



Malton Berhad

Registration No: 199401035205 (320888-T)

INTERIM FINANCIAL REPORT
30 JUNE 2020

MALTON BERHAD

Registration No: 199401035205 (320888-T)

Interim Financial Report – 30 JUNE 2020

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MALTON BERHAD

Registration No: 199401035205 (320888-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND YEAR ENDED 30 JUNE 2020
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2019 RM'000	CURRENT YEAR TO DATE 30.06.2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.06.2019 RM'000
Revenue	693,435	387,365	1,812,847	992,124
Operating expenses	(670,410)	(347,778)	(1,734,948)	(902,258)
Other operating income	2,513	8,183	11,839	16,837
Finance costs	(7,898)	(8,763)	(37,599)	(38,542)
Share in results of joint ventures	1,116	-	(102)	-
Profit before taxation	18,756	39,007	52,037	68,161
Taxation	(16,966)	(25,253)	(34,398)	(42,225)
Net profit/(loss) for the period/year	1,790	13,754	17,639	25,936
Other comprehensive (loss)/income				
Change in fair value of available-for-sale Adjustment to non-controlling interest due to increase in shareholding of a subsidiary company	-	16	-	(46)
financial assets	-	155	-	155
	1,790	13,925	17,639	26,045
Attributable to:				
Owners of the company	1,890	13,738	18,067	26,385
Non-controlling interests	(100)	16	(428)	(449)
Net profit for the period/year	1,790	13,754	17,639	25,936
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	0.36	2.60	3.42	5.00
Fully Diluted	0.36	2.60	3.42	5.00

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2019 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 30.06.2020 RM'000	Audited As At 30.06.2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	38,078	40,189
Investment properties	169,470	174,883
Land held for property development	228,006	191,269
Investment in joint venture	-	-
Other investments	120,983	245
Right-of-use-assets	9,544	-
Deferred tax assets	21,658	17,211
	<u>587,739</u>	<u>423,797</u>
Current Assets		
Property development costs	938,068	1,796,070
Inventories	164,609	152,379
Trade receivables	151,038	133,184
Contract assets	315,233	306,663
Other receivables and prepaid expenses	76,043	97,208
Tax recoverable	126	121
Short-term funds	489	473
Fixed deposits with licensed banks	33,454	40,005
Cash and bank balances	149,200	81,026
	<u>1,828,260</u>	<u>2,607,129</u>
TOTAL ASSETS	<u><u>2,415,999</u></u>	<u><u>3,030,926</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	528,552	528,552
Other reserves	3,218	3,218
Retained earnings	402,472	392,328
	<u>934,242</u>	<u>924,098</u>
Non-controlling Interests	19,467	132,343
Total Equity	<u>953,709</u>	<u>1,056,441</u>
Non-Current Liabilities		
Other payables	5,040	11,105
Redeemable preference shares	3,000	3,000
Bank borrowings - non-current portion	100,434	124,013
Hire-purchase payables - non-current portion	1,175	1,988
Lease liabilities	6,215	-
Deferred tax liabilities	63,406	58,800
	<u>179,270</u>	<u>198,906</u>
Current Liabilities		
Trade payables	518,396	575,418
Other payables and accrued expenses	314,266	588,705
Contract liabilities	36,082	8,863
Bank borrowings - current portion	390,886	578,273
Hire-purchase payables - current portion	808	1,786
Lease liabilities	3,544	-
Tax liabilities	19,038	22,534
	<u>1,283,020</u>	<u>1,775,579</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,415,999</u></u>	<u><u>3,030,926</u></u>
Net Assets Per Share Attributable to Equity Holders of the Company (RM)	<u>1.77</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 2019 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 YEAR ENDED 30 JUNE 2020
(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	Revaluation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000		
Balance as at 1.7.2018	528,552	46	2,065	1,153	376,506	135,167	1,043,489
Redemption of redeemable preference shares	-	-	-	-	-	(2,530)	(2,530)
Total comprehensive income/(loss) for the year	-	(46)	-	-	26,385	(294)	26,045
Dividend to equity holders of the Company	-	-	-	-	(10,563)	-	(10,563)
Balance as at 30.06.2019	<u>528,552</u>	<u>-</u>	<u>2,065</u>	<u>1,153</u>	<u>392,328</u>	<u>132,343</u>	<u>1,056,441</u>
Balance as at 1.7.2019	528,552	-	2,065	1,153	392,328	132,343	1,056,441
Total comprehensive income/(loss) for the year	-	-	-	-	18,067	(428)	17,639
Dividend to equity holders of the Company	-	-	-	-	(7,923)	-	(7,923)
Redemption of redeemable preference shares	-	-	-	-	-	(112,448)	(112,448)
Balance as at 30.06.2020	<u>528,552</u>	<u>-</u>	<u>2,065</u>	<u>1,153</u>	<u>402,472</u>	<u>19,467</u>	<u>953,709</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 2019 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020
(These figures have not been audited)**

