

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	9,608	10,527	14,776	64,783
Operating expenses	9 (13,240)	(24,224)	(26,367)	(83,140)
Other operating income	10 4,773	787	16,409	12,583
Profit/ (loss) before tax	1,141	(12,910)	4,818	(5,774)
Taxation	20 (256)	(419)	(1,186)	(1,551)
<b>Profit /(loss) from continuing operations</b>	<b>885</b>	<b>(13,329)</b>	<b>3,632</b>	<b>(7,325)</b>
Gain from discontinued operation	-	-	-	3
<b>Profit/(loss) for the period</b>	<b>885</b>	<b>(13,329)</b>	<b>3,632</b>	<b>(7,322)</b>
<b>Other Comprehensive Income :</b>				
Foreign currency translation	-	-	-	-
<b>Profit/(loss) net of tax, representing total comprehensive income</b>	<b>885</b>	<b>(13,329)</b>	<b>3,632</b>	<b>(7,322)</b>

**(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)**

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

	Individual Quarter		Cumulative Quarter		
	Current	Preceding	Current	Preceding	
	Year	Year	Year	Year	
	Quarter	Corresponding	To Date	Corresponding	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	
Note	RM'000	RM'000	RM'000	RM'000	
Profit/(loss) attributable to :					
Owners of the Parent	1,100	(7,168)	4,886	(3,909)	
Non-controlling interest	(215)	(2,904)	(1,254)	(3,413)	
	<u>885</u>	<u>(10,072)</u>	<u>3,632</u>	<u>(7,322)</u>	
Total comprehensive income attributable to :					
Owners of the Parent	1,100	(7,165)	4,886	(3,909)	
Non-controlling interest	(215)	(2,904)	(1,254)	(3,413)	
	<u>885</u>	<u>(10,069)</u>	<u>3,632</u>	<u>(7,322)</u>	
Earnings Per Share					
(a) Basic (sen)	26a	0.69	(6.56)	3.08	(2.46)
(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 2019)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Financial Position**  
**As At 31 December 2019**

	<b>As at 31.12.2019 RM'000 Unaudited</b>	<b>As at 31.03.2019 RM'000 Audited</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	58,315	61,589
Prepaid land lease payments	7,920	8,038
Land held for property development	17,297	17,297
Deferred tax assets	4,092	4,091
Goodwill on consolidation	4,735	4,735
	<u>92,359</u>	<u>95,750</u>
<b>Current assets</b>		
Property development costs	40,886	42,899
Inventories	147,569	114,986
Trade and other receivables	11,071	7,029
Other current assets	638	799
Current tax asset	887	925
Investment in securities	143,510	135,513
Term deposits	35,965	66,043
Cash and bank balances	21,556	32,160
	<u>402,082</u>	<u>400,354</u>
<b>TOTAL ASSETS</b>	<u><u>494,441</u></u>	<u><u>496,104</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 2019)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Financial Position**  
**As At 31 December 2019**

	<b>As at 31.12.2019 RM'000 Unaudited</b>	<b>As at 31.03.2019 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	(5,319)	(5,319)
Retained earnings	300,503	295,617
	<u>426,554</u>	<u>421,668</u>
<b>Non-controlling interest</b>	<u>28,335</u>	<u>28,735</u>
<b>Total equity</b>	<u>454,889</u>	<u>450,403</u>
<b>Current liabilities</b>		
Short term borrowings	7,011	11,708
Trade and other payables	5,292	4,936
Other current liabilities	9,356	9,645
Current tax payable	304	274
	<u>21,963</u>	<u>26,563</u>
<b>Non current liabilities</b>		
Deferred tax liabilities	11,818	11,975
Term loan	5,771	7,163
	<u>17,589</u>	<u>19,138</u>
<b>Total liabilities</b>	<u>39,552</u>	<u>45,701</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>494,441</u>	<u>496,104</u>
Net asset per share	2.68	2.63

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement Of Changes In Equity**  
**For The Period Ended 31 December 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 December 2019</u></b>							
Opening balance at 1 April 2019	131,370	-	295,617	(5,319)	421,668	28,735	450,403
Profit net of tax, representing total comprehensive income	-	-	4,886	-	4,886	(1,254)	3,632
<b>Transactions with owners</b>							
Investment in a subsidiary company by non-controlling interest	-	-	-	-	-	854	854
Closing balance at 31 December 2019	131,370	-	300,503	(5,319)	426,554	28,335	454,889
<b>Preceding Year</b>							
<b>Corresponding Period</b>							
<b><u>For The Period Ended 31 December 2018</u></b>							
Opening balance at 1 April 2018	131,370	-	318,337	(4,959)	444,748	32,478	477,226
Profit net of tax, representing total comprehensive income	-	-	(3,909)	-	(3,909)	(3,413)	(7,322)
<b>Transactions with owners</b>							
Shares buyback	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	(8,000)	-	(8,000)	-	(8,000)
Closing balance at 31 December 2018	131,370	-	306,428	(5,319)	432,479	29,065	461,544

