

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For The Period Ended 31 March 2018**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Revenue		38,778	29,528	149,303	121,265
Operating expenses	10	(45,315)	(33,814)	(173,988)	(137,988)
Other operating income	11	2,345	4,070	7,635	8,569
Profit/ (Loss) before tax		(4,192)	(216)	(17,050)	(8,154)
Taxation	21	(2,041)	(3,390)	(3,126)	(4,042)
<b>Loss from continuing operations</b>		(6,233)	(3,606)	(20,176)	(12,196)
Gain from discontinued operation		-	-	-	-
<b>Loss for the period</b>		(6,233)	(3,606)	(20,176)	(12,196)
<b>Other Comprehensive Income :</b>					
Foreign currency translation		-	-	-	-
<b>Loss net of tax, representing total comprehensive income</b>		(6,233)	(3,606)	(20,176)	(12,196)

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For The Period Ended 31 March 2018**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Profit/ (Loss) attributable to :					
Owners of the Parent		(6,093)	(3,500)	(19,396)	(9,699)
Non-controlling interest		<u>(140)</u>	<u>(106)</u>	<u>(780)</u>	<u>(2,497)</u>
		<u>(6,233)</u>	<u>(3,606)</u>	<u>(20,176)</u>	<u>(12,196)</u>
Total comprehensive income attributable to :					
Owners of the Parent		(6,093)	(3,500)	(19,396)	(9,699)
Non-controlling interest		<u>(140)</u>	<u>(106)</u>	<u>(780)</u>	<u>(2,497)</u>
		<u>(6,233)</u>	<u>(3,606)</u>	<u>(20,176)</u>	<u>(12,196)</u>
Earnings Per Share					
(a) Basic (sen)	27a	(3.80)	(2.17)	(12.09)	(6.03)
(b) Diluted (sen)	27b	-	-	-	-

**(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Financial Position**  
**As At 31 March 2018**

	<b>As at 31.03.2018 RM'000 Unaudited</b>	<b>As at 31.03.2017 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	72,791	87,240
Prepaid land lease payments	8,194	8,350
Land held for property development	17,297	17,297
Deferred tax assets	9,758	9,758
Goodwill on consolidation	4,735	4,735
	<u>112,775</u>	<u>127,380</u>
<b>Current assets</b>		
Property development costs	44,109	38,772
Inventories	113,339	188,973
Trade and other receivables	20,908	20,947
Other current assets	679	866
Current tax asset	1,144	1,515
Investment in securities	76,249	-
Term deposits	115,475	114,447
Cash and bank balances	42,232	59,799
	<u>414,135</u>	<u>425,319</u>
<b>TOTAL ASSETS</b>	<u><u>526,910</u></u>	<u><u>552,699</u></u>

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Financial Position**  
**As At 31 March 2018**

	<b>As at 31.03.2018 RM'000 Unaudited</b>	<b>As at 31.03.2017 RM'000 Audited</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	131,370	131,370
Treasury shares	(4,959)	(4,485)
Retained earnings	318,337	337,467
Capital reserves	-	266
	<u>444,748</u>	<u>464,618</u>
<b>Non-controlling interest</b>	<b>32,478</b>	<b>33,258</b>
<b>Total equity</b>	<b><u>477,226</u></b>	<b><u>497,876</u></b>
<b>Current liabilities</b>		
Short term borrowings	9,596	10,068
Trade and other payables	7,324	9,650
Other current liabilities	9,745	10,520
Current tax payable	243	56
	<u>26,908</u>	<u>30,294</u>
<b>Non current liabilities</b>		
Deferred tax liabilities	12,209	10,538
Term loan	10,567	13,991
	<u>22,776</u>	<u>24,529</u>
<b>Total liabilities</b>	<b><u>49,684</u></b>	<b><u>54,823</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>526,910</u></b>	<b><u>552,699</u></b>
Net asset per share	2.77	2.89

