



Malton Berhad

Registration No: 199401035205 (320888-T)

INTERIM FINANCIAL REPORT
30 JUNE 2021

MALTON BERHAD

Registration No: 199401035205 (320888-T)

Interim Financial Report – 30 JUNE 2021

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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 2021
(These figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT YEAR TO DATE 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30.06.2020 RM'000
Revenue	240,770	689,610	1,006,214	1,809,022
Operating expenses	(240,348)	(668,505)	(979,643)	(1,733,044)
Other operating income	24,506	12,070	35,212	21,396
Finance costs	(8,785)	(15,987)	(33,698)	(45,688)
Share in results of joint ventures	-	1,116	-	(102)
Profit before tax	16,143	18,304	28,085	51,584
Income tax expense	(20,196)	(16,492)	(26,906)	(33,924)
Net (loss)/profit for the period	(4,053)	1,812	1,179	17,660
Other comprehensive income/(loss)				
Net changed in fair value of available-for-sale financial assets	-	-	-	-
	(4,053)	1,812	1,179	17,660
Attributable to:				
Owners of the Company	(2,879)	1,912	2,657	18,088
Non-controlling interests	(1,174)	(100)	(1,478)	(428)
Net (loss)profit for the period	(4,053)	1,812	1,179	17,660
Earnings per Share Attributable to Equity Holders of the Company (Sen)				
Basic	(0.55)	0.36	0.50	3.42
Fully Diluted	(0.55)	0.36	0.50	3.42

(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 30.06.2021 RM'000	Audited As At 30.06.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,508	38,078
Right-of-use-assets	6,079	9,544
Investment properties	210,659	169,425
Land held for property development	675,606	670,052
Investment in associated companies	-	-
Investment in joint ventures	-	-
Other investments	194,696	129,054
Deferred tax assets	19,035	22,762
Total non-current assets	<u>1,139,583</u>	<u>1,038,915</u>
Current assets		
Property development costs	496,120	506,453
Inventories	134,515	170,179
Trade receivables	207,943	154,331
Other receivables and prepaid expenses	43,830	47,230
Contract assets	496,234	275,037
Amount owing by joint ventures	10,366	5,444
Tax recoverable	147	126
Short-term funds	500	489
Fixed deposits with licensed banks	29,119	33,458
Cash and bank balances	87,312	149,256
Total current assets	<u>1,506,086</u>	<u>1,342,003</u>
Total assets	<u>2,645,669</u>	<u>2,380,918</u>
EQUITY AND LIABILITIES		
Share capital	528,552	528,552
Other reserves	3,218	3,218
Retained earnings	395,588	392,931
	<u>927,358</u>	<u>924,701</u>
Non-controlling Interests	17,989	19,467
Total equity	<u>945,347</u>	<u>944,168</u>
Non-current liabilities		
Other payables	505	5,227
Redeemable preference shares	22,455	17,818
Bank borrowings - non-current portion	71,169	66,307
Hire-purchase payables - non-current portion	913	743
Lease liabilities - non-current portion	2,892	6,020
Deferred tax liabilities	57,601	57,894
Total non-current liabilities	<u>155,535</u>	<u>154,009</u>
Current liabilities		
Trade payables	755,698	561,885
Other payables and accrued expenses	239,509	268,797
Contract liabilities	7,727	4,478
Bank borrowings - current portion	518,501	425,054
Hire-purchase payables - current portion	936	1,245
Lease liabilities - current portion	3,578	3,739
Tax liabilities	18,838	17,543
Total current liabilities	<u>1,544,787</u>	<u>1,282,741</u>
Total liabilities	<u>1,700,322</u>	<u>1,436,750</u>
TOTAL EQUITY AND LIABILITIES	<u>2,645,669</u>	<u>2,380,918</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>1.75</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 YEAR ENDED 30 JUNE 2021
(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		
Balance as at 1.7.2019	528,552	2,065	1,153	382,766	132,343	1,046,879
Redemption of redeemable preference shares	-	-	-	-	(112,448)	(112,448)
Total comprehensive income/(loss) for the year	-	-	-	18,088	(428)	17,660
Dividend to equity holders of the Company	-	-	-	(7,923)	-	(7,923)
Balance as at 30.06.2020	<u>528,552</u>	<u>2,065</u>	<u>1,153</u>	<u>392,931</u>	<u>19,467</u>	<u>944,168</u>
Balance as at 1.7.2020	528,552	2,065	1,153	392,931	19,467	944,168
Total comprehensive income/(loss) for the year	-	-	-	2,657	(1,478)	1,179
Balance as at 30.06.2021	<u>528,552</u>	<u>2,065</u>	<u>1,153</u>	<u>395,588</u>	<u>17,989</u>	<u>945,347</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 YEAR ENDED 30 JUNE 2021**