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 December 2019**

	<b>9 Months Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Profit/(loss) before tax	4,818	(5,774)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	117	117
Depreciation	6,361	6,801
Dividend received from short term funds	(27)	
Gain on disposal of property, plant and equipment	1	5
Interest expenses included in cost of sales	336	55
Interest expenses included in administrative expenses	1,472	6,237
Interest income	(5,837)	(5,694)
Property, plant and equipment written off	-	5
Unrealised (gain)/loss on foreign exchange	-	(5,430)
Unrealised loss/(gain) on investment	(9,600)	3,086
Total adjustments	(7,177)	5,182
<b>Operating cash flows before changes in working capital</b>	<b>(2,359)</b>	<b>(592)</b>
<u>Changes in working capital :</u>		
Decrease in property development costs	2,013	2,187
(Increase)/decrease in inventories	(32,583)	7,158
(Increase)/decrease in trade and other receivables	(4,043)	14,060
Decrease/(increase) in other current assets	161	(15)
Increase/(decrease) in trade and other payables	356	(3,953)
Decrease in other current liabilities	(289)	(416)
Total changes in working capital	(34,385)	19,021
Cash flows from operation	(36,744)	18,429
Interest paid	(1,808)	(6,292)
Tax paid, net of refund	(421)	(371)
Net cash flows generated from operating activities	<u>(38,973)</u>	<u>11,766</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)**

**EKSONS CORPORATION BERHAD (205814-V)**  
**Condensed Consolidated Statement of Cash Flows**  
**For The Period Ended 31 December 2019**

	<b>9 Months Ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Investing activities</b>		
Dividend received from short term funds	27	-
Interest received	5,837	5,694
Investment in securities	1,603	(153)
Proceeds from disposal of property, plant and equipment	(3,087)	19
Purchase of property, plant and equipment	-	(34)
Net cash flows generated from investing activities	<u>4,380</u>	<u>5,526</u>
<b>Financing activities</b>		
Dividend paid	-	(8,000)
Proceeds from short term borrowings, net of repayment	(4,597)	(1,429)
Treasury shares acquired	-	(360)
Net cash flows used in financing activities	<u>(4,597)</u>	<u>(9,789)</u>
<b>Net increase in cash and cash equivalent</b>	(39,190)	7,503
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>91,838</u>	<u>150,408</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>52,648</u></u>	<u><u>157,911</u></u>
<b>Analysis of cash and cash equivalents</b>		
Term deposit	35,965	132,698
Cash and bank balances	21,556	30,920
Bank Overdraft	(4,873)	(5,707)
	<u>52,648</u>	<u>157,911</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)**

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

**2. Changes in Accounting Policies**

The audited financial statements of the Group for the year ended 31 March 2019 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 2019 except for the adoption of the following new and revised standards effective as at 1 January 2019:

	<b>Effective for annual periods beginning on or after</b>
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 119: Employee Benefits Plan Amendment, Curtailment or Settlement	1 January 2019

The directors expect that adoption of the above pronouncements will have no impact on the financial statements in the period of initial application except as follows:

**MFRS 16 Leases**

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.



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

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**2. Changes in Accounting Policies (cont'd)**

**MFRS 16 Leases (cont'd)**

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, where as under MFRS 16, the lease payments will be split into principal (which will be presented as financial cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's and the Company's operating leases. The Group and the Company have not assessed if there are any adjustments which are necessary because of the treatment of variable lease payments, extension or termination options. It is therefore not practicable at this juncture to estimate the amount of right-to-use assets and liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group's and the Company's profit or loss and classification of cash flows going forward.

