

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 September 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Revenue		32,871	13,708	54,256	63,018
Operating expenses	9	(36,501)	(15,785)	(58,916)	(75,174)
Other operating income	10	6,122	2,247	11,796	3,797
Profit/ (Loss) before tax		<u>2,492</u>	<u>170</u>	<u>7,136</u>	<u>(8,359)</u>
Taxation	20	(532)	(345)	(1,132)	(616)
Profit/(loss) from continuing operations		<u>1,960</u>	<u>(175)</u>	<u>6,004</u>	<u>(8,975)</u>
Gain from discontinued operation		-	-	3	-
Profit/(loss) for the period		<u>1,960</u>	<u>(175)</u>	<u>6,007</u>	<u>(8,975)</u>
Other Comprehensive Income :					
Foreign currency translation		-	-	-	-
Profit/(loss) net of tax, representing total comprehensive income		<u><u>1,960</u></u>	<u><u>(175)</u></u>	<u><u>6,007</u></u>	<u><u>(8,975)</u></u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 September 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000	Current Year To Date 30.09.2018 RM'000	Preceding Year Corresponding Period 30.09.2017 RM'000
Profit/ (Loss) attributable to :					
Owners of the Parent		2,260	81	6,516	(8,529)
Non-controlling interest		<u>(300)</u>	<u>(256)</u>	<u>(509)</u>	<u>(446)</u>
		<u>1,960</u>	<u>(175)</u>	<u>6,007</u>	<u>(8,975)</u>
Total comprehensive income attributable to :					
Owners of the Parent		2,260	81	6,516	(8,529)
Non-controlling interest		<u>(300)</u>	<u>(256)</u>	<u>(509)</u>	<u>(446)</u>
		<u>1,960</u>	<u>(175)</u>	<u>6,007</u>	<u>(8,975)</u>
Earnings Per Share					
(a) Basic (sen)	26a	1.41	0.05	4.07	(5.30)
(b) Diluted (sen)	26b	-	-	-	-

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Financial Position
As At 30 September 2018

	As at 30.09.2018 RM'000 Unaudited	As at 31.03.2018 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	68,248	72,791
Prepaid land lease payments	8,116	8,194
Land held for property development	17,297	17,297
Deferred tax assets	9,758	9,758
Goodwill on consolidation	4,735	4,735
	<u>108,154</u>	<u>112,775</u>
Current assets		
Property development costs	48,027	44,109
Inventories	100,735	113,339
Trade and other receivables	18,658	20,908
Other current assets	704	679
Current tax asset	211	1,144
Investment in securities	86,995	79,206
Term deposits	132,246	115,475
Cash and bank balances	26,812	39,275
	<u>414,388</u>	<u>414,135</u>
TOTAL ASSETS	<u><u>522,542</u></u>	<u><u>526,910</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 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Financial Position
As At 30 September 2018

	As at 30.09.2018 RM'000 Unaudited	As at 31.03.2018 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	131,370	131,370
Treasury shares	(5,319)	(4,959)
Retained earnings	316,853	318,337
	<u>442,904</u>	<u>444,748</u>
Non-controlling interest	<u>31,969</u>	<u>32,478</u>
Total equity	<u>474,873</u>	<u>477,226</u>
Current liabilities		
Short term borrowings	12,007	9,596
Trade and other payables	2,797	7,336
Other current liabilities	9,773	9,733
Current tax payable	633	243
	<u>25,210</u>	<u>26,908</u>
Non current liabilities		
Deferred tax liabilities	12,103	12,209
Term loan	10,356	10,567
	<u>22,459</u>	<u>22,776</u>
Total liabilities	<u>47,669</u>	<u>49,684</u>
TOTAL EQUITY AND LIABILITIES	<u>522,542</u>	<u>526,910</u>
Net asset per share	2.77	2.90

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement Of Changes In Equity
For The Period Ended 30 September 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
Current Year To Date							
<u>For The Period Ended 30 September 2018</u>							
Opening balance at 1 April 2018	131,370	-	318,337	(4,959)	444,748	32,478	477,226
Loss net of tax, representing total comprehensive income	-	-	6,516	-	6,516	(509)	6,007
Transactions with owners							
Shares buyback	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	(8,000)	-	(8,000)	-	(8,000)
Closing balance at 30 September 2018	<u>131,370</u>	<u>-</u>	<u>316,853</u>	<u>(5,319)</u>	<u>442,904</u>	<u>31,969</u>	<u>474,873</u>
Preceding Year							
<u>Corresponding Period</u>							
<u>For The Period Ended 30 September 2017</u>							
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	-	-	(8,529)	-	(8,529)	(446)	(8,975)
Transactions with owners							
Shares buyback	-	-	-	(166)	(166)	-	(166)
Closing balance at 30 September 2017	<u>131,370</u>	<u>266</u>	<u>328,938</u>	<u>(4,651)</u>	<u>455,923</u>	<u>32,812</u>	<u>488,735</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Cash Flows
For The Period Ended 30 September 2018

