

MALTON BERHAD (Company No. 320888-T)
**UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 DECEMBER 2007**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1 Accounting Policies and Method of Computation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the year ended 30 June 2007.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual audited financial statements for the financial year ended 30 June 2007 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
	Amendments to FRS 121: The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation.

The adoption of the above FRS and Amendments does not have significant financial impact on the Group.

As at the date of this report, the Group has not applied FRS 139 Financial Instruments: Recognition and Measurement as the effective date is yet to be determined by Malaysian Accounting Standards Board. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group will apply this standard when it becomes effective.

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.

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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.

7 Dividend Paid

There were no dividends paid during the quarter under review.

8 Segmental Reporting

a) Analysis by business segments for the period ended 31 December 2007:

	Property Development (RM'000)	Property Investment (RM'000)	Construction & Project Management (RM'000)	Investment Holding (RM'000)	Others (RM'000)	Elimination (RM'000)	Group (RM'000)
Revenue							
External Sales	53,140	356	143,141	-	41		196,678
Internal Sales	-	390	11,446	3,210	-	(15,046)	-
	<u>53,140</u>	<u>746</u>	<u>154,587</u>	<u>3,210</u>	<u>41</u>	<u>(15,046)</u>	<u>196,678</u>
Results							
Segmental operating profit/(loss)	(2,141)	202	12,154	(660)	(98)	(2,198)	7,259
Profit before tax							3,891
Income tax expense							(2,493)
Net profit for the period							<u>1,398</u>

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b) Analysis by business segments for the period ended 31 December 2006:

	Property Development (RM'000)	Property Investment (RM'000)	Construction & Project Management (RM'000)	Investment Holding (RM'000)	Others (RM'000)	Elimination (RM'000)	Group (RM'000)
Revenue							
External Sales	68,508	355	164,684	-	466	-	234,013
Internal Sales	-	390	49,968	2,724	-	(53,082)	-
	<u>68,508</u>	<u>745</u>	<u>214,652</u>	<u>2,724</u>	<u>466</u>	<u>(53,082)</u>	<u>234,013</u>
Results							
Segmental operating profit/(loss)	(2,329)	1,132	5,085	(536)	17	(729)	2,640
Profit before tax							968
Taxation							255
Net profit for the period							<u>1,223</u>

9 Revaluation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the annual financial statements for the financial year ended 30 June 2007.

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

There were no material events subsequent to the current quarter ended 31 December 2007 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 contingent liabilities, other than:-

- Corporate guarantee and indemnity not exceeding RM25.4 million given to financial institutions for credit facilities granted to joint venture partner of a subsidiary company.
- A bank guarantee of up to RM1.08 million was given to Authority for the due performance of a subsidiary's main contractor, for the proposed construction work at Kesas Highway.
- A bank guarantee of up to RM10.9 million for the due performance and completion of the proposed construction work at Lutheran Bible Institute.

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- d) Legal claim of RM1.3 million filed by a third party against a subsidiary company for disputed outstanding sum in respect of work done as a sub-contractor, and the subsidiary has filed its defence together with a counter claim.

13 Capital Commitments

The outstanding capital commitments as at the end of the current quarter are as follows:

	RM'000
Approved and contracted for purchase of lands	10,022
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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1 Review of Performance

The Group's revenue decreased by 22.0% to RM91.63 million for the current quarter as compared to RM117.54 million reported in the previous corresponding quarter while the pre-tax profit increased to RM1.68 million for the current quarter from RM0.01 million reported in the previous corresponding quarter. Revenue from the property development division declined as certain of the Group's development projects have been completed while the newly launched projects are still at the early stages of construction and will contribute positively to the future earnings of the Group. Total revenue from construction and project management division also declined as compared to the previous corresponding quarter due to completion of certain projects on hand. The higher Group's results were mainly attributed to contributions from the Sepang Aircraft Engineering MRO Complex project.

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

The Group's revenue decreased to RM91.63 million for the current quarter as compared to RM105.05 million for the immediate preceding quarter. The decrease was mainly attributed to lower billings from construction and project management division. The Group recorded a pre-tax profit of RM1.68 million for the current quarter as compared to the pre-tax profit of RM2.21 million for the immediate preceding quarter. The lower profit was mainly due to completion of certain ongoing development projects while start up costs were incurred for new projects launched during the quarter coupled with costs escalations due to higher construction and energy costs.

3 Prospects for the current Financial Year Ending 30 June 2008

During the quarter, the Group has launched new projects such as Amaya Saujana, V Square, Pearl Villas and Bayu Villas with encouraging take-up rates. These projects are expected to contribute positively to the earnings of the Group for the financial year ending 30 June 2008. The Board however envisages the risk of thinning margins due to the significantly higher construction and energy costs, which are unlikely to improve in the short term. The noticeable cautious attitudes of purchasers resulting from the general tightening of credit facilities attributable to the global credit crisis may also affect sales throughout the sector. Save as mentioned, barring any unforeseen circumstances, the Board of Directors envisages the Group to achieve satisfactory results for the financial year ending 30 June 2008.

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4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the financial year under review.

5 Taxation

Details of taxation are as follows: -

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Year To-Date
	31.12.2007 RM'000	31.12.2006 RM,000	31.12.2007 RM'000	31.12.2006 RM'000
Current taxation	1,598	1,038	2,793	1,084
Under provision in prior year	-	(119)	-	(119)
Deferred taxation	-	(1,220)	(300)	(1,220)
	<u>1,598</u>	<u>(301)</u>	<u>2,493</u>	<u>(255)</u>

The effective tax rate for the current quarter 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 were no purchases and/or disposals of quoted securities during the quarter under review.

