

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue		10,527	47,507	64,783	110,525
Operating expenses	9	(24,224)	(53,499)	(83,140)	(128,673)
Other operating income	10	787	1,493	12,583	5,290
Profit/ (loss) before tax		<u>(12,910)</u>	<u>(4,499)</u>	<u>(5,774)</u>	<u>(12,858)</u>
Taxation	20	(419)	(469)	(1,551)	(1,085)
Loss from continuing operations		<u>(13,329)</u>	<u>(4,968)</u>	<u>(7,325)</u>	<u>(13,943)</u>
Gain from discontinued operation		-	-	3	-
Loss for the period		<u>(13,329)</u>	<u>(4,968)</u>	<u>(7,322)</u>	<u>(13,943)</u>
Other Comprehensive Income :					
Foreign currency translation		-	-	-	-
Loss net of tax, representing total comprehensive income		<u><u>(13,329)</u></u>	<u><u>(4,968)</u></u>	<u><u>(7,322)</u></u>	<u><u>(13,943)</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 31 December 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year Corresponding Period 31.12.2017 RM'000
Loss attributable to :					
Owners of the Parent		(10,425)	(4,774)	(3,909)	(13,303)
Non-controlling interest		(2,904)	(194)	(3,413)	(640)
		<u>(13,329)</u>	<u>(4,968)</u>	<u>(7,322)</u>	<u>(13,943)</u>
Total comprehensive income attributable to :					
Owners of the Parent		(10,425)	(4,774)	(3,909)	(13,303)
Non-controlling interest		(2,904)	(194)	(3,413)	(640)
		<u>(13,329)</u>	<u>(4,968)</u>	<u>(7,322)</u>	<u>(13,943)</u>
Earnings Per Share					
(a) Basic (sen)	26a	(6.56)	(2.97)	(2.46)	(8.28)
(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 31 December 2018

	As at 31.12.2018 RM'000 Unaudited	As at 31.03.2018 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	65,996	72,791
Prepaid land lease payments	8,076	8,194
Land held for property development	17,297	17,297
Deferred tax assets	9,759	9,758
Goodwill on consolidation	4,735	4,735
	<u>105,863</u>	<u>112,775</u>
Current assets		
Property development costs	41,922	44,109
Inventories	106,179	113,339
Trade and other receivables	6,849	20,908
Other current assets	695	679
Current tax asset	210	1,144
Investment in securities	81,704	79,206
Term deposits	132,698	115,475
Cash and bank balances	30,920	39,275
	<u>401,177</u>	<u>414,135</u>
TOTAL ASSETS	<u><u>507,040</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 31 December 2018

	As at 31.12.2018 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	306,428	318,337
	<u>432,479</u>	<u>444,748</u>
Non-controlling interest	<u>29,065</u>	<u>32,478</u>
Total equity	<u>461,544</u>	<u>477,226</u>
Current liabilities		
Short term borrowings	10,608	9,596
Trade and other payables	3,383	7,336
Other current liabilities	9,289	9,733
Current tax payable	676	243
	<u>23,956</u>	<u>26,908</u>
Non current liabilities		
Deferred tax liabilities	12,049	12,209
Term loan	9,491	10,567
	<u>21,540</u>	<u>22,776</u>
Total liabilities	<u>45,496</u>	<u>49,684</u>
TOTAL EQUITY AND LIABILITIES	<u>507,040</u>	<u>526,910</u>
Net asset per share	2.72	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 31 December 2018