	6 Months Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
	Unaudited	Unaudited
Operating activities		
Loss before tax	7,136	(8,359)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	78	78
Depreciation	4,550	5,273
Loss/(gain) on disposal of property, plant and equipment	5	(376)
Interest expenses included in cost of sales	37	42
Interest expenses included in administrative expenses	158	165
Interest income	(3,652)	(2,361)
Property, plant and equipment written off	3	1
Unrealised gain on foreign exchange	(5,429)	-
Unrealised gain on investment in securities	(1,762)	-
Total adjustments	(6,012)	2,822
Operating cash flows before changes in working capital	1,124	(5,537)
<u>Changes in working capital :</u>		
Increase in property development costs	(2,899)	(868)
Decrease in inventories	12,604	29,530
Decrease in trade and other receivables	2,250	10,957
Increase in other current assets	(25)	(12)
Decrease in trade and other payables	(4,539)	(4,495)
Increase/(decrease) in other current liabilities	40	(487)
Total changes in working capital	7,431	34,625
Cash flows from operation	8,555	29,088
Interest paid	(1,215)	(834)
Tax paid, net of refund	85	(619)
Net cash flows generated from operating activities	<u>7,425</u>	<u>27,635</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

EKSONS CORPORATION BERHAD (205814-V)
Condensed Consolidated Statement of Cash Flows
For The Period Ended 30 September 2018

	6 Months Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
	Unaudited	Unaudited
Investing activities		
Interest received	3,652	2,361
Purchase of investment securities	(597)	-
Proceeds from disposal of property, plant and equipment	19	480
Purchase of property, plant and equipment	(34)	(14)
Net cash flows generated from investing activities	<u>3,040</u>	<u>2,827</u>
Financing activities		
Dividend paid	(8,000)	-
Proceeds from short term borrowings, net of repayment	(1,074)	(3,327)
Treasury shares acquired	(360)	(166)
Net cash flows used in financing activities	<u>(9,434)</u>	<u>(3,493)</u>
Net increase in cash and cash equivalent	1,031	26,969
Cash and cash equivalents at the beginning of the financial period	<u>150,408</u>	<u>171,837</u>
Cash and cash equivalents at the end of the financial period	<u><u>151,439</u></u>	<u><u>198,806</u></u>
Analysis of cash and cash equivalents		
Term deposit	132,246	157,635
Cash and bank balances	26,812	45,861
Bank Overdraft	(7,619)	(4,690)
	<u>151,439</u>	<u>198,806</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 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 2018. 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 2018.

2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2018 were prepared in accordance with Malaysian Financial Reporting Standards (MFRS). The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2018 except for the adoption of the following new and revised standards effective as at 1 January 2018:

	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

The Group has adopted the new standards that are relevant and effective for accounting period beginning on or after 1 April 2018. The adoption of these new standards have not resulted in any material impact on the financial statements of the Group as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

2. Changes in Accounting Policies (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has concluded that the initial application of MFRS 15 does not have any material financial impacts to the current period and prior period financial statements of the Group.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not required to be restated.

Based on the analysis of the Group’s financial assets and liabilities as at 30 June 2018 on the basis of facts and circumstances that exist at that date, the Group has assessed the impact of MFRS 9 to the Group’s financial statements as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial derivatives currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has determined that there will be no significant impact on the Group’s financial statements.

3. Disclosure of audit qualification

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

4. 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

5. 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.

6. 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.

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

In the current quarter, 124,600 ordinary shares were purchased for RM87,849 and retained as treasury shares. The details of the shares bought back as of 30 September 2018 are as follows:

Month	No. of shares bought	Purchase price per share		Average price per share	Total cost
		Lowest	Highest		
July 2018	124,600	RM 0.69	RM 0.72	RM 0.71	RM'000 88

8. Dividends paid

An interim dividend for the financial year ending 31 March 2019 amounting to approximately RM8.0 million was paid on 20 July 2018.