(These figures have not been audited)

	30.06.2021 RM'000	Audited 30.06.2020 RM'000
CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES		
Profit before Taxation	28,085	51,584
Adjustments for :		
Finance costs	33,698	45,688
Depreciation of:		
Property, plant & equipment	6,875	7,138
Right-of-use-assets	4,289	3,116
Write-offs of:		
Property development costs	-	948
Property, plant and equipment	2	6
Other receivables	-	2,696
Trade receivables	-	106
Land held for development	-	3,408
Reversal of write down of land held for development	(4,707)	-
Reversal of allowance for impairment loss in trade receivables	-	(2,075)
Write down of inventories	-	7,746
Allowance for impairment (gain)/loss in:		
Trade receivables	(1,886)	42
Other receivables	-	11,425
Inventories	2,265	-
Loss/(Gain) on:		
Disposal of property, plant and equipment	(170)	(30)
Fair value adjustments of investment properties	(12,880)	10,409
Fair value adjustments of investment in redeemable preference shares	(5,595)	(8,122)
Fair value adjustments of land held for development	1,277	-
Provision for foreseeable losses	-	7,599
Effect of dilution in investment in former subsidiary companies	-	(2,926)
Distribution income on short term funds	(15)	(16)
Interest income	(1,801)	(3,552)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	49,437	135,190
CHANGES IN WORKING CAPITAL		
Decrease/(Increase) in:		
Property development costs - current portion	10,388	774,995
Inventories	12,478	11,027
Receivables	(48,900)	(3,443)
Contract assets	(215,699)	31,626
Amount due from joint ventures	(4,920)	(2,518)
(Decrease)/Increase in:		
Payables	159,802	(339,319)
Contract liabilities	(2,250)	(4,385)
CASH (USED IN)/FROM OPERATIONS	(39,664)	603,173
Income tax paid/refunded	(22,197)	(38,263)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(61,861)	564,910
INVESTING ACTIVITIES		
Interest received	1,801	3,552
Distribution income on short-term funds received	15	16
Increase in land held for property development	(1,554)	(1,865)
Additions to short-term funds	(11)	(16)
Additions to Investment properties	(7,228)	(4,951)
Proceeds from disposal of property, plant & equipment	170	30
Withdrawal/(placement) of:		
Fixed deposit	(5,726)	19,612
Restricted cash at bank	4,346	6,461
Additions to property, plant & equipment	(1,221)	(5,033)
Additions to investment in redeemable preference shares	(60,047)	(120,687)
NET CASH USED IN INVESTING ACTIVITIES	(69,455)	(102,881)
FINANCING ACTIVITIES		
Interest paid	(29,114)	(38,290)
Proceeds from bank borrowings	513,310	623,643
Dividends paid	-	(7,923)
Repayments of bank borrowings	(412,973)	(833,982)
Repayments of hire-purchase payables	(1,429)	(1,786)
Repayment of lease liabilities	(4,113)	(2,901)
Redemption of redeemable preference shares from non-controlling interests	-	(112,448)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	65,681	(373,687)
Net (decrease)/increase in cash and cash equivalents	(65,635)	88,342
Cash and cash equivalents at the beginning of the period	134,580	46,238
Cash and cash equivalents at the end of the period	68,945	134,580
Cash and cash equivalents comprise the followings :		
Cash and bank balances	87,346	155,009
Bank overdrafts	(18,401)	(20,429)
	68,945	134,580