	← Attributable to owners of the Company →				Equity attributable to the owners of the Company	Non- controlling interest	Total
	Share Capital RM'000	Capital Reserve RM'000	Revenue Reserve RM'000	Treasury Shares RM'000	RM'000	RM'000	RM'000
Current Year To Date							
<u>For The Period Ended 31 December 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	-	-	(3,909)	-	(3,909)	(3,413)	(7,322)
Transactions with owners							
Shares buyback	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	(8,000)	-	(8,000)	-	(8,000)
Closing balance at 31 December 2018	<u>131,370</u>	<u>-</u>	<u>306,428</u>	<u>(5,319)</u>	<u>432,479</u>	<u>29,065</u>	<u>461,544</u>
Preceding Year							
<u>Corresponding Period</u>							
<u>For The Period Ended 31 December 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	-	-	(13,303)	-	(13,303)	(640)	(13,943)
Transactions with owners							
Shares buyback	-	-	-	(474)	(474)	-	(474)
Closing balance at 31 December 2017	<u>131,370</u>	<u>266</u>	<u>324,164</u>	<u>(4,959)</u>	<u>450,841</u>	<u>32,618</u>	<u>483,459</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 2017)

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

	9 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
	Unaudited	Unaudited
Operating activities		
Loss before tax	(5,774)	(12,858)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	117	117
Depreciation	6,801	7,884
Deposit written off	-	-
Gain on disposal of property, plant and equipment	5	(409)
Goodwill impairment	-	-
Interest expenses included in cost of sales	55	65
Interest expenses included in administrative expenses	6,237	250
Interest income	(5,694)	(3,736)
Property, plant and equipment written off	5	1
Realised loss on foreign exchange	-	14
Unrealised (gain)/loss on foreign exchange	(5,430)	1,573
Unrealised loss/(gain) on investment	3,086	(2)
Total adjustments	5,182	5,757
Operating cash flows before changes in working capital	(592)	(7,101)
<u>Changes in working capital :</u>		
Increase in property development costs	2,187	(2,273)
Decrease in inventories	7,158	58,512
Decrease in trade and other receivables	14,060	(40)
Increase in other current assets	(15)	134
Decrease in trade and other payables	(3,953)	(4,952)
Decrease in other current liabilities	(416)	(765)
Total changes in working capital	19,021	50,616
Cash flows from operation	18,429	43,515
Interest paid	(6,292)	(1,300)
Tax paid, net of refund	(371)	(886)
Net cash flows generated from operating activities	<u>11,766</u>	<u>41,329</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 31 December 2018

	9 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
	Unaudited	Unaudited
Investing activities		
Interest received	5,694	3,736
Investment in securities	(153)	(41,951)
Proceeds from disposal of property, plant and equipment	19	539
Purchase of property, plant and equipment	(34)	(15)
Net cash flows generated from investing activities	<u>5,526</u>	<u>(37,691)</u>
Financing activities		
Dividend paid	(8,000)	-
Proceeds from short term borrowings, net of repayment	(1,429)	(3,695)
Treasury shares acquired	(360)	(474)
Net cash flows used in financing activities	<u>(9,789)</u>	<u>(4,169)</u>
Net increase in cash and cash equivalent	7,503	(531)
Cash and cash equivalents at the beginning of the financial period	150,408	171,837
Cash and cash equivalents at the end of the financial period	<u>157,911</u>	<u>171,306</u>
Analysis of cash and cash equivalents		
Term deposit	132,698	125,386
Cash and bank balances	30,920	50,762
Bank Overdraft	(5,707)	(4,842)
	<u>157,911</u>	<u>171,306</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 31 DECEMBER 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 31 DECEMBER 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 31 DECEMBER 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

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.