**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 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		9 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid land lease payments	39	39	117	117
Depreciation	2,115	2,251	6,361	6,801
Goodwill impairment	-	-	-	-
Gain on disposal of property, plant and equipment	1	5	1	5
Interest expenses included in cost of sales	(669)	18	336	55
Interest expenses included in administrative expenses	1,227	6,079	1,472	6,237
Property, plant and equipment written off	-	2	-	5
Realised loss on foreign exchange	-	-	-	-
Unrealised loss on foreign exchange	-	-	-	-
Fair value changes in investment in securities	-	-	-	-
Unrealised loss on investment in securities	-	(5,430)	-	(5,430)
Cost of sales	7,393	8,803	7,929	53,839
Marketing and distribution expenses	400	697	1,392	4,956
Administration expenses	1,881	2,218	4,676	5,888
Other expenses	853	9,542	4,083	10,667
<b>Total operating expenses</b>	<b>13,240</b>	<b>24,224</b>	<b>26,367</b>	<b>83,140</b>
	-	-	-	-

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

10. Other operating income

	3 Months Ended		9 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Realised gain on foreign exchange	(183)	471	90	518
Unrealised gain on foreign exchange	(2,663)	4	-	5,433
Unrealised gain on investment in securities	5,720	(1,762)	9,600	-
Rental income	205	266	639	803
Interest income	1,629	2,042	5,864	5,694
Miscellaneous income	65	(234)	216	135
<b>Total other operating income</b>	<b>4,773</b>	<b>787</b>	<b>16,409</b>	<b>12,583</b>
	-	-	-	-

11. Segmental reporting

For The Period Ended 31 December 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	11,033	-	40	6,703	(3,000)	14,776
Inter-segment sales	3,859	-	-	-	(3,859)	-
Total revenue	<u>14,892</u>	<u>-</u>	<u>40</u>	<u>6,703</u>	<u>(6,859)</u>	<u>14,776</u>
<b>Segment Result</b>						
Operating profit/(loss) before interest and tax	(4,087)	(2)	5,768	(2,357)	1,440	762
Interest expense	(27)	-	(245)	(978)	(558)	(1,808)
Interest income	1,729	-	4,924	93	(882)	5,864
Income taxes	(1,014)	-	(172)	-	-	(1,186)
Net profit/(loss)	<u>(3,399)</u>	<u>(2)</u>	<u>10,275</u>	<u>(3,242)</u>	<u>-</u>	<u>3,632</u>

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

11. Segmental reporting (cont'd)

**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
<b>Segment Revenue</b>						
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>
<b>Segment Result</b>						
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>

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 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.

- a) On 17 October 2019, Vibrant Hub Sdn. Bhd. issued additional 32,866 ordinary shares and 467,134 preference shares of RM4.00 each. All such new ordinary shares shall be created as fully paid shares ranking pari passu on all respect with the existing issued share capital. Following the issue of the said shares, the Company's equity holding in Vibrant Hub Sdn. Bhd. increased from 60% to 60.52%

14. Capital commitments

As at 31 December 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 DECEMBER 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 2019. The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

As at 31 December 2019, 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 (3rd Quarter)		Variance (%)	Cumulative Quarter		Variance (%)
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	9,608	10,527	-9%	14,776	64,783	-77%
Profit/(loss) before interest and tax	588	(8,855)	107%	762	(5,173)	115%
Profit/(loss) before tax	1,141	(12,913)	109%	4,818	(5,774)	183%
Profit/(loss) after tax	885	(13,329)	107%	3,632	(7,322)	150%
Profit/(loss) attributable to ordinary equity holders of the owner	1,100	(10,425)	111%	4,886	(3,909)	225%

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

**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, was as follows:

*Timber*

The timber division recorded a turnover and loss after taxation for the nine months ended 31 December 2019 of RM11.0 million and RM3.4 million respectively. In the corresponding period of the previous financial year, the division's turnover and loss after taxation were RM64.7 million and RM1.2 million respectively.

The division recorded a turnover and loss after taxation for the quarter under review of RM5.9 million and RM1.7 million respectively. In the corresponding quarter of the previous financial year, the division's turnover and loss after taxation were RM10.5 million and RM0.7 million respectively.

The division's sales were lower for the quarter under review as compared to the previous year corresponding quarter due to lower demand for plywood from the Middle East arising from tensions in the region. The higher sales in the corresponding quarter of the previous financial year was due to the better selling prices and higher demand for plywood.

*Property Development*

The division recorded a turnover and loss after taxation for the nine months ended 31 December 2019 of RM6.7 million and RM3.2 million. In the corresponding period of the previous financial year, the division's loss after taxation was RM0.8 million and the division recognised no revenue. RM3.0 million sales in the current quarter represents an intercompany sale between Russella Teguh Sdn Bhd and Eksons Corporation Berhad whereas the balance is from the maiden recognition of sales from Viva Paradise Sdn Bhd. The sales resulted in a gain of RM0.6 million by Russella Teguh Sdn Bhd.

