

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For The Period Ended 31 March 2019**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Revenue		2,483	38,778	67,266	149,303
Operating expenses	9	(9,420)	(45,315)	(92,560)	(173,988)
Other operating income	10	5,777	2,345	18,360	7,635
Loss before tax		(1,160)	(4,192)	(6,934)	(17,050)
Taxation	20	(5,250)	(2,041)	(6,801)	(3,126)
<b>Loss from continuing operations</b>		(6,410)	(6,233)	(13,735)	(20,176)
Gain from discontinued operation		-	-	3	-
<b>Loss for the period</b>		(6,410)	(6,233)	(13,732)	(20,176)
<b>Other Comprehensive Income :</b>					
Foreign currency translation		-	-	-	-
<b>Loss net of tax, representing total comprehensive income</b>		(6,410)	(6,233)	(13,732)	(20,176)

(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 March 2019**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Loss attributable to :					
Owners of the Parent		(8,098)	(6,093)	(12,007)	(19,396)
Non-controlling interest		<u>1,688</u>	<u>(140)</u>	<u>(1,725)</u>	<u>(780)</u>
		<u>(6,410)</u>	<u>(6,233)</u>	<u>(13,732)</u>	<u>(20,176)</u>
Total comprehensive income attributable to :					
Owners of the Parent		(8,098)	(6,093)	(12,007)	(19,396)
Non-controlling interest		<u>1,688</u>	<u>(140)</u>	<u>(1,725)</u>	<u>(780)</u>
		<u>(6,410)</u>	<u>(6,233)</u>	<u>(13,732)</u>	<u>(20,176)</u>
Earnings Per Share					
(a) Basic (sen)	26a	(5.06)	(3.80)	(7.51)	(12.09)
(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 March 2019**

	<b>As at 31.03.2019 RM'000 Unaudited</b>	<b>As at 31.03.2018 RM'000 Audited</b>	<b>As at 31.03.2018 RM'000 Restated</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	61,589	72,791	72,791
Prepaid land lease payments	8,038	8,194	8,194
Land held for property development	17,297	17,297	17,297
Deferred tax assets	3,603	9,758	9,758
Goodwill on consolidation	4,735	4,735	4,735
	<u>95,262</u>	<u>112,775</u>	<u>112,775</u>
<b>Current assets</b>			
Property development costs	42,899	44,109	39,324
Inventories	114,986	113,339	112,905
Trade and other receivables	7,029	20,908	20,908
Other current assets	799	679	679
Current tax asset	925	1,144	1,144
Investment in securities	135,513	79,206	79,206
Term deposits	66,043	115,475	115,475
Cash and bank balances	32,160	39,275	39,275
	<u>400,354</u>	<u>414,135</u>	<u>408,916</u>
<b>TOTAL ASSETS</b>	<u><u>495,616</u></u>	<u><u>526,910</u></u>	<u><u>521,691</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 March 2019**

	<b>As at 31.03.2019 RM'000 Unaudited</b>	<b>As at 31.03.2018 RM'000 Audited</b>	<b>As at 31.03.2018 RM'000 Restated</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	131,370	131,370	131,370
Treasury shares	(5,319)	(4,959)	(4,959)
Retained earnings	295,129	318,337	315,136
Capital reserves	-	-	-
	<u>421,180</u>	<u>444,748</u>	<u>441,547</u>
<b>Non-controlling interest</b>	<u>28,735</u>	<u>32,478</u>	<u>30,460</u>
<b>Total equity</b>	<u>449,915</u>	<u>477,226</u>	<u>472,007</u>
<b>Current liabilities</b>			
Short term borrowings	11,708	9,596	9,596
Trade and other payables	4,936	7,336	7,336
Other current liabilities	9,645	9,733	9,733
Current tax payable	274	243	243
	<u>26,563</u>	<u>26,908</u>	<u>26,908</u>
<b>Non current liabilities</b>			
Deferred tax liabilities	11,975	12,209	12,209
Term loan	7,163	10,567	10,567
	<u>19,138</u>	<u>22,776</u>	<u>22,776</u>
<b>Total liabilities</b>	<u>45,701</u>	<u>49,684</u>	<u>49,684</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>495,616</u>	<u>526,910</u>	<u>521,691</u>
Net asset per share	2.63	2.77	2.75

