 | (21.0) |
| Construction | 31,316 | 18,599 | 68.4 | 53,979 | 48,615 | 11.0 |
| Others | (2,884) | (9,070) | 68.2 | (16,794) | (13,793) | (21.8) |
| Total | 40,556 | 6,745 | 501.3 | 69,710 | 75,981 | (8.3) |

The Group's revenue for the current quarter improved by 45.0% to RM392.9 million as compared to RM271.0 million reported in the previous corresponding quarter while PBT for the current quarter improved by 501.3% to RM40.6 million as compared to RM6.7 million reported in the previous corresponding quarter.

The Group's revenue for the current financial year improved by 22.4% to RM997.6 million as compared to RM815.1 million reported in the previous corresponding financial year, attributed to higher property development division and construction division turnover in current financial year as compared to previous corresponding financial year. PBT for the current financial year, however declined by 8.3% to RM69.7 million as compared to RM76.0 million reported in the previous corresponding financial year. The decline were attributed to lower margin from the property development division and provisions for doubtful debts of RM11.2 million from receivables in the current financial year. In addition, the previous corresponding included a group gain of RM30.0 million on revocation of a joint development agreement of a subsidiary company.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

Property Development

Revenue from the property development division improved by 76.0% during the current quarter as compared to the previous corresponding quarter due to higher billings from Duta Park Residence @ Jalan Kuching, The Park 2 Residence @ Bukit Jalil and BAC Tower and higher revenue from sale of completed properties in current quarter as compared to previous corresponding quarter.

PBT from the property development division increased to RM12.1 million as compared to loss of RM2.8 million due to higher billings during the current quarter as compared to the previous corresponding quarter.

Revenue from the property development division improved by 39.9% during the current financial year as compared to the previous corresponding financial year due to higher billings higher billings from Duta Park Residence @ Jalan Kuching, The Park 2 Residence @ Bukit Jalil and BAC Tower during the current financial year.

PBT declined by 21.0% in the current year to-date as compared to the corresponding year to-date due to recognition of group gain of RM30.0 million on revocation of joint development agreement of a subsidiary company, Silver Setup Sdn Bhd, which was completed in September 2017. After excluding the one-off group gain of RM30.0 million in previous year corresponding year to-date, PBT improved by 191.4% to RM32.5 million as compared to RM11.2 million reported in the preceding corresponding year to-date due to initial billings of Duta Park Residence @ Jalan Kuching and BAC Tower during the financial year net of effects of adoption of MFRS 15 and AD4.

Construction

Revenue and PBT from construction division improved by 19.2% and 68.4% respectively in the current quarter as compared to the previous corresponding quarter due to higher work progress during the current quarter.

Revenue and PBT from construction division improved by 3.6% and 11.0% respectively in the current financial year as compared to the previous corresponding financial year due to higher work progress and commencement of new external projects in the current financial year.

Share of Results of Associated Companies

There was no share of results of associated companies during the quarter and the year as a result of completion of the project undertaken by the associated company and the investment has been fully impaired as of 30 June 2018.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

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

| | Current Quarter 30.6.2019 RM'000 | Immediate Preceding Quarter 31.3.2019 RM'000 | Change % |
|----------------------------------|---|--|-------------|
| Revenue | | | |
| Property development | 197,606 | 118,969 | |
| Completed properties | 23,896 | 17,744 | |
| Sub-Total | 221,502 | 136,713 | 62.0 |
| Construction | 171,206 | 57,021 | 200.3 |
| Others | 169 | 158 | 7.0 |
| Total | 392,877 | 193,892 | 102.6 |
| Profit Before Tax ("PBT") | | | |
| Property development | 6,052 | (552) | |
| Completed properties | 6,072 | 4,377 | |
| Sub-Total | 12,124 | 3,825 | 217.0 |
| Construction | 31,316 | 11,066 | 183.0 |
| Others | (2,884) | (2,558) | (12.7) |
| Total | 40,556 | 12,333 | 228.8 |

The Group's revenue improved by 102.6% to RM392.9 million for the current quarter as compared to RM193.9 million for the immediate preceding quarter. The Group recorded a 228.8% improvement in PBT of RM40.6 million for the current quarter as compared to the PBT of RM12.3 million for the immediate preceding quarter. The higher turnover for the current quarter was due to higher billings from The Park 2 Residence @ Bukit Jalil, Duta Park @ Jalan Kuching and BAC Tower and initial billings from Phase 2 of Rapid City Centre @ Johor 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 2020

Malaysia's economy recorded a stronger growth of 4.9% in the second quarter of 2019 as compared to 4.5% recorded in the first quarter of 2019 support by higher household spending and private investment.

The Malaysian economy is expected to remain on a steady growth path underpinned by the continued strength in private sector activity, amid the slower global growth due to the ongoing trade tension. The property development and construction industries are expected to remain very competitive.