(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 FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2021**

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 MFRS 16	COVID-19-Related Rent Concessions

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:

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2 ¹
MFRS 17	Insurance Contracts ⁴
Amendments to MFRS 3	Reference to Conceptual Framework ³
Amendments to MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ²
Amendments to MFRS 17	Insurance Contracts ⁴
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ⁴
Amendments to MFRS 108	Definition of Accounting Estimates ⁴
Amendments to MFRS 116	Proceeds before Intended Use ³
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract ³

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

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

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

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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.

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 2021.

7 Dividend Paid

There were no dividends paid during the quarter ended 30 June 2021.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2021**

8 Segmental Reporting

a) Analysis by business segments for the year ended 30 June 2021:

	Property development RM'000	Property trading RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	633,904	16,531	350,147	5,632		1,006,214
Inter-segment Sales	-	-	404,810	62,746	(467,578)	-
	<u>633,904</u>	<u>16,531</u>	<u>754,957</u>	<u>68,378</u>	<u>(467,578)</u>	<u>1,006,214</u>
Results						
Segmental results	<u>21,740</u>	<u>(1,363)</u>	<u>44,672</u>	<u>50,597</u>	<u>(55,679)</u>	<u>59,967</u>
Interest and distribution income						1,816
Profit from operations						61,783
Finance costs						(33,698)
Share in results of joint ventures						-
Profit before tax						28,085
Income tax expense						(26,906)
Profit for the year						<u>1,179</u>

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

	Property development RM'000	Property trading RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue						
External Sales	1,688,413	13,709	103,043	3,857		1,809,022
Inter-segment Sales	-	-	488,876	69,019	(557,895)	-
	<u>1,688,413</u>	<u>13,709</u>	<u>591,919</u>	<u>72,876</u>	<u>(557,895)</u>	<u>1,809,022</u>
Results						
Segmental results	<u>64,055</u>	<u>(8,233)</u>	<u>45,556</u>	<u>44,562</u>	<u>(52,134)</u>	<u>93,806</u>
Interest and distribution income						3,568
Profit from operations						97,374
Finance costs						(45,688)
Share in results of joint ventures						(102)
Profit before tax						51,584
Income tax expense						(33,924)
Profit for the year						<u>17,660</u>

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2021**

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 except for the investment properties which were stated at fair value and a gain on fair value adjustments of RM12.9 million was recognized for the current year ended 30 June 2021.

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

There were no material events subsequent to the current quarter ended 30 June 2021 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.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
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13 Significant Related Party Transactions

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000	Current Year To-Date 30.6.2021 RM'000	Preceding Year Corresponding Year To-Date 30.6.2020 RM'000
Progress billings received/Receivable:				
Impian Eクス presi Sdn Bhd*	4,523	1,307	25,731	79,868
Jendela Mayang Sdn Bhd*	32,875	31,566	100,839	31,566
Harmoni Perkasa Sdn Bhd*	-	2,161	-	2,655
Rental received/receivable:				
WCT Holdings Berhad*	99	99	393	361
Pavilion REIT Management Sdn Bhd #	99	99	393	361
Progress billings paid/Payable:				
SECG Bina Sdn Bhd@	-	-	-	4,865
Management fees paid/payable:				
Kuala Lumpur Pavilion Sdn Bhd^	28	1,155	114	1,212
Rental paid/payable to:				
Pavilion REIT #	707	787	2,826	3,121
Dream Domain Sdn Bhd^	48	48	192	192
Lumayan Indah sdn Bhd*		-		-
Sale of property to certain family members of a director of the Company	-	1,910	-	1,910

* 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 FOURTH 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