The division recorded a turnover and loss after taxation for the quarter under review of RM6.7 million and RM0.6 million respectively. In the corresponding quarter of the previous financial year, the division's loss after taxation was RM7.5 million. In the previous financial period, the higher loss was due to the interest charges being expensed off in the income statement. There were sales recorded for the quarter under review as construction work for units sold has commenced. The expenses incurred were mainly for bank interest charges, project management, administrative and marketing cost.

**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 31.12.2019 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2019 RM'000</b>	<b>Variance %</b>
Revenue	9,608	3,070	213%
Profit/(loss) before interest and tax	588	(1,085)	154%
Profit before tax	1,141	524	118%
Profit after tax	885	107	727%
Profit attributable to owner of the parent	1,100	681	62%

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

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

The Group's property, plant and equipment is at RM57.3 million, down from RM58.3 million due to depreciation of RM1.0 million for the quarter. The Group's property development cost moved to RM40.8 million from RM42.9 million for the quarter in respect of Affiniti Residences' construction which represents the net movement between cost recognised to the income statement for the sold units and on going construction.

Meanwhile, the Group's inventories as at 31 December 2019, moved slightly higher to RM147.5 million from RM146.2 million from the previous quarter due mainly to increase in stock of the timber division. The trade receivables increased from RM7.8 million to RM11.0 million mainly due to sales recognised in the property division. The Group's borrowings decreased during the quarter under review from RM15.8 million to RM12.7 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 increased from RM140.6 million to RM143.5 million due mainly to the unrealised gain in investment despite the loss of RM2.7million in foreign exchange during the quarter. The Group's term deposits and cash and bank balances decreased to RM57.5 million from RM64.9 million mainly due to the expenses associated with continuing production and lower revenue arising from slower sales in the timber division 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 recorded a turnover and loss after taxation for the quarter under review of RM5.9 million and RM1.7 million respectively. In the immediate preceding quarter, the division's turnover and loss after taxation were RM3.1 million and RM0.9 million respectively.

The division's sales was higher for the quarter under review due to an increase in volume sold.

*Property Development*

The division recorded a turnover and loss after taxation for the quarter under review of RM6.7 million and RM0.6 million respectively. In the immediate preceding quarter, the division's loss after taxation was RM1.5 million and there was no turnover recorded.

RM3.0 million of the current quarter's sales represents an intercompany sale between Russella Teguh Sdn Bhd and Eksons Corporation Berhad whereas the balance is from the maiden recognition of sales from Viva Paradise Sdn Bhd. The sales resulted in a gain of RM0.6 million in Russella Teguh Sdn Bhd.

**18. Prospects and Outlook**

*Timber*

Going forward, our plywood sales are expected to be sluggish resulting from a global economic slowdown.

*Property Development*

We have commenced recognising the contribution to revenue from our development in Bukit Serdang, Selangor. Sales promotion are still ongoing and expected to increase steadily.

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

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

**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	(256)	(1,186)
- Underprovision in prior year	-	-
	<u>(256)</u>	<u>(1,186)</u>
Deferred taxation		
- Current deferred tax expense	-	-
- Overprovision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>(256)</u>	<u>(1,186)</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**

	<b>As at 31.12.2019 RM'000</b>
Short term borrowings	
- secured	7,011
Long term borrowings	
- secured	5,771
Total borrowings	<u>12,782</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 except for the following:-

As previously announced on 3rd September 2019, arbitration proceedings (“Arbitration”) were commenced between, The Atmosphere Sdn Bhd (“TASB”) a 60% subsidiary of the Company, as respondent and Multi Builders Sdn Bhd (“MBSB”) as claimant in respect of a settled Liquidated and Ascertained Damages (“LAD”) sum of RM3.9 million.

The lawyers of the TASB has since requested the Arbitrator for a preliminary hearing of the matter for the following reasons:

- a) The request for arbitration was submitted after the expiry of the time limit for claims to be made; and
- b) A Letter of Confirmation of LAD executed on 9th January 2013 confirming the settlement.

A preliminary hearing date is pending from the Arbitrator.

As of this stage, the Board reasonably believes that it stands a good chance of success against the claim brought by MBSB and therefore does not expect any losses to arise by reason of the commencement of the Arbitration other than legal cost and time in defending the claim.



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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT  
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**24. Proposed dividend**

The Board of Directors does not recommend any interim dividend for the financial quarter ended 31 December 2019.

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

**Part A: Disclosure of derivatives**

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

**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 profit attributable to ordinary shareholders (RM'000)	<u>4,886</u>
Number of ordinary shares in issue (in thousand) (Net treasury shares)	<u>158,894</u>
Basic profit per ordinary share (sen)	<u>3.08</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

25 February 2020