**(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 March 2019**

	← 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 2019</u></b>							
Opening balance at 1 April 2018	131,370	-	318,337	(4,959)	444,748	32,478	477,226
Effect of adoption of MFRS 15	-	-	(3,201)	-	(3,201)	(2,018)	(5,219)
As restated	131,370	-	315,136	(4,959)	441,547	30,460	472,007
Loss net of tax, representing total comprehensive income	-	-	(12,007)	-	(12,007)	(1,725)	(13,732)
<b>Transactions with owners</b>							
Shares buyback	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	(8,000)	-	(8,000)	-	(8,000)
Closing balance at 31 March 2019	131,370	-	295,129	(5,319)	421,180	28,735	449,915
<b>Preceding Year</b>							
<b><u>Corresponding Period</u></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

**(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 31 March 2019**

	<b>12 Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Operating activities</b>		
Loss before tax	(6,934)	(17,050)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	156	156
Depreciation	9,014	10,334
Dividend received from short term funds	(92)	-
Fair value changes in investment in securities	845	174
Loss/(gain) on disposal of property, plant and equipment	133	(488)
Impairment loss of property, plant and equipment	2,000	4,000
Interest expenses included in cost of sales	80	81
Interest expenses included in administrative expenses	1,351	333
Interest income	(7,705)	(5,706)
Inventories written off	-	724
Property, plant and equipment written off	10	1
Unrealised (gain)/loss on foreign exchange	(4,519)	4,137
Unrealised (gain)/loss on investment	(1,310)	1,147
Total adjustments	(37)	14,893
<b>Operating cash flows before changes in working capital</b>	<b>(6,971)</b>	<b>(2,157)</b>
<u>Changes in working capital :</u>		
Decrease/(increase) in property development costs	(3,575)	(5,337)
(Increase)/decrease in inventories	(2,081)	74,910
Decrease/(increase) in trade and other receivables	13,879	(126)
(Increase)/decrease in other current assets	(120)	187
Decrease in trade and other payables	(2,400)	(2,326)
Decrease in other current liabilities	(88)	(775)
Total changes in working capital	5,615	66,533
Cash flows from operation	(1,356)	64,376
Interest paid	(1,431)	(414)
Tax paid, net of refund	(624)	(895)
Net cash flows generated from operating activities	<u>(3,411)</u>	<u>63,067</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 March 2019**

	<b>12 Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Investing activities</b>		
Interest received	7,705	5,706
Dividend received from short term funds	91	-
Investment in securities	(51,324)	(79,756)
Proceeds from disposal of property, plant and equipment	79	1,098
Purchase of property, plant and equipment	(35)	(496)
Net cash flows generated from investing activities	<u>(43,484)</u>	<u>(73,448)</u>
<b>Financing activities</b>		
Dividend paid	(8,000)	-
Proceeds from short term borrowings, net of repayment	(3,315)	(5,830)
Treasury shares acquired	(360)	(474)
Net cash flows used in financing activities	<u>(11,675)</u>	<u>(6,304)</u>
<b>Net decrease in cash and cash equivalent</b>	<b>(58,570)</b>	<b>(16,685)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>150,408</b>	<b>167,093</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b><u>91,838</u></b>	<b><u>150,408</u></b>
<b>Analysis of cash and cash equivalents</b>		
Term deposit	66,043	115,475
Cash and bank balances	32,160	39,275
Bank Overdraft	(6,365)	(4,342)
	<u>91,838</u>	<u>150,408</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 MARCH 2019**

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**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:

	<b>Effective for annual periods beginning on or after</b>
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 MARCH 2019**

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**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.