	30.06.2020 RM'000	30.06.2019 RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	52,037	68,161
Adjustments for :		
Finance costs	37,599	38,542
Depreciation of property, plant & equipment	7,139	6,901
Depreciation of right-of-use-assets	3,116	-
Write offs of:		
Property development costs	-	17
Property, plant & equipment	-	3
Trade receivables	-	11,237
Other receivables	2,711	-
Reversal of allowance for impairment loss in trade receivables	(2,074)	-
Write down of inventories	4,468	2,033
Allowance for impairment loss in:		
Trade receivables	289	15,423
Other receivables	8,900	3,785
Loss on fair value changes of Investment properties	10,363	-
Reserve on consolidation	(3,181)	-
Gain on:		
Fair value adjustments of investment properties	-	1,594
Disposal of property, plant and equipment	(27)	(44)
Loss on share in results of joint venture	102	-
Adjustment for loss on increase in shareholding in a subsidiary company	-	155
Dividend income	(8,724)	-
Distribution income on short term funds	(16)	(49)
Interest income	(4,667)	(2,497)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>108,035</u>	<u>145,261</u>
CHANGES IN WORKING CAPITAL		
Decrease/(Increase) in:		
Property development costs - current portion	829,592	(352,620)
Inventories	(16,696)	13,565
Receivables	(44,516)	50,218
Contract assets	56,372	(190,583)
(Decrease)/Increase in:		
Payables	(328,885)	226,063
Contract liabilities	(5,187)	1,653
CASH FROM/(USED IN) OPERATIONS	<u>598,715</u>	<u>(106,443)</u>
Income tax paid net of refund	<u>(37,738)</u>	<u>(40,517)</u>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>560,977</u>	<u>(146,960)</u>
INVESTING ACTIVITIES		
Interest received	4,667	2,497
Distribution income on short term funds received	16	49
Decrease/(Increase) in:		
Land held for Property development costs - non-current portion	(7,675)	(1,508)
Short term funds	(15)	989
Additional of Investment properties	(4,950)	(4,546)
Proceeds from disposal of property, plant & equipment	32	44
Proceeds from other investment	(120,736)	-
Withdrawal/(placement) of:		
Fixed deposit	10,589	(1,393)
Restricted cash at bank	6,460	(3,914)
Additions to property, plant & equipment	(5,033)	(7,023)
NET CASH USED IN INVESTING ACTIVITIES	<u>(116,645)</u>	<u>(14,805)</u>
FINANCING ACTIVITIES		
Interest paid	(38,250)	(41,084)
Proceeds from bank borrowings	425,420	405,956
Dividends paid	(7,923)	(10,563)
Dividend received	8,724	-
Repayments of bank borrowings	(635,801)	(233,526)
Repayments of hire purchase payables	(1,791)	(1,803)
Payment of lease liabilities	(2,901)	-
Redemption of redeemable preference shares from non-controlling interests	(112,448)	(2,530)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(364,970)</u>	<u>116,450</u>
Net increase/(decrease) in cash and cash equivalents	79,362	(45,315)
Cash and cash equivalents at the beginning of the year	46,238	91,553
Cash and cash equivalents at the end of the year	<u>125,600</u>	<u>46,238</u>
Cash and cash equivalents comprise the followings :		
Cash and bank balances	146,029	67,253
Bank overdrafts	(20,429)	(21,015)
	<u>125,600</u>	<u>46,238</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 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 2019 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 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 2019, 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 2019 as follows:

MFRS 16	Leases
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and joint Ventures
IC Int. 23	Uncertainty Over Income Tax Treatments
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 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.

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 ²
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an investor and Associate or Joint Venture ³
Amendments to MFRS 101 and MFRS 108	Definition of Material ¹
Amendments to References to Conceptual Framework in MFRS Standards ¹	

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

² Effective for annual periods beginning on or after 1 January 2021

³ 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, Amendments and IC Int. 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 FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

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 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 30 June 2020.

7 Dividend Paid

There were no dividends paid during the quarter ended 30 June 2020.