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, Rapid City Centre @ Johor and BAC Tower with a total unbilled sales of RM1.1 billion as of 30 June 2019 together with the on-going construction contracts in hand and in particular Pavilion Damansara Heights, 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 2020.

Barring unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2020.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 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 30.6.2019 RM'000 | Preceding Year Corresponding Quarter 30.6.2018 RM'000 (Restated) | Current Year To-Date 30.6.2019 RM'000 | Preceding Year Corresponding Year To-Date 30.6.2018 RM'000 (Restated) |
| Current taxation | 21,124 | 11,536 | 43,442 | 32,120 |
| Under/(Over) provision in prior year | 2,555 | 6,803 | 209 | 1,564 |
| Deferred taxation | 3,164 | 628 | 164 | (3,154) |
| | <u>26,843</u> | <u>18,967</u> | <u>43,815</u> | <u>30,530</u> |

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

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

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

7 Purchases or Disposals of Quoted Securities

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

8 Status of Corporate Proposals

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

- (i) On 28 May 2019, Pioneer Haven Sdn Bhd, a wholly-owned subsidiary of the Company held via Kumpulan Gapadu Sdn Bhd, had entered into a conditional sale and purchase agreement for the disposal of the Pavilion Bukit Jalil Mall to Regal Path Sdn Bhd (“**Regal Path**”), a wholly-owned subsidiary of Amberstraits Sdn Bhd (“**Amberstraits**”) for a total cash consideration of RM1,480.0 million (“**Disposal Consideration**”) (“**SPA**”) (“**Proposed Mall Disposal**”); and

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

- (ii) In conjunction with the SPA, Amberstraits had on 28 May 2019 entered into two (2) share subscription letters with Khuan Choo Realty Sdn Bhd (“**Khuan Choo**”), a wholly-owned subsidiary of the Company, and Jelang Tegas Sdn Bhd (“**Jelang Tegas**”) respectively, whereby Khuan Choo and Jelang Tegas shall subscribe to 50,998 and 49,000 new ordinary shares in Amberstraits (“**Amberstraits Shares**”), representing 51% and 49% interest in the enlarged share capital of Amberstraits for a subscription consideration of RM50,998 and RM49,000 (“**Amberstraits Subscription Consideration**”) respectively (“**Proposed Dilution in Amberstraits**”).

(The Proposed Mall Disposal and the Proposed Dilution in Amberstraits are collectively referred to as the “**Proposed Disposal**”).

The two (2) share subscription letters entered between Amberstraits with Khuan Choo and Jelang Tegas respectively in relation to the Proposed Dilution in Amberstraits are collectively referred to as the “**Amberstraits Subscription Agreement**”).

Concurrent with the Proposed Disposal, Khuan Choo had also on 28 May 2019 entered into a subscription agreement with Amberstraits, Jelang Tegas, Q PBJ Sdn Bhd (“**QPBJ**”) and Regal Path (“**Regal Path Subscription Agreement**”) for the subscription by Khuan Choo of:-

- (a) up to 215,800,000 Redeemable Preference Share (“**RPS**”)-B in Regal Path at a subscription price of RM1.00 for each RPS-B for an aggregate subscription price of up to RM215,800,000; and
- (b) such number of RPS-D in Regal Path at a subscription price of RM1.00 for each RPS-D, of up to 72,595,950 of RPS-D or RM72,595,950, which is equal to 51% of the total number of RPS-C that is due to be redeemed by Regal Path.

(“**Proposed RPS Subscription**”)

Jelang Tegas is a company controlled by Tan Sri Lim Siew Choon, who is the Non-Independent Non-Executive Chairman of the Company as well as a major shareholder of the Company; whilst QPBJ is a wholly-owned subsidiary of Qatar Holding LLC, which is a wholly-owned subsidiary of Qatar Investment Authority.

The Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in view of the interests of certain directors and major shareholders of the Company and persons connected to them in the Proposals.

The Proposed Mall Disposal, the Proposed Dilution in Amberstraits, and the Proposed RPS Subscription are subject to amongst others, the approvals of the shareholders of the Company, the conditions precedent as set out under Section 2.5.2 of Part A of the Circular to the shareholders dated 15 August 2019 and the regulatory authorities in Malaysia.