**EKSONS CORPORATION BERHAD (205814-V)**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2019**

**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		12 Months Ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Amortisation of prepaid land lease payments	39	39	156	156
Depreciation	2,213	2,450	9,014	10,334
Deposit written off	-	-	-	-
Goodwill impairment	-	-	-	-
(Gain)/loss on disposal of property, plant and equipment	128	(488)	133	(488)
Impairment loss of property, plant and equipment	2,000	4,000	2,000	4,000
Interest expenses included in cost of sales	25	16	80	81
Interest expenses during the year included in administrative expenses	160	83	6,397	333
Reversal interest expenses included in administrative expenses	(5,046)	-	(5,046)	-
Property, plant and equipment written off	5	-	10	1
Realised gain on foreign exchange	-	(14)	-	-
Unrealised loss/(gain) on foreign exchange	911	2,564	(4,519)	4,137
Cost of sales	11,793	28,620	65,632	132,099
Marketing and distribution expenses	(3,085)	2,559	1,871	12,537
Administration expenses	1,263	4,124	7,151	6,688
Other expenses	(986)	1,362	9,681	4,110
<b>Total operating expenses</b>	<b>9,420</b>	<b>45,315</b>	<b>92,560</b>	<b>173,988</b>
	-	-	-	-

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2019

10. Other operating income

	3 Months Ended		12 Months Ended	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Realised gain on foreign exchange	(518)	-	-	63
Unrealised gain on foreign exchange	(914)	(10)	4,519	-
Unrealised gain on investment in securities	1,310	-	1,310	-
Rental income	235	274	1,038	1,105
Interest income	2,102	1,970	7,796	5,706
Miscellaneous income	3,562	111	3,697	761
<b>Total other operating income</b>	<b>5,777</b>	<b>2,345</b>	<b>18,360</b>	<b>7,635</b>
	-	-	-	-

11. Segmental reporting

For The Period Ended 31 March 2019

	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	67,212	-	54	-	-	67,266
Inter-segment sales	5,062	-	-	-	(5,062)	-
Total revenue	<u>72,274</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>(5,062)</u>	<u>67,266</u>
<b>Segment Result</b>						
Operating profit/(loss) before interest and tax	(9,576)	(4)	3,660	(7,379)	-	(13,299)
Interest expense	(80)	-	(508)	(843)	-	(1,431)
Interest income	4,687	-	4,327	179	(1,397)	7,796
Income taxes	(6,569)	-	(258)	26	-	(6,801)
Net profit/(loss)	<u>(11,538)</u>	<u>(4)</u>	<u>7,221</u>	<u>(8,017)</u>	<u>(1,397)</u>	<u>(13,735)</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2019

11. Segmental reporting (cont'd)

**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>

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 March 2019, 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 MARCH 2019**

**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 March 2019, 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 (4th Quarter)		Variance (%)	Cumulative Quarter (4th Quarter)		Variance (%)
	31.03.2019 RM'000	31.03.2018 RM'000		31.03.2019 RM'000	31.03.2018 RM'000	
Revenue	2,483	38,778	-94%	67,266	149,303	-55%
Loss before interest and tax	(8,126)	(6,063)	34%	(13,299)	(22,342)	40%
Loss before tax	(1,160)	(4,192)	-72%	(6,934)	(17,050)	59%
Loss after tax	(6,410)	(6,233)	3%	(13,732)	(20,176)	32%
Loss attributable to ordinary equity holders of the owner	(8,098)	(6,093)	33%	(12,007)	(19,396)	38%

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2019**

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**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 current financial year ended 31 March 2019 are RM67.2 million and RM11.5 million respectively. In the previous financial year, the division's turnover and loss after taxation were RM149.3 million and RM11.5 million respectively.

The division's turnover and loss after taxation for the quarter under review are RM2.5 million and RM10.3 million respectively. In the corresponding quarter of the previous financial year, the division's turnover and loss after taxation were RM38.8 million and RM0.3 million respectively.