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

8 Segmental Reporting

a) Analysis by business segments for the year ended 30 June 2020:

	Property development RM'000	Completed properties RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	1,685,314	13,709	101,817	12,007		1,812,847
Internal Sales	-	-	439,467	20,111	(459,578)	-
	<u>1,685,314</u>	<u>13,709</u>	<u>541,284</u>	<u>32,118</u>	<u>(459,578)</u>	<u>1,812,847</u>
Results						
Segmental operating profit/(loss)	<u>74,676</u>	<u>1,978</u>	<u>18,125</u>	<u>143</u>	<u>(9,867)</u>	<u>85,055</u>
Interest and distribution income						<u>4,683</u>
Profit from operations						<u>89,738</u>
Finance costs						<u>(37,599)</u>
Share in results of Joint venture						<u>(102)</u>
Profit before tax						<u>52,037</u>
Income tax expense						<u>(34,398)</u>
Net profit for the year						<u>17,639</u>

b) 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	541,215	57,811	392,304	794		992,124
Internal Sales	-	-	384,394	24,169	(408,563)	-
	<u>541,215</u>	<u>57,811</u>	<u>776,698</u>	<u>24,963</u>	<u>(408,563)</u>	<u>992,124</u>
Results						
Segmental operating profit/(loss)	<u>67,751</u>	<u>15,684</u>	<u>40,224</u>	<u>5,744</u>	<u>(25,246)</u>	<u>104,157</u>
Interest and distribution income						<u>2,546</u>
Profit from operations						<u>106,723</u>
Finance costs						<u>(38,542)</u>
Share in results of associated companies						<u>-</u>
Profit before tax						<u>68,161</u>
Income tax expense						<u>(42,225)</u>
Net profit for the year						<u>25,936</u>

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

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 2019 except for the investment properties which were stated at fair value and a loss on fair value adjustments of RM10.4 million was recognized for the current 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 30 June 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 FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

13 Significant Related Party Transactions

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Year To-Date
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Progress billings received/Receivable:				
Impian Eクス presi Sdn Bhd*	11,327	39,698	89,888	180,256
Jendela Mayang Sdn Bhd*	-	5,295	-	5,295
Harmoni Perkasa Sdn Bhd*	-	22,665	494	91,896
Rental received/receivable:				
WCT Holdings Berhad*	98	-	360	-
Pavilion REIT Management Sdn Bhd #	98	-	360	-
Progress billings paid/Payable:				
SECG Bina Sdn Bhd@	454	3,802	7,144	3,802
Management fees paid/payable:				
Kuala Lumpur Pavilion Sdn Bhd^	29	62	114	62
Rental paid/payable to:				
Pavilion REIT #	868	787	3,278	3,772
Director of the Company	-	32	-	176
Dream Domain Sdn Bhd^	48	48	192	192
Sale of property to family members of director of the Company	1,910	5,877	1,910	5,877

* 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.

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

**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	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Year To-Date	
	30.6.2020 RM'000	30.6.2019 RM'000		30.6.2020 RM'000	30.6.2019 RM'000	
Revenue						
Property development	671,947	198,273		1,685,314	541,215	
Completed properties	-	23,896		13,709	57,811	
Sub-Total	671,947	222,169	202.4	1,699,023	599,026	183.6
Construction	11,753	165,027	(92.9)	101,817	392,304	(74.0)
Others	9,735	169	5,660.4	12,007	794	1,412.2
Total	693,435	387,365	79.0	1,812,847	992,124	82.7
Profit Before Tax (“PBT”)						
Property development	11,262	7,807		33,994	20,247	
Completed properties	-	6,072		2,006	14,033	
Sub-Total	11,262	13,879	(18.9)	36,000	34,280	5.0
Construction	14,399	28,012	(48.6)	45,575	50,675	(10.1)
Others	(6,906)	(2,884)	(139.5)	(29,539)	(16,794)	(75.9)
Total	18,755	39,007	(51.9)	52,036	68,161	(23.7)

The Group’s revenue for the current quarter improved by 79.0% to RM693.4 million as compared to RM387.4 million reported in the preceding corresponding quarter while PBT for the current quarter decreased by 51.9% to RM18.8 million as compared to RM39.0 million reported in the preceding corresponding quarter.

The Group’s revenue for the current financial year improved by 82.7% to RM1,812.8 million as compared to RM992.1 million reported in the preceding corresponding financial year. The significant increase in revenue was attributed to the new billings from the Pavilion Bukit Jalil Mall in current financial year while the billings from the construction division were lower in current financial year due to the completion of The Pavilion Hotel project. PBT for the current financial year decreased by 23.7% to RM52.0 million as compared to RM68.2 million reported in the preceding corresponding financial year.