8 Status of Corporate Proposals

On 5 February 2008, Perak Fruits & Development Corporation Sdn Bhd (“PFDC”), a 51% owned indirect subsidiary of Malton Berhad had entered into a Sale and Purchase Agreement (“SPA”) with Seni Perintis Sdn Bhd (“SPSB”) for the disposal of a parcel of leasehold agriculture land held under H.S (D) 2568, P.T No. 1023, Mukim Sungkai, Daerah Batang Padang, Negeri Perak measuring approximately 1,003.6 acres at the total consideration of RM23,000,000 in cash.

The SPA is conditional upon the following conditions precedent being obtained:

- (a) Approval of the Foreign Investment Committee for the purchase of the Land; and
- (b) Approval for transfer of the Land in favour of SPSB (including but not limited to the Menteri Besar’s letter of consent to transfer and the Estate Land Board Approval).

Save as mentioned above, there is 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 quarter are as follows:

	Total (RM'000)
Revolving Credits	7,375
Bank Overdrafts	44,253
Term Loans	118,091
Bridging Loans	8,527
Hire Purchase Payables	7,125
Total	<u>185,371</u>
Repayment due within next 12 months	<u>80,243</u>
Repayment due after 12 months	<u>105,128</u>

All borrowings are denominated in Ringgit Malaysia and are fully secured.

10 Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued as at the date of this report.

11 Material Litigation

There is no pending material litigation to the Group as at the date of this announcement.

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12 Financial Assistance

a) Details of financial assistance

Pursuant to Paragraphs 8.23(1)(ii) of the Bursa Malaysia Securities Berhad Listing Requirements, the financial assistance provided by the Group during the quarter is set out as follows:

Type of financial assistance	Involved parties	Nature of relationship	Balance as at 30 June 2007 (RM)	Net movement for the quarter (RM)	Balance as at 31 Dec 2007 (RM)
Performance Bond (Bank Guarantee)	Pembinaan Gapadu Sdn Bhd (“PGSB”), a wholly owned subsidiary of Malton, pledged a fixed deposit of RM214,994.20 and a Banker Guarantee provided by the sub-contractor, Putra Perdana Construction Sdn Bhd of RM864,487.50 to a financial institution to issue a Performance Bond in favour of Majlis Bandaraya Shah Alam for the benefit of Tegap Dinamik Sdn Bhd (“TDSB”) in connection with a construction contract.	TDSB is the main contractor of PGSB.	1,079,482	-	1,079,482
Malton Berhad - Corporate Guarantee	Malton Berhad issued Corporate Guarantee (“CG”) in favour of Malayan Banking Berhad in consideration of the Bank granting a Term Loan Facility of RM28,000,000 to Darul Omni Sdn. Bhd. (“DOSB”) . The CG was provided pursuant to the Joint Venture to develop the land.	Ehsan Armada Sdn Bhd a wholly owned subsidiary company of Malton Bhd, entered into a Joint Venture Agreement with DOSB, the land owner of a piece of leasehold land, to jointly develop the said piece of land in Puchong.	28,000,000	-	28,000,000
Malton Berhad - Corporate Guarantee	Malton Berhad issued Corporate Guarantee (“CG”) in favour of Alliance Bank Malaysia Berhad in consideration of the Bank granting Loan Facilities totalling RM16,699,510 to Altiara Capital Sdn. Bhd. (“ACSB ”) . The CG was provided pursuant to the Joint Venture to develop the land.	Asia-Condo Corporation Sdn Bhd an indirect wholly owned subsidiary company of Malton Bhd, entered into a Joint Venture Agreement with ACSB, the land owner of a piece of freehold land, to jointly develop the said piece of land in Section 16, Petaling Jaya.	-	16,699,510	16,699,510
		TOTAL	29,079,482	16,699,510	45,778,992

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The Board of Directors is of the opinion that the abovementioned financial assistance transactions are fair and reasonable and are in the best interests of the Group.

b) Financial Effects

The financial assistance provided during the quarter will not have any material effect on the earnings, net tangible assets and the liquidity of the Group for the financial year ending 30 June 2008.

13 Dividend

No interim dividend has been recommended for the financial period ended 31 December 2007.

On 11 January 2008, the Company paid a final dividend of 1%, less 26% income tax, in respect of the year ended 30 June 2007 as approved by the shareholders at the Annual General Meeting of the Company held on 13 December 2007.

14 Earnings per Share

Basic

The basic earnings per ordinary share of the Group has been calculated based on the Group's profit attributable to equity holders of the Company of RM1,404,000 and on the number of ordinary shares in issue and ranking for dividend of 348,352,928 during the quarter.

Fully Diluted

Under FRS 133 on Earnings Per Share, the options pursuant to the Employee Shares Option Scheme has no dilutive effect as the exercise price of the options is above the average market value of the Company's shares during the quarter ended 31 December 2007.

	Current Quarter 31/12/07	Preceding Year Corresponding Qtr 31/12/06	Current Year To Date 31/12/07	Preceding Year to Date 31/12/06
Profit attributable to equity holders of the Company (RM'000)	123	238	1,404	253
Weighted average number of shares in issue ('000)				
- basic	348,353	348,353	348,353	348,353
- fully diluted	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	0.04	0.07	0.40	0.07
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A