8. Dividends paid

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

9. Operating expenses

	3 Months Ended		9 Months Ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Amortisation of prepaid land lease payments	39	39	117	117
Depreciation	2,251	2,611	6,801	7,884
Deposit written off	-	-	-	-
Goodwill impairment	-	-	-	-
Gain on disposal of property, plant and equipment	5	-	5	-
Interest expenses included in cost of sales	18	23	55	65
Interest expenses included in administrative expenses	6,079	85	6,237	250
Property, plant and equipment written off	2	-	5	1
Realised loss on foreign exchange	-	14	-	14
Unrealised (loss)/gain on foreign exchange	(3,668)	1,573	(5,430)	1,573
Cost of sales	8,802	43,605	53,839	103,479
Marketing and distribution expenses	697	3,974	4,956	9,978
Administration expenses	2,218	(299)	5,888	2,564
Other expenses	7,781	1,874	10,667	2,748
Total operating expenses	24,224	53,499	83,140	128,673

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

10. Other operating income

	3 Months Ended		9 Months Ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Realised gain on foreign exchange	471	15	518	63
Unrealised gain on foreign exchange	4	(271)	5,433	10
Unrealised gain on investment in securities	(1,762)	-	-	-
Rental income	266	272	803	831
Interest income	2,042	1,375	5,694	3,736
Miscellaneous income	(234)	102	135	650
Total other operating income	787	1,493	12,583	5,290

11. Segmental reporting

For The Period Ended 31 December 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	64,742	-	41	-	-	64,783
Inter-segment sales	3,954	-	-	-	(3,954)	-
Total revenue	<u>68,696</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>(3,954)</u>	<u>64,783</u>
Segment Result						
Operating profit/(loss) before interest and tax	(3,199)	(3)	519	(2,490)	-	(5,173)
Interest expense	(55)	-	(383)	(6,237)	383	(6,292)
Interest income	3,366	-	3,211	136	(1,019)	5,694
Income taxes	(1,309)	-	(245)	3	-	(1,551)
Net profit/(loss)	<u>(1,197)</u>	<u>(3)</u>	<u>3,102</u>	<u>(8,588)</u>	<u>(636)</u>	<u>(7,322)</u>

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

11. Segmental reporting (cont'd)

For The Period Ended 31 December 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	110,485	-	40	-	-	110,525
Inter-segment sales	4,635	-	30,000	-	(34,635)	-
Total revenue	<u>115,120</u>	<u>-</u>	<u>30,040</u>	<u>-</u>	<u>(34,635)</u>	<u>110,525</u>
Segment Result						
Operating profit/(loss) before interest and tax	(12,951)	(6)	28,238	(1,560)	(30,000)	(16,279)
Interest expense	(65)	-	(340)	(250)	340	(315)
Interest income	2,664	-	1,434	108	(470)	3,736
Income taxes	(851)	-	(229)	(5)	-	(1,085)
Net profit/(loss)	<u>(11,203)</u>	<u>(6)</u>	<u>29,103</u>	<u>(1,707)</u>	<u>(30,130)</u>	<u>(13,943)</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 31 December 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 31 DECEMBER 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 31 December 2018, the amount of banking facilities utilised which were secured by corporate guarantees was RM20million.

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 (3rd Quarter)		Variance (%)	Cumulative Quarter (3rd Quarter)		Variance (%)
	31.12.2018 RM'000	31.12.2017 RM'000		31.12.2018 RM'000	31.12.2017 RM'000	
Revenue	10,527	47,507	-78%	64,783	110,525	-41%
Loss before interest and tax	(8,855)	(5,766)	54%	(5,173)	(16,279)	68%
Profit/ (Loss) before tax	(12,910)	(4,499)	187%	(5,774)	(12,858)	55%
Loss after tax	(13,329)	(4,968)	168%	(7,322)	(13,943)	47%
Profit/ (Loss) attributable to ordinary equity holders of the owner	(10,425)	(4,774)	118%	(3,909)	(13,303)	71%

The loss for the period under review includes a write off of finance expenses approximately RM 6.2 million following a new interpretation of MFRS 15.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 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 nine months ended 31 December 2018 are RM64.7 million and RM1.2 million respectively. In the corresponding period of the previous financial year, the division's turnover and loss after taxation were RM110.4 million and RM11.2 million respectively.

The division's turnover and loss after taxation for the quarter under review are RM10.5 million and RM0.7 million respectively. In the corresponding quarter of the previous financial year, the division's turnover and loss after taxation were RM47.5 million and RM2.8 million respectively.