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement Of Changes In Equity**  
**For The Period Ended 31 March 2018**

	← Attributable to owners of the Company →						
	Share Capital RM'000	Capital Reserve RM'000	Revenue Reserve RM'000	Treasury Shares RM'000	Equity attributable to the owners of the Company RM'000	Non- controlling interest RM'000	Total RM'000
<b>Current Year To Date</b>							
<b><u>For The Period Ended 31 March 2018</u></b>							
Opening balance at 1 April 2017	131,370	266	337,467	(4,485)	464,618	33,258	497,876
Loss net of tax, representing total comprehensive income	-	-	(19,396)	-	(19,396)	(780)	(20,176)
<b>Transactions with owners</b>							
Shares buyback	-	-	-	(474)	(474)	-	(474)
Transfer to revenue reserve	-	(266)	266	-	-	-	-
Closing balance at 31 March 2018	131,370	-	318,337	(4,959)	444,748	32,478	477,226
<b>Preceding Year</b>							
<b><u>Corresponding Period</u></b>							
<b><u>For The Period Ended 31 March 2017</u></b>							
Opening balance at 1 April 2016	131,370	266	347,166	(4,480)	474,322	35,755	510,077
Loss net of tax, representing total comprehensive income	-	-	(9,699)	-	(9,699)	(2,497)	(12,196)
<b>Transactions with owners</b>							
Shares buyback	-	-	-	(5)	(5)	-	(5)
Closing balance at 31 March 2017	131,370	266	337,467	(4,485)	464,618	33,258	497,876

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 March 2018**

	<b>12 Months Ended</b>	
	<b>31.03.2018</b>	<b>31.03.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Operating activities</b>		
Loss before tax	(17,050)	(8,154)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	156	156
Depreciation	10,334	10,830
Deposit written off	-	78
Fair value changes in investment in securities	174	-
(Gain)/loss on disposal of property, plant and equipment	(488)	56
Impairment of goodwill	-	6,270
Impairment loss to third party receivables	-	21
Impairment of property, plant and equipment	4,000	-
Interest expenses included in cost of sales	81	-
Interest expenses included in administrative expenses	333	697
Interest income	(5,706)	(4,724)
Inventories written off	724	-
Property, plant and equipment written off	1	66
Loss on disposal of associates	-	-
Bad debts recovered	-	(34)
Unrealised loss on foreign exchange	4,137	(345)
Unrealised gain on investment	1,147	-
Total adjustments	14,893	13,071
<b>Operating cash flows before changes in working capital</b>	<b>(2,157)</b>	<b>4,917</b>
<u>Changes in working capital :</u>		
Increase in property development costs	(5,337)	(3,487)
Decrease in inventories	74,910	12,668
Decrease in trade and other receivables	(126)	10,148
Increase in other current assets	187	4,815
Decrease in trade and other payables	(2,326)	(2,253)
Decrease in other current liabilities	(775)	(2,809)
Total changes in working capital	66,533	19,082
Cash flows from operation	64,376	23,999
Interest paid	(415)	(1,658)
Tax paid, net of refund	(895)	(1,425)
Net cash flows generated from operating activities	<u>63,066</u>	<u>20,916</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 March 2018**

	<b>12 Months Ended</b>	
	<b>31.03.2018</b>	<b>31.03.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Investing activities</b>		
Interest received	5,706	4,724
Investment in securities	(81,542)	-
Proceeds from disposal of property, plant and equipment	1,098	13
Purchase of property, plant and equipment	(496)	(160)
Net cash flows generated from investing activities	<u>(75,234)</u>	<u>4,577</u>
<b>Financing activities</b>		
Proceeds from short term borrowings, net of repayment	(5,830)	(3,569)
Treasury shares acquired	(474)	(5)
Net cash flows used in financing activities	<u>(6,304)</u>	<u>(3,574)</u>
<b>Net increase in cash and cash equivalent</b>	(18,472)	21,919
<b>Cash and cash equivalents at the beginning of the financial year</b>	<u>171,837</u>	<u>149,918</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u><u>153,365</u></u>	<u><u>171,837</u></u>
<b>Analysis of cash and cash equivalents</b>		
Term deposit	115,475	-
Fixed deposit	-	114,447
Cash and bank balances	42,232	59,799
Bank Overdraft	(4,342)	(2,409)
	<u>153,365</u>	<u>171,837</u>
	-	