9. Operating expenses

	3 Months Ended		6 Months Ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Amortisation of prepaid land lease payments	39	39	78	78
Depreciation	2,268	2,607	4,550	5,273
Deposit written off	-	-	-	-
Goodwill impairment	-	-	-	-
Interest expenses included in cost of sales	17	21	37	42
Interest expenses included in administrative expenses	98	(4)	158	165
Property, plant and equipment written off	3	-	3	1
Fair value changes in investment in securities	(121)	-	-	-
Unrealised loss on investment in securities	(2,190)	-	(1,762)	-
Cost of sales	28,563	10,434	45,037	59,874
Marketing and distribution expenses	3,414	775	4,259	6,004
Administration expenses	1,979	1,489	3,670	2,863
Other expenses	2,431	424	2,886	874
Total operating expenses	36,501	15,785	58,916	75,174

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

10. Other operating income

	3 Months Ended		6 Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign exchange	6	36	47	48
Unrealised gain on foreign exchange	1,944	277	5,429	281
Unrealised gain on investment in securities	1,762	-	1,762	-
Rental income	270	272	537	559
Interest income	1,882	1,218	3,652	2,361
Miscellaneous income	258	444	369	548
Total other operating income	6,122	2,247	11,796	3,797

11. Segmental reporting

For The Period Ended 30 September 2018

	Timber Operations RM'000	Trading RM'000	Property and Investment Holdings RM'000	Property Development RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue						
External sales	54,229	-	27	-	-	54,256
Inter-segment sales	3,168	-	-	-	(3,168)	-
Total revenue	<u>57,397</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>(3,168)</u>	<u>54,256</u>
Segment Result						
Operating profit/(loss) before interest and tax	(1,416)	(2)	6,328	(1,231)	3	3,682
Interest expense	(37)	-	(255)	(158)	255	(195)
Interest income	2,029	-	2,172	89	(638)	3,652
Income taxes	(988)	-	(146)	2	-	(1,132)
Net profit/(loss)	<u>(412)</u>	<u>(2)</u>	<u>8,099</u>	<u>(1,298)</u>	<u>(380)</u>	<u>6,007</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

11. Segmental reporting (cont'd)

For The Period Ended 30 September 2017

	Timber Operations RM'000	Trading RM'000	Property and Investment Holdings RM'000	Property Development RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue						
External sales	62,991	-	27	-	-	63,018
Inter-segment sales	2,972	-	-	-	(2,972)	-
Total revenue	<u>65,963</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>(2,972)</u>	<u>63,018</u>
Segment Result						
Operating profit/(loss) before interest and tax	(9,503)	(5)	73	(1,078)	-	(10,513)
Interest expense	(42)	-	(212)	(165)	212	(207)
Interest income	1,636	-	917	65	(257)	2,361
Income taxes	(435)	-	(175)	(6)	-	(616)
Net profit/(loss)	<u>(8,344)</u>	<u>(5)</u>	<u>603</u>	<u>(1,184)</u>	<u>(45)</u>	<u>(8,975)</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.

12. 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.

13. Changes in the composition of the Group

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

14. Capital commitments

As at 30 September 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

15. 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 2018. The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

As at 30 September 2018, the amount of banking facilities utilised which were secured by corporate guarantees was RM20 million.

16. 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 (2nd Quarter)		Variance (%)	Cumulative Quarter		Variance (%)
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	32,871	13,708	140%	54,256	63,018	-14%
Profit/(Loss) before interest and tax	725	(1,031)	-170%	3,682	(10,513)	-135%
Profit/ (Loss) before tax	2,492	170	1366%	7,136	(8,359)	-185%
Profit/(Loss) after tax	1,963	(175)	-1222%	6,007	(8,975)	-167%
Profit/ (Loss) attributable to ordinary equity holders of the owner	2,260	81	2690%	6,516	(8,529)	-176%

The Group's turnover and profit after taxation for the six months ended 30 September 2018 are RM54.2 million and RM6.0 million respectively. In the corresponding period of the previous financial year, the Group's turnover and loss after taxation were RM63.0 million and RM9.0 million respectively.

The Group's turnover and profit after taxation for the quarter under review are RM32.8 million and RM2.0 million respectively. In the corresponding period of the previous financial year, the Group's turnover and loss after taxation were RM13.7 million and RM0.2 million respectively.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

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 six months ended 30 September 2018 are RM54.2 million and RM0.4 million respectively. In the corresponding period of the previous financial year, the division's turnover and loss after taxation were RM62.9 million and RM8.3 million respectively.