Included in the loss for the year is a deferred tax write off of approximately RM6.2 million due to uncertainty over the recoverability of the tax asset and an impairment of property, plant and equipment of RM2.0 million in respect of the Group's subsidiary Rajang Plywood (Sabah) Sdn Bhd. Further, inventories were written down by approximately RM4.6 million to reflect net realisable value of the division's plywood stocks.

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 current financial year ended 31 March 2019 is RM8.0 million. In the previous financial year, the division's loss after taxation were RM2.1 million.

The division's loss after taxation for the quarter under review is RM0.6 million. Included in the loss for the quarter is a reversal of interest charges amounting to RM5.0 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 RM2.5 million. The expenses incurred were mainly for bank interest charges, project management, administrative and marketing cost.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2019**

**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:

	<b>Current Quarter 31.03.2019</b>	<b>Immediate Preceding Quarter 31.12.2018</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	2,483	10,527	-76%
Loss before interest and tax	(8,126)	(8,855)	-8%
Loss before tax	(1,160)	(12,910)	-91%
Loss after tax	(6,410)	(13,329)	52%
Loss attributable to owner of the parent	(8,098)	(10,425)	-22%

The Group's property, plant and equipment is at RM61.6 million, down from RM65.9 million due to depreciation of RM2.3 million and an impairment of property, plant and equipment of RM2.0 million for the quarter. The Group's property development cost increased slightly to RM42.9 million from RM41.9 million in the previous quarter.

Meanwhile, the Group's inventories as at 31 March 2019, moved slightly higher to RM115.0 million from RM106.1 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 RM18.9 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 increases from RM81.7 million to RM135.5 million due mainly to additional placement of approximately RM50.0 million during the quarter. The Group's cash and bank balances increase to RM32.2 million from RM31.0 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 RM2.5 million and RM10.3 million respectively. In the immediate preceding quarter, the division's turnover and loss after taxation were RM10.5 million and RM0.7 million respectively.

Included in the loss for the quarter is a deferred tax write off of approximately RM6.2 million due to uncertainty over the recoverability of the tax asset and an impairment of property, plant and equipment of RM2.0 million in respect of the Group's subsidiary Rajang Plywood (Sabah) Sdn Bhd. Further, inventories were written down by approximately RM4.6 million to reflect net realisable value of the division's plywood stocks.

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  
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**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 RM0.6 million. Included in the loss for the quarter is a reversal of interest charges amounting to RM5.0 million. 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 RM7.3 million. The higher loss in the immediate preceding quarter was mainly due to a write off previously capitalised interest of approximately RM6.2 million in accordance to a new interpretation of MFRS 15.

**18. Prospects and Outlook**

*Timber*

Plywood demand is expected to recover in the months ahead while logs supply has improved. We hope that the logs supply recovery can be maintained.

*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**

	<b>Current Quarter RM'000</b>	<b>Financial Period-to-date RM'000</b>
Taxation		
- Current tax expense	472	(1,082)
- Overprovision in prior year	412	412
	<u>884</u>	<u>(670)</u>
Deferred taxation		
- Current deferred tax expense	(6,116)	(6,113)
- Overprovision in prior year	(18)	(18)
	<u>(6,134)</u>	<u>(6,131)</u>
	<u>(5,250)</u>	<u>(6,801)</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  
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**22. Group borrowings and debt securities**

	<b>As at 31.03.2019 RM'000</b>
Short term borrowings - secured	11,708
Long term borrowings - secured	7,163
Total borrowings	<u>18,871</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 March 2019.

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

**Part A: Disclosure of derivatives**

As at 31 March 2019, 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 2019, the Group did not have any gains/losses arising from fair value changes of financial liabilities.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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26. 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>(12,007)</u>
Number of ordinary shares in issue (in thousand)	<u>159,966</u>
Basic loss per ordinary share (sen)	<u>(7.51)</u>
<b>b. Diluted</b>	
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

29 May 2019