The Proposed Disposal and the Proposed RPS Subscription have been approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 August 2019.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

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 2019 | | |
|------------------------------|---------------------------|-------------------|----------------|
| | Long-term | Short-term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Term loans | 35,665 | 216,618 | 252,283 |
| Revolving credits | 51,315 | 224,619 | 275,934 |
| Bridging loans | 47,130 | - | 47,130 |
| Redeemable preference shares | 3,000 | - | 3,000 |
| Trade facilities | - | 45,925 | 45,925 |
| Bank overdrafts | - | 21,015 | 21,015 |
| Hire-purchase payables | 2,317 | 1,457 | 3,774 |
| | <u>139,427</u> | <u>509,634</u> | <u>649,061</u> |
| Unsecured | | | |
| Revolving credit | - | 60,000 | 60,000 |
| | <u>139,427</u> | <u>569,634</u> | <u>709,061</u> |

| | As at 30 June 2018 | | |
|------------------------------|---------------------------|-------------------|----------------|
| | Long-term | Short-term | Total |
| | RM'000 | RM'000 | RM'000 |
| Secured | | | |
| Term loans | 107,569 | 133,641 | 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 | 2,464 | 2,690 | 5,154 |
| | <u>113,033</u> | <u>305,307</u> | <u>418,340</u> |
| Unsecured | | | |
| Revolving credit | - | 120,000 | 120,000 |
| | <u>113,033</u> | <u>425,307</u> | <u>538,340</u> |

All borrowings are denominated in Ringgit Malaysia.

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:

- (a) In connection with the joint venture agreement dated 7 April 2014 between Yayasan Wilayah Persekutuan 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 for the following Orders:-

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

- (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 MPSB's application to intervene and be added as the 4th Respondent in the Judicial Review proceeding.

The Judicial Review proceeding that was scheduled on 26 and 27 September 2018 has been postponed to 28 and 29 November 2018. On 28 November 2018, the High Court has ruled that all the above applications made by the Plaintiffs above have been rejected with costs of RM1,500 awarded to MPSB.

The Plaintiffs filed an appeal against the decision of the High Court on 13 December 2018. The appeal has been fixed for case management on 13 March 2019 pending the Grounds of Judgement of the High Court Judge.

As at to-date, all relevant documents to the court, including the common core bundle, chronology of facts, written submission and bundle of authority and executive summary have been filed with the court and the appeal has been fixed for hearing on 10 September 2019.

11 Dividend

No interim dividend has been recommended for the financial quarter ended 30 June 2019.

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

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 RM13,852,000 and RM26,344,000 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 2019.

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 RM13,852,000 and RM26,344,000 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 2019 and the effects of unexercised ESOS options.

| (a) Basic EPS | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------------|--|--------------------------------------|--|
| | Current Quarter 30.6.2019 | Preceding Year Corresponding Qtr 30.6.2018 (Restated) | Current Year To Date 30.6.2019 | Preceding Year to Date 30.6.2018 (Restated) |
| Profit/(Loss) attributable to equity holders of the Company (RM’000) | 13,852 | (11,969) | 26,344 | 46,284 |
| Weighted average number of shares in issue (’000) | 528,141 | 528,141 | 528,141 | 528,000 |
| Basic earnings/(loss) per share (sen) | 2.62 | (2.27) | 4.99 | 8.77 |
| (b) Diluted EPS | Current Quarter 30.6.2019 | Preceding Year Corresponding Qtr 30.6.2018 | Current Year To Date 30.6.2019 | Preceding Year to Date 30.6.2018 |
| Profit/(Loss) attributable to equity holders of the Company (RM’000) | 13,852 | (11,969) | 26,344 | 46,284 |
| Weighted average number of shares in issue (’000) | 528,141 | 528,141 | 528,141 | 528,000 |
| Effects of Warrants | - | - | - | - |
| Effects of unexercised ESOS | - | - | - | 822 |
| Adjusted weighted average number of shares in issue and issuable (’000) | <u>528,141</u> | <u>528,141</u> | <u>528,141</u> | <u>528,822</u> |
| Diluted earnings/(loss) per share (sen) | 2.62 | (2.27) | 4.99 | 8.75 |

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2019**

13 Profit Before Tax

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

| After charging: | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|--|
| | Current Quarter 30.6.2019 RM'000 | Preceding Year Corresponding Qtr 30.6.2018 RM'000 (Restated) | Current Year To Date 30.6.2019 RM'000 | Preceding Year to Date 30.6.2018 RM'000 (Restated) |
| Interest expense | 10,482 | 1,821 | 40,261 | 13,780 |
| Depreciation and amortization | 2,931 | 1,190 | 6,801 | 4,272 |
| Allowance for doubtful debts | 11,237 | - | 11,237 | - |
| After crediting: | | | | |
| Interest income | (2,090) | 786 | 1,421 | 5,330 |
| Allowance for doubtful debts no longer required | - | 3,095 | - | 3,095 |
| Gain on revocation of joint development agreement of a subsidiary | - | 6,215 | - | 30,023 |
| Gain on fair value adjustments of investment properties | - | 994 | - | 994 |
| Gain on disposal of property, plant and equipment | 44 | 32 | 48 | 138 |
| Rental income | 1,603 | 1,040 | 4,208 | 3,018 |
| Other income | 3,487 | (2,892) | 8,603 | 5,539 |
| Distribution income from short term funds | 4 | 13 | 40 | 82 |

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 2019.