The division's turnover and profit after taxation for the quarter under review are RM32.8 million and RM1.5 million respectively. In the corresponding quarter of the previous financial year, the division's turnover and profit after taxation were RM13.7 million and RM0.3 million respectively.

The division's sales was higher for the quarter under review due to a higher volume of plywood sold and improvement in selling prices which gave rise to better margins. Logs supply remain low for the quarter under review.

Property Development

The division's loss after taxation for the six months ended 30 September 2018 is RM1.3 million. In the corresponding period of the previous financial year, the division's loss after taxation were RM1.2 million.

The division's loss after taxation for the quarter under review is RM0.8 million. 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 expenses of the division was slightly higher due mainly to marketing expenses incurred for the Affiniti Residences project which was launched during the quarter under review.

17. 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:

	Current Quarter 30.09.2018	Immediate Preceding Quarter 30.06.2018	Variance
	RM'000	RM'000	%
Revenue	32,871	21,385	54%
Profit before interest and tax	725	2,957	-75%
Profit before tax	2,492	4,644	-46%
Profit after tax	1,963	4,044	-51%
Profit attributable to owner of the parent	2,260	4,256	-47%

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

The Group's turnover and profit after taxation for the quarter under review are RM32.8 million and RM1.9 million respectively. In the immediate preceding quarter, the Group's turnover and profit after taxation were RM21.4 million and RM4.0 million respectively.

The Group's property, plant and equipment is at RM68.2 million, down from RM70.5 million due to depreciation of RM2.3 million for the quarter. The Group's property development cost moved to RM48.0 million from RM46.2 million in the previous quarter in respect of Affiniti Residences' construction which is ongoing.

Meanwhile, the Group's inventories as at 30 September 2018, were down at RM100.1 million from RM112.7 million from the previous quarter due mainly to sales of plywood. These led to an increase in the Group's trade receivables balances which increased to RM18.7 million from RM10.6 million in the preceding quarter. The Group's borrowings increased during the quarter under review to RM22.4 million due mainly to a bank overdraft in a subsidiary company.

The Group's investment in securities increases from RM82.7 million to RM87.0 million due mainly to the forex exchange gain during the quarter. The Group's cash and bank balances were lower at RM26.8 million from RM34.5 million mainly due to a dividend of approximately RM8.0 million which was paid during the quarter under review.

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

Timber

The division's turnover and profit after taxation for the quarter under review are RM32.8 million and RM1.5 million respectively. In the immediate preceding quarter, the division's turnover and profit after taxation were RM13.7 million and RM0.3 million respectively.

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

Property Development

The division's loss after taxation for the quarter under review is RM0.8 million. There were no sales recorded for the quarter under review. In the immediate preceding quarter, the division's loss after taxation was RM0.7 million.

18. Prospects and Outlook

Timber

Plywood prices are expected to be steady in the months ahead but logs supply situation is critically low.

Property Development

The division has launch its new development in Bukit Serdang, Selangor in August 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.

19. Variance of actual profit from forecast profit

Not applicable.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

	Current Quarter RM'000	Financial Period-to-date RM'000
Taxation		
- Current tax expense	(532)	(1,132)
- Underprovision in prior year	-	-
	<u>(532)</u>	<u>(1,132)</u>
Deferred taxation		
- Current deferred tax expense	-	-
- Overprovision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>(532)</u>	<u>(1,132)</u>

21. Status of corporate proposal

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

22. Group borrowings and debt securities

	As at 30.09.2018 RM'000
Short term borrowings	
- secured	12,007
Long term borrowings	
- secured	10,356
Total borrowings	<u>22,363</u>

All the above borrowings are denominated in Ringgit Malaysia .

23. Material litigation

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

24. Proposed dividend

The Board of Directors does not recommend any interim dividend for the financial quarter ended 30 September 2018.

25. Disclosure requirements pursuant to implementation of MFRS 139

Part A: Disclosure of derivatives

As at 30 September 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 30 June 2018, the Group did not have any gains/losses arising from fair value changes of financial liabilities.

EKSONS CORPORATION BERHAD (205814-V)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

26. Earnings per share

The earnings per share is calculated as follows :

	Financial Period-to-date RM'000
a. Basic	
Net loss attributable to ordinary shareholders (RM'000)	<u>6,516</u>
Number of ordinary shares in issue (in thousand)	<u>160,051</u>
Basic loss per ordinary share (sen)	<u>4.07</u>
b. Diluted	
Not applicable	

27. 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

26 November 2018