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2017.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2017 except for the adoption of the following new and revised Financial Reporting Standards ("FRS"), amendment to FRS and Issues Committee ("IC") Interpretations :

	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 - 2016 Cycle -Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017

The adoption of the above standards, amendments and annual improvements did not have any material effect on the financial performance or position of the Group.

The Group has not early adopted the following FRS and IC Interpretations which have effective dates as follow:

	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9, Financial Instruments with FRS 4, Insurance Contracts	1 January 2018
Amendments to FRS 40: Investment Property	1 January 2018
FRS 9: Financial Instruments (2014)	1 January 2018
Annual Improvements to FRSs 2014 - 2016 Cycle -Amendments to FRS 1: First-time Adoption of MFRS -Amendments to FRS 128: Investment in Associates and Joint Ventures	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019

The FRS and Interpretation above are expected to have no significant impact on the financial statements of the Group upon their initial application.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018**

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**3. Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**4. Disclosure of audit qualification**

There was no qualification on the audit report of the preceding audited financial statements.

**5. Seasonality or cyclicity of interim operations**

The timber business of the Group is affected by the world demand and supply of plywood. The other operations of the Group are not materially affected by any seasonality or cyclicity factors.

**6. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

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

**7. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018**

**8. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt, treasury shares and equity securities of the Company for the current financial period to date.

**9. Dividends paid**

There was no dividend paid during the financial period to date.

**10. Operating expenses**

	3 Months Ended		12 Months Ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Amortisation of prepaid land lease payments	39	39	156	156
Depreciation	2,450	2,667	10,334	10,830
Deposit written off	-	-	-	78
Goodwill impairment	-	-	-	6,270
Gain on disposal of property, plant and equipment	(488)	65	(488)	56
Interest expenses included in cost of sales	16	-	81	-
Interest expenses included in administrative expenses	83	186	333	697
Property, plant and equipment written off	-	-	1	66
Realised loss on foreign exchange	(14)	-	-	-
Unrealised loss on foreign exchange	2,564	-	4,137	-
Cost of sales	29,614	26,408	133,093	98,733
Marketing and distribution expenses	2,559	3,164	12,537	13,286
Administration expenses	(741)	291	1,823	5,407
Other expenses	9,233	994	11,981	2,409
<b>Total operating expenses</b>	<b>45,315</b>	<b>33,814</b>	<b>173,988</b>	<b>137,988</b>

**11. Other operating income**

	3 Months Ended		12 Months Ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Realised gain on foreign exchange	-	-	63	-
Unrealised gain on foreign exchange	-	-	10	-
Interest income	1,970	1,956	5,706	4,724
Miscellaneous income	375	2,114	1,856	3,845
<b>Total other operating income</b>	<b>2,345</b>	<b>4,070</b>	<b>7,635</b>	<b>8,569</b>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018