	Individual Quarter		Change %	Cumulative Quarter		Change %
	Current Year Quarter 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000		Current Year To-Date 30.6.2021 RM'000	Preceding Year Corresponding Year To-Date 30.6.2020 RM'000	
Revenue						
Property development	40,979	675,046		633,904	1,688,413	
Property trading	2,880	-		16,531	13,709	
Sub-Total	43,859	675,046	(93.5)	650,435	1,702,122	(61.8)
Construction	195,423	12,979	1,405.7	350,147	103,043	239.8
Others	1,488	1,585	(6.1)	5,632	3,857	46.0
Total	240,770	689,610	(65.1)	1,006,214	1,809,022	(44.4)
Profit Before Tax (“PBT”)						
Property development	316	7,526		10,036	30,258	
Property trading	(3,141)	45		(1,363)	2,051	
Sub-Total	(2,825)	7,571		8,673	32,309	(73.2)
Construction	17,527	15,630	12.1	21,470	46,806	(22.1)
Others	1,441	(4,898)		(2,058)	(27,531)	92.5
Total	16,143	18,303	(11.8)	28,085	51,584	(45.6)

The Group’s revenue for the current quarter declined by 65.1% to RM240.8 million as compared to RM689.6 million reported in the preceding corresponding quarter while PBT for the current quarter decreased by 11.8% to RM16.1 million as compared to RM18.3 million reported in the preceding corresponding quarter.

The Group’s revenue for the current financial year declined by 44.4% to RM1,006.2 million as compared to RM1,809.0 million reported in the preceding corresponding financial year. The significant drop in revenue were attributed mainly to lower billings from the property division as the Pavilion Bukit Jalil Mall, Villa 22 @ Bukit Rimau and The Park 2 @ Bukit Jalil projects are nearing completion in current financial year while the billings from the construction division improved substantially by 239.8% to RM350.1 million as compared to RM103.0 million in the preceding corresponding financial year. PBT for the current financial year decreased by 45.6% to RM28.1 million as compared to RM51.6 million reported in the preceding corresponding financial year. Profit after tax declined from RM17.7 million in the preceding financial year to RM1.2 million in current financial year mainly due to the sharp decline on Group revenue, higher fixed operating expenses, and increasing building material cost which drastically affected margins. The Group recorded gain on fair value adjustments in investment properties and redeemable preference shares of RM12.9 million and RM5.6 million respectively during the current financial year.

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Property Development and trading

Revenue from the property development division declined by 93.5% during the current quarter as compared to the preceding corresponding quarter due to lower billings from Pavilion Bukit Jalil Mall, Villa 22 @ Bukit Rimau and The Park 2 Residence @ Bukit Jalil.

PBT from the property development division registered a loss of RM2.8 million for current quarter as compared to a profit of RM7.6 million recorded in the preceding corresponding quarter attributed mainly to lower margins recorded in current quarter as well as loss on sale of completed stocks.

Revenue from the property development division declined by 61.8% during the current financial year as compared to the preceding corresponding financial year due to lower billings from Pavilion Bukit Jalil Mall and The Park 2 Residence @ Bukit Jalil which are in advance stage of completion at the end of current financial year.

PBT declined by 73.2% to RM8.7 million in the current financial year from RM32.3 million in the preceding corresponding financial year. The lower profit during the financial year was mainly due to lower sales coupled with lower margins and higher costs and write-down of inventories of RM2.3 million during the current financial year.

Construction

Revenue and PBT from construction division improved by 1,405.7% and 12.1% respectively in the current quarter as compared to the preceding corresponding quarter due to higher work progress during the current quarter as a result of catching up of work after easing of Movement Control Order (“MCO”).

Revenue from construction division improved by 239.8% in the current financial year as compared to the preceding corresponding financial year due to higher work progress during the year and new project undertaken by the division in the current financial year. However, PBT from construction division declined by 22.1% in the current financial year as compared to the preceding corresponding financial year 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.