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

Property Development

Revenue from the property development division improved by 202.4% during the current quarter as compared to the preceding corresponding quarter due to higher billings from Pavilion Bukit Jalil Mall, Villa 22 @ Bukit Rimau and BAC Tower.

PBT from the property development division decreased to RM11.3 million for current quarter as compared to RM13.9 million notwithstanding the higher billings during the current quarter as compared to the preceding corresponding quarter attributed mainly to lower margins and allowance for impairment loss on trade and other receivables of RM9.2 million recorded in current quarter.

Revenue from the property development division improved by 183.6% during the current financial year as compared to the preceding corresponding financial year due to initial billings from Pavilion Bukit Jalil Mall and higher billings from The Park 2 Residence @ Bukit Jalil during the current financial year.

PBT improved by 5.0% in the current financial year as compared to the preceding corresponding financial year. The lower margin compared to revenue was due to higher write-down of inventories of RM4.5 million and allowance for impairment loss in trade and other receivables of RM9.2 million during the current financial year.

Construction

Revenue and PBT from construction division declined by 92.9% and 48.6% respectively in the current quarter as compared to the preceding corresponding quarter due to lower work progress during the current quarter as a result of Movement Control Order (“MCO”) by the Government to contain the spread of the Covid-19 pandemic.

Revenue and PBT from construction division declined by 74.0% and 10.1% respectively in the current financial year as compared to the preceding corresponding financial year due to lower work progress during the MCO period and completion of certain projects in the current financial year.

Share of Results of Joint Venture

The Group recognised a share of loss of Joint Venture of RM102,000 up to the cost of investment during the year of the Joint Venture. The joint venture has not commenced commercial operations during the financial year.

MALTON BERHAD [Registration No. 199401035205 (320888-T)]
**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2020**

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

	Current Quarter 30.6.2020 RM'000	Immediate Preceding Quarter 31.3.2020 RM'000	Change %
Revenue			
Property development Completed properties	671,947	266,410	
Sub-Total	671,947	266,410	152.2
Construction	11,753	34,216	(65.7)
Others	9,735	1,003	870.6
Total	693,435	301,629	129.9
Profit Before Tax ("PBT")			
Property development Completed properties	11,262	10,746	
Sub-Total	11,262	10,746	4.8
Construction	14,399	13,952	3.2
Others	(6,906)	(8,073)	14.5
Total	18,755	16,625	12.8

The Group's revenue improved by 129.9% to RM693.4 million for the current quarter as compared to RM301.6 million for the immediate preceding quarter. The Group recorded a 12.826% improvement in PBT of RM18.8 million for the current quarter as compared to the PBT of RM16.6 million for the immediate preceding quarter. The higher turnover for the current quarter from property division was due to higher billings from Pavilion Bukit Jalil Mall, Duta Park Residence @ Jalan Kuching, Villa 22 @ Bukit Rimau, BAC Tower and Phase 2 of Rapid City Centre @ Johor under the property development division. The construction division also recorded higher contributions although progress billings were lower due to reversal of costs for completed projects.

3 Prospects for the next Financial Year Ending 30 June 2021

Malaysia's economy contracted by 17.1% in the second quarter of 2020 as compared to growth of 3.6% recorded in the first quarter of 2020, impacted by the imposition of the MCO by the Government to contain the spread of the Covid-19 pandemic.

The Malaysian economy is expected to improve in the third quarter of 2020 as lockdown measures have eased under the Recovery MCO and economic activity is expected to gradually return to normal. However, prospects of the property development and construction industries are expected to remain challenging. Several measures undertaken by the Government such as lowering of OPR, reintroduction of Home Ownership Campaign and exemption of real property gain tax for residential properties will help 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 RM1.1 billion as of 30 June

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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 Covid-19 pandemic which resulted in uncertainty of economic recovery is expected to impact the results of the Group for the next quarter ending 30 September 2020 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 standard operating procedures 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 30.6.2020 RM’000	Preceding Year Corresponding Quarter 30.6.2019 RM’000	Current Year To-Date 30.6.2020 RM’000	Preceding Year Corresponding Year To-Date 30.6.2019 RM’000
Current taxation	8,794	24,431	29,992	46,749
Under/(Over) provision in prior year	(98)	2,206	2,726	(140)
Deferred taxation	8,270	(1,384)	1,680	(4,384)
	<u>16,966</u>	<u>25,253</u>	<u>34,398</u>	<u>42,225</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.