12. Segmental reporting

**For The Period Ended 31 March 2018**

	Timber Operations RM'000	Trading RM'000	Property and Investment Holdings RM'000	Property Development RM'000	Eliminations RM'000	Consolidated RM'000
<b>Segment Revenue</b>						
External sales	149,249	-	54	-	-	149,303
Inter-segment sales	6,193	-	30,000	-	(36,193)	-
Total revenue	<u>155,442</u>	<u>-</u>	<u>30,054</u>	<u>-</u>	<u>(36,193)</u>	<u>149,303</u>
<b>Segment Result</b>						
Operating profit/(loss) before interest and tax	(14,457)	(1)	26,341	(1,963)	(32,262)	(22,342)
Interest expense	(81)	-	(468)	(333)	468	(414)
Interest income	4,109	-	2,175	150	(728)	5,706
Income taxes	(1,104)	-	(212)	54	(1,864)	(3,126)
Net profit/(loss)	<u>(11,533)</u>	<u>(1)</u>	<u>27,836</u>	<u>(2,092)</u>	<u>(34,386)</u>	<u>(20,176)</u>

**For The Period Ended 31 March 2017**

	Timber Operations RM'000	Trading RM'000	Property and Investment Holdings RM'000	Property Development RM'000	Eliminations RM'000	Consolidated RM'000
<b>Segment Revenue</b>						
External sales	121,211	-	54	-	-	121,265
Inter-segment sales	6,673	-	-	-	(6,673)	-
Total revenue	<u>127,884</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>(6,673)</u>	<u>121,265</u>
<b>Segment Result</b>						
Operating profit/(loss) before interest and tax	1,211	(11)	(509)	(2,503)	(10,369)	(12,181)
Interest expense	(135)	-	(398)	(164)	-	(697)
Interest income	2,921	-	1,596	207	-	4,724
Income taxes	(3,993)	-	(142)	93	-	(4,042)
Net profit/(loss)	<u>4</u>	<u>(11)</u>	<u>547</u>	<u>(2,367)</u>	<u>(10,369)</u>	<u>(12,196)</u>

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

All inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018**

**13. Valuations of property, plant and equipment**

The valuation of property, plant and equipment have been bought forward without any amendments from the previous annual financial statements.

**14. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current financial year to date, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

**15. Capital commitments**

As at 31 March 2018, there were no material capital commitments for capital expenditure by the Group which might have a material impact on the financial position or business of the Group.

**16. Changes in contingent liabilities since the last annual balance sheet date**

There were no changes in contingent liabilities of the Company since the last annual balance sheet date as at 31 March 2017. The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

As at 31 March 2018, the amount of banking facilities utilised which were secured by corporate guarantees was RM20million.

**17. Review of the performance of the Group for the period under review and financial year-to-date**

The Group's financial results for current quarter and financial year to date are summarised as below:

	Individual Quarter (4th Quarter)		Variance (%)	Cumulative Quarter (4th Quarter)		Variance (%)
	31.03.2018 RM'000	31.03.2017 RM'000		31.03.2018 RM'000	31.03.2017 RM'000	
Revenue	38,778	29,528	31%	149,303	121,265	23%
Profit/(loss) before interest and tax	(6,063)	(1,986)	-205%	(22,342)	(12,181)	-83%
Profit/ (Loss) before tax	(4,192)	(216)	-1841%	(17,050)	(8,154)	-109%
Profit/(loss) after tax	(6,233)	(3,606)	-73%	(20,176)	(12,196)	-65%
Profit/ (Loss) attributable to ordinary equity holders of the owner	(6,093)	(3,500)	-74%	(19,396)	(9,699)	-100%

**17. Review of the performance of the Group for the period under review and financial year-to-date (cont'd)**

The Group's turnover and loss after taxation for the current financial year ended 31 March 2018 are RM149.3 million and RM20.1 million respectively. In the previous financial year, the Group's turnover and loss after taxation were RM121.3 million and RM12.2 million respectively.

The Group's turnover and loss after taxation for the quarter under review are RM38.8 million and RM6.2 million respectively. In the corresponding quarter of the previous financial year, the Group's turnover and loss after taxation were RM29.5 million and RM3.6 million respectively.

Included in the loss for the year is a net unrealised foreign exchange loss amounting RM4.1 million due to investments in securities which are denominated in United States Dollar (USD).