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**UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 30 JUNE 2021**

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

	Current Quarter 30.6.2021 RM'000	Immediate Preceding Quarter 31.3.2021 RM'000	Change %
Revenue			
Property development	40,979	216,916	
Property trading	2,880	803	
Sub-Total	43,859	217,719	(79.9)
Construction	195,423	70,192	178.4
Others	1,488	1,473	1.0
Total	<u>240,770</u>	<u>289,384</u>	(16.8)
Profit Before Tax ("PBT")			
Property development	316	6,695	
Property trading	(3,141)	(424)	
Sub-Total	(2,825)	6,271	
Construction	17,527	(2,859)	
Others	1,441	2,273	(36.6)
Total	<u>16,143</u>	<u>5,685</u>	184.0

The Group's revenue declined by 16.8% to RM240.8 million for the current quarter as compared to RM289.4 million for the immediate preceding quarter. The Group recorded a 184.0% improvement in PBT of RM16.1 million for the current quarter as compared to the PBT of RM5.7 million for the immediate preceding quarter. The marked reduction in turnover for the current quarter from property division was due to lower billings from Pavilion Bukit Jalil Mall, Villa 22 @ Bukit Rimau which are nearing completion while sales were subdued particularly from Phase 2 of Rapid City Centre @ Johor arising from the softer property market. The construction division recorded higher progress billings due to higher work progress of the current projects. PBT for construction division improved from loss of RM2.9 million in the preceding quarter to profit of RM17.5 million during the current quarter due to higher billings and margin from the new project undertaken during the quarter.

During the current quarter, the Group incurred a loss after tax of RM4.1 million despite recording gain on fair value adjustments of investment properties and preference shares of RM12.9 million and RM5.6 million respectively, attributed mainly to lower revenue and margins while operation costs remained and higher tax charge in current quarter due to losses in certain subsidiary companies which are not available for group relief and expenses incurred which do not qualify for tax deduction.

3 Prospects for the next Financial Year Ending 30 June 2022

Malaysia's economy grew by 16.1% in the second quarter of 2021 as compared to contraction of 0.5% recorded in the first quarter of 2021 supported by improved domestic demand and continued robust export performance.

The Malaysian economy is projected to improve from the fourth quarter of 2021 onwards as economic activity is expected to gradually move to second, third and fourth phases of the National Recovery Plan. The prospects of the property development and construction industries are expected to remain challenging. However, several measures undertaken by the Government such

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as low interest rates, reintroduction of Home Ownership Campaign and exemption of real property gain tax for residential properties are expected to boost the property sector demands.

Barring a prolonged COVID-19 pandemic and possible adverse consequential economic effects, 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, Mutiara Hilltop @ Puchong and BAC Tower with total unbilled sales of RM896 million as of 30 June 2021 together with the on-going construction contracts in hand, are expected to contribute to the earnings of the Group for the next financial year ending 30 June 2022.

The re-imposition of the stricter lockdown from 1 June 2021 due to rising cases of COVID-19 is expected to impact the results of the Group for the next quarter ending 30 September 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 worksites 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 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.6.2020 RM'000	Current Year To-Date 30.6.2021 RM'000	Preceding Year Corresponding Year To-Date 30.6.2020 RM'000
Current taxation	14,212	9,970	22,859	31,168
Under/(Over) provision in prior year	(22)	(725)	612	2,099
Deferred taxation	6,006	7,247	3,435	657
	<u>20,196</u>	<u>16,492</u>	<u>26,906</u>	<u>33,924</u>

The effective tax rate for the current year to-date (before share of results of joint ventures) 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.

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8 Status of Corporate Proposals

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

On 26 March 2021, the Company entered into a Memorandum of Understanding with Ho Wah Genting Berhad (“HWGB”) and HWGB EV Sdn Bhd (“HWGB EV”) to establish a basis of co-operation and collaboration between the parties for an investment by the Company in HWGB EV (“MOU”). HWGB EV, which intended principal business is wholesale and retail of new motor vehicles, manufacture of passenger cars and sale of other motor vehicles, is interested to introduce electric vehicles in Malaysia (“EV Project”).

Since the date of the MOU, there has not been any material development on the MOU as the Company is still in the process of evaluating the feasibility of the EV Project.