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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 2020		
	Long-term	Short-term	Total
	RM'000	RM'000	RM'000
Secured			
Term loans	48,274	12,088	60,362
Revolving credits	30,774	186,699	217,473
Bridging loans	21,386	18,833	40,219
Redeemable preference shares	3,000	-	3,000
Trade facilities	-	92,837	92,837
Bank overdrafts	-	20,429	20,429
Hire-purchase payables	1,175	808	1,983
	<u>104,609</u>	<u>331,694</u>	<u>436,303</u>
Unsecured			
Revolving credit	-	60,000	60,000
	<u>104,609</u>	<u>391,694</u>	<u>496,303</u>
	As at 30 June 2019		
	Long-term	Short-term	Total
	RM'000	RM'000	RM'000
Secured			
Term loans	24,839	228,743	253,582
Revolving credits	55,374	220,560	275,934
Bridging loans	43,800	2,030	45,830
Redeemable preference shares	3,000	-	3,000
Trade facilities	-	45,925	45,925
Bank overdrafts	-	21,015	21,015
Hire-purchase payables	1,988	1,786	3,774
	<u>129,001</u>	<u>520,059</u>	<u>649,060</u>
Unsecured			
Revolving credit	-	60,000	60,000
	<u>129,001</u>	<u>580,059</u>	<u>709,060</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

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August 2017, filed a Judicial Review proceeding against Datuk Bandar Kuala Lumpur and Dewan Bandaraya Kuala Lumpur 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 28 November 2018, the Judge has denied the Applicants' Judicial Review proceeding to quash the development order. Subsequent to this, the Applicants filed a notice of appeal with the Court of Appeal on 13 December 2018. The hearing of the Court of Appeal that was scheduled on 10 September 2019 has been postponed to 22 November 2019.

The hearing continued on 22 November 2019, 7 February 2020, and 20 February 2020. Due to implementation of MCO by the Government since 18 March 2020, the hearing on 20 March 2020 was postponed to 5 June 2020.

Parties have submitted their submission and the court has adjourned the matter for decision. No dates for delivery of decision has been fixed.

Based on the opinion of our legal counsel, the management is of the opinion that MPSB has a strong defence of the Judicial Review.

11 Dividend

No interim dividend has been recommended for the financial quarter ended 30 June 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 RM1,890,000 and RM18,067,000 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 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 RM1,890,000 and RM18,067,000 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 2020 and the effects of unexercised ESOS options.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2020	Preceding Year Corresponding Qtr 30.6.2019	Current Year To Date 30.6.2020	Preceding Year to Date 30.6.2019
Profit/(Loss) attributable to equity holders of the Company (RM’000)	1,890	13,738	18,067	26,385
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Basic earnings/(loss) per share (sen)	0.36	2.60	3.42	5.00
(b) Diluted EPS	Current Quarter 30.6.2020	Preceding Year Corresponding Qtr 30.6.2019	Current Year To Date 30.6.2020	Preceding Year to Date 30.6.2019
Profit/(Loss) attributable to equity holders of the Company (RM’000)	1,890	13,738	18,067	26,385
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/(loss) per share (sen)	0.36	2.60	3.42	5.00

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13 Profit Before Tax

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

After charging:	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2020 RM'000	Preceding Year Corresponding Qtr 30.6.2019 RM'000	Current Year To Date 30.6.2020 RM'000	Preceding Year to Date 30.6.2019 RM'000
Interest expense	7,898	8,763	37,599	38,542
Loss on fair value adjustments of investment properties	10,363	-	10,363	-
Depreciation and amortization	2,931	3,031	7,139	6,901
Depreciation of right-of-use assets	2,374	-	3,116	-
Allowance for impairment loss:				
Trade receivables	289	15,423	289	15,423
Other receivables	8,900	3,785	8,900	3,785
Write down of inventories	-	2,033	4,468	2,033
Write-offs of:				
Property development costs	-	17	-	17
Property, plant and equipment	-	3	-	3
After crediting:				
Interest income	1,474	(1,014)	4,667	2,497
Loss on fair value adjustments of investment properties	-	1,594	-	1,594
Allowance for doubtful debts no longer required	2,074	-	2,074	-
Gain on disposal of property, plant and equipment	(3)	40	27	44
Other income	(1,041)	7,550	5,050	12,653
Distribution income from short term funds	4	13	16	49

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 2020.