The performance of the Group's timber and property development divisions, which are its main operating divisions, are as follows:

*Timber*

The timber division's turnover and loss after taxation for the current financial year ended 31 March 2018 are RM149.3 million and RM11.5 million respectively. In the previous financial year, the division's turnover and loss after taxation were RM121.2 million and RM6.2 million respectively.

The division's turnover and loss after taxation for the quarter under review are RM38.8 million and RM0.3 million respectively. The loss of RM0.3 million is after an impairment of property, plant and equipment of RM4.0 million in respect of Rajang Plywood (Sabah) Sdn. Bhd. Without taking into account the said impairment, the profit after tax for the division is RM3.7 million. In the corresponding quarter of the previous financial year, the division's turnover and loss after taxation were RM29.5 million and RM3.2 million respectively.

The division's sales was higher for the quarter under review due to improvements in selling price which gave rise to a better margins. Logs supply remain low for the quarter under review.

*Property Development*

The division's loss after taxation for the current financial year ended 31 March 2018 is RM4.2 million. In the previous financial year, the division's loss after taxation were RM6.5 million.

The division's loss after taxation for the quarter under review is RM2.5 million of which RM1.9 million was due to additional provision for deferred tax. There were no sales recorded for the quarter under review. In the corresponding quarter of the previous financial year, the division's loss after taxation was RM0.7 million.

The loss in the previous year were mainly due to reassessment of cost allocated to saleable area amounting to RM4.1 million which was taken to the Consolidated Statement of Comprehensive Income.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2018**

**18. Review of the performance of the Group for the quarter under review and immediate preceding quarter**

The Group's financial results for current quarter compared with immediate preceding quarter are summarised as below:

	<b>Current Quarter 31.03.2018</b>	<b>Immediate Preceding Quarter 31.12.2017</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	38,778	47,507	-18%
Profit/(Loss) before interest and tax	(6,063)	(5,766)	-5%
Profit/ (Loss) before tax	(4,192)	(4,499)	7%
Profit/(Loss) after tax	(6,233)	(4,968)	-25%
Profit/ (Loss) attributable to owner of the parent	(6,093)	(4,774)	-28%

The Group's turnover and loss after taxation for the quarter under review are RM38.8 million and RM6.2 million respectively. In the immediate preceding quarter, the Group's turnover and loss after taxation were RM47.5 million and RM4.9 million respectively.

Included in the loss for the quarter is a net unrealised foreign exchange loss amounting RM2.5 million due to investments in securities which are denominated in United States Dollar (USD).

The Group's property, plant and equipment is at RM72.8 million, down from RM79.2 million due to depreciation of RM2.4 million and impairment of RM4 million in respect of the property, plant and equipment of Rajang Plywood (Sabah) Sdn. Bhd. The Group's property development cost moved to RM44.0 million from RM42.0 million in the previous quarter reflecting construction cost work that is ongoing on site in Serdang, Selangor.

Meanwhile, the Group inventories as at 31 March 2018, stood at RM113.3 million down from RM130.5 million from the previous quarter due to plywood sales as the global demand for plywood improved. During the quarter under review, the Group increased its investment in US Dollar securities by RM35.9 million. The Group's cash and bank balances was RM42.2 million compared to RM50.8 million due to the said investment but is offset by plywood sales proceeds for the quarter. The Group's borrowings decreased by RM2.6 million during the quarter under review to RM20.2 million due mainly to the repayment of term loan for the Group's project in Taman Bukit Serdang, Selangor.

The performance of the Group's timber and property development divisions, which are the Group's main operating divisions are as follows:

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**18. Review of the performance of the Group for the quarter under review and immediate preceding quarter (cont'd)**

*Timber*

The timber division's turnover and loss after taxation for the quarter under review are RM38.8 million and RM0.3 million respectively. The loss of RM0.3 million is after an impairment of property, plant and equipment of RM4.0 million in respect of Rajang Plywood (Sabah) Sdn. Bhd. Without taking into account the said impairment, the profit after tax for the division is RM3.7 million. In the immediate preceding quarter, the division's turnover and loss after taxation were RM47.5 million and RM2.8 million respectively.