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:

	<u>As at 30 June 2021</u>		
	Long-term	Short-term	Total
	RM’000	RM’000	RM’000
Secured			
Term loans	5,604	13,657	19,261
Revolving credits	27,109	332,744	359,853
Bridging loans	38,456	11,749	50,205
Redeemable preference shares	22,455	-	22,455
Trade facilities	-	81,949	81,949
Bank overdrafts	-	18,402	18,402
Hire-purchase payables	913	936	1,849
	94,537	459,437	553,974
Unsecured			
Revolving credit	-	60,000	60,000
	94,537	519,437	613,974
	<u>As at 30 June 2020</u>		
	Long-term	Short-term	Total
	RM’000	RM’000	RM’000
Secured			
Term loans	14,147	51,624	65,771
Revolving credits	30,774	186,775	217,549
Bridging loans	21,386	13,319	34,705
Redeemable preference shares	17,818	-	17,818
Trade facilities	-	92,907	92,907
Bank overdrafts	-	20,429	20,429
Hire-purchase payables	743	1,245	1,988
	84,868	366,299	451,167
Unsecured			
Revolving credit	-	60,000	60,000
	84,868	426,299	511,167

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 and the Federal Court had on 1 September 2021 allowed the application by MPSB to appeal against the decision of the Court of Appeal. The Notice of Appeal was filed in the Federal Court on 14 September 2021.

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11 Dividend

No interim dividend has been recommended for the financial quarter ended 30 June 2021.

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 (loss)/profit attributable to equity holders of the Company of RM(2,879,000) and RM2,657,000 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 2021.

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 (loss)/profit attributable to equity holders of the Company of RM(2,879,000) and RM2,657,000 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 2021 and the effects of unexercised ESOS options.

(a) Basic EPS	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2021	Preceding Year Corresponding Qtr 30.6.2020	Current Year To Date 30.6.2021	Preceding Year to Date 30.6.2020
(Loss)/Profit attributable to equity holders of the Company (RM’000)	(2,879)	1,912	2,657	18,088
Weighted average number of shares in issue (’000)	528,141	528,141	528,141	528,141
Basic (loss)/earnings per share (sen)	(0.55)	0.36	0.50	3.42
(b) Diluted EPS	Current Quarter 30.6.2021	Preceding Year Corresponding Qtr 30.6.2020	Current Year To Date 30.6.2021	Preceding Year to Date 30.6.2020
(Loss)/Profit attributable to equity holders of the Company (RM’000)	(2,879)	1,912	2,657	18,088
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 (loss)/ earnings per share (sen)	(0.55)	0.36	0.50	3.42

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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	Preceding Year	Current Year	Preceding
	30.6.2021	Corresponding Qtr	To Date	Year to Date
	RM'000	30.6.2020	30.6.2021	30.6.2020
		RM'000	RM'000	RM'000
Interest expense	8,785	15,987	33,698	45,688
Loss on fair value adjustments of investment properties	-	10,409	-	10,409
Depreciation and amortization	1,722	3,031	6,875	7,138
Depreciation of right-of-use assets	1,056	-	4,289	3,116
Allowance for impairment loss:				
Trade receivables	-	42	-	42
Other receivables	-	11,425	-	11,425
Write down of inventories	-	7,746	2,265	7,746
Write-offs of:				
Property development	-	948	-	948
Property, plant and equipment	2	3	2	6
Trade receivables	-	106	-	106
Land held for development	-	3,408	-	3,408
Other receivables	-	2,696	-	2,696
After crediting:				
Interest income	378	359	1,801	3,552
Gain on reversal of land held for development	4,707	-	4,707	-
Gain on fair value adjustments of investment in redeemable preference shares	5,596	8,122	5,596	8,122
Gain on fair value adjustments of investment properties	12,880	-	12,880	-
Reversal of allowance for Impairment loss in trade receivables	(2,479)	2,075	1,886	2,075
Gain on disposal of property, plant and equipment	-	40	170	30
Other income	3,420	7,550	8,157	12,653
Distribution income from short term funds	4	13	15	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 2021.