The division's sales was lower for the quarter under review due to lower demand for plywood and low logs supply.

Property Development

The division's loss after taxation for the nine months ended 31 December 2018 is RM8.6 million. In the corresponding period of the previous financial year, the division's loss after taxation were RM1.7 million.

The division's loss after taxation for the quarter under review is RM7.3 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 RM0.5 million. The higher loss for the period under review is due to a write off of previously capitalised interest of approximately RM6.2 million. This write off is accordance to a new interpretation of MFRS 15.

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

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 31.12.2018	Immediate Preceding Quarter 30.09.2018	Variance
	RM'000	RM'000	%
Revenue	10,527	32,871	-68%
(Loss)/ profit before interest and tax	(8,855)	725	-1321%
(Loss)/ profit before tax	(12,910)	2,492	-618%
(Loss)/ profit after tax	(13,329)	1,963	779%
(Loss)/ profit attributable to owner of the parent	(10,425)	2,260	-561%

The Group's property, plant and equipment is at RM65.9 million, down from RM68.2 million due to depreciation of RM2.3 million for the quarter. The Group's property development cost drop to RM41.9 million from RM48.0 million in the previous quarter mainly due to the finance expenses of approximately RM6.2 million that is no longer be capitalised in accordance to MFRS 15. Therefore, it is written off during the quarter under review.

Meanwhile, the Group's inventories as at 31 December 2018, moved slightly higher to RM106.1 million from RM100.1 million from the previous quarter mainly due to increase in stocks of the timber division. The Group's borrowings decreased during the quarter under review to RM20.0 million due mainly to the repayment of term loan for the Group's project in Taman Bukit Serdang, Selangor.

The Group's investment in securities decreases from RM82.7 million to RM81.7 million due mainly to the foreign exchange loss during the quarter. The Group's cash and bank balances increase to RM31.0 million from RM26.8 million mainly due to collection of sales in the timber division.

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 loss after taxation for the quarter under review are RM10.5 million and RM0.7 million respectively. In the immediate preceding quarter, the division's turnover and profit after taxation were RM32.8 million and RM1.5 million respectively.

The division's sales was lower for the quarter under review due to a lower plywood demand and low logs supply.

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

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

Property Development

The division's loss after taxation for the quarter under review is RM7.3 million mainly due to a write off previously capitalised interest of RM6.2 million in accordance to a new interpretation of MFRS 15. There were no sales recorded yet for the quarter under review as construction work for units sold has not commenced. In the immediate preceding quarter, the division's loss after taxation was RM0.8 million.

18. Prospects and Outlook

Timber

Plywood demand is expected to be low in the months ahead with log supply remaining at low levels.

Property Development

The division has launch its new development in Bukit Serdang, Selangor in August 2018. Sales activity is ongoing with confirmed sales and purchase agreements growing at a steady pace. Barring unforeseen circumstances we hope that this project will contribute to the Group's earnings in the 2020 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.

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	(422)	(1,554)
- Underprovision in prior year	-	-
	<u>(422)</u>	<u>(1,554)</u>
Deferred taxation		
- Current deferred tax expense	3	3
- Overprovision in prior year	-	-
	<u>3</u>	<u>3</u>
	<u>(419)</u>	<u>(1,551)</u>

21. Status of corporate proposal

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

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

22. Group borrowings and debt securities

	As at 31.12.2018 RM'000
Short term borrowings - secured	10,608
Long term borrowings - secured	9,491
Total borrowings	<u>20,099</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 31 December 2018.

25. Disclosure requirements pursuant to implementation of FRS 139

Part A: Disclosure of derivatives

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 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>(3,909)</u>
Number of ordinary shares in issue (in thousand)	<u>158,831</u>
Basic loss per ordinary share (sen)	<u>(2.46)</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

27 February 2019