The lower turnover for the quarter under review is due to a lower volume of plywood shipped out.

*Property Development*

The division's loss after taxation for the quarter under review is RM2.5 million of which RM1.9 million was due to additional provision for deferred tax. There were no sales recorded for the quarter under review as property market continues to be soft. In the immediate preceding quarter, the division's loss after taxation were RM0.7 million. The expenses incurred were mainly for project management and administrative cost.

**19. Prospects and Outlook**

*Timber*

Plywood prices have improved but the division is still hampered by low logs supply.

*Property Development*

The division will launch its new development in Bukit Serdang, Selangor during 2018. This project is expected to contribute to the Group's earnings in the 2019 financial year.

After considering the above and other factors including the challenging business environment, the Board remains cautious of the performance of the Group in the months ahead.

**20. Variance of actual profit from forecast profit**

Not applicable.

**21. Breakdown of tax charge and explanation on variance between effective and statutory tax rate for the current quarter and financial period-to-date**

	<b>Current Quarter RM'000</b>	<b>Financial Period-to-date RM'000</b>
Taxation		
- Current tax expense	(343)	(1,511)
- Underprovision in prior year	56	56
	<u>(287)</u>	<u>(1,455)</u>
Deferred taxation		
- Current deferred tax expense	(1,947)	(1,864)
- Overprovision in prior year	193	193
	<u>(1,754)</u>	<u>(1,671)</u>
	<u>(2,041)</u>	<u>(3,126)</u>

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**22. Status of corporate proposal**

There was no corporate proposal not completed at the date of this report.

**23. Group borrowings and debt securities**

	<b>As at 31.03.2018 RM'000</b>
Short term borrowings	
- secured	9,596
Long term borrowings	
- secured	10,567
Total borrowings	<u>20,163</u>

All the above borrowings are denominated in Ringgit Malaysia .

**24. Material litigation**

There was no material litigation against the Group as at the reporting date.

**25. Proposed dividend**

The Board of Directors recommended an interim single-tier dividend of RM0.05 per share for the financial year ending 31 March 2019. The entitlement and payment dates of the aforesaid dividend will be determined and announced at a later date.

**26. Disclosure requirements pursuant to implementation of FRS 139**

**Part A: Disclosure of derivatives**

As at 31 March 2018, the Group did not hold any financial derivatives.

**Part B: Disclosure of gains/losses arising from fair value changes of financial liabilities**

As at 31 March 2018, the Group did not have any gains/losses arising from fair value changes of financial liabilities.

**Part C: Disclosure of breakdown of realised and unrealised profits or losses**

The Group's realised and unrealised retained profits are as follows:

	<b>As at 31.03.2018 RM'000</b>
Total retained profits of the Company and its subsidiaries:	
- Realised	360,791
- Unrealised	<u>(6,578)</u>
	354,213
Add: Consolidation adjustments	<u>(35,876)</u>
Total group retained profits as per consolidated accounts	<u>318,337</u>



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27. Earnings per share

The earnings per share is calculated as follows :

	<b>Financial Period-to-date RM'000</b>
<b>a. Basic</b>	
Net loss attributable to ordinary shareholders (RM'000)	<u>(19,396)</u>
Number of ordinary shares in issue (in thousand)	<u>160,380</u>
Basic loss per ordinary share (sen)	<u>(12.09)</u>
<b>b. Diluted</b>	
Not applicable	

28. Listing requirement

The quarterly report for financial period ended 31 March 2018 has been reviewed by Company's external auditor.

29 Subsequent event

There was no material event subsequent to the end of the current quarter.

BY ORDER OF THE BOARD

Goh Chooi Woan  
Wong Chooi Fun  
Company Secretaries

31 May 2018