

EKSONS CORPORATION BERHAD (205814-V)
Amended Consolidated Statement of Comprehensive Income
For The Period Ended 31 March 2020

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue		24,598	2,483	39,374	67,266
Operating expenses	9	(56,829)	(9,420)	(83,196)	(92,560)
Other operating income	10	(3,805)	5,777	12,604	18,360
Loss before tax		<u>(36,036)</u>	<u>(1,160)</u>	<u>(31,218)</u>	<u>(6,934)</u>
Taxation	20	(3,566)	(5,250)	(4,752)	(6,312)
Loss from continuing operations		<u>(39,602)</u>	<u>(6,410)</u>	<u>(35,970)</u>	<u>(13,246)</u>
Gain from discontinued operation		-	-	-	3
Loss for the period		<u>(39,602)</u>	<u>(6,410)</u>	<u>(35,970)</u>	<u>(13,243)</u>
Other Comprehensive Income :					
Foreign currency translation		-	-	-	-
Loss net of tax, representing total comprehensive income		<u><u>(39,602)</u></u>	<u><u>(6,410)</u></u>	<u><u>(35,970)</u></u>	<u><u>(13,243)</u></u>

(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)
Amended Consolidated Statement of Comprehensive Income
For The Period Ended 31 March 2020

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000	Current Year To Date 31.03.2020 RM'000	Preceding Year Corresponding Period 31.03.2019 RM'000
Loss attributable to :					
Owners of the Parent		(40,954)	(8,098)	(36,068)	(11,518)
Non-controlling interest		<u>1,352</u>	<u>1,688</u>	<u>98</u>	<u>(1,725)</u>
		<u>(39,602)</u>	<u>(6,410)</u>	<u>(35,970)</u>	<u>(13,243)</u>
Total comprehensive income attributable to :					
Owners of the Parent		(40,954)	(8,098)	(36,068)	(11,518)
Non-controlling interest		<u>1,352</u>	<u>1,688</u>	<u>98</u>	<u>(1,725)</u>
		<u>(39,602)</u>	<u>(6,410)</u>	<u>(35,970)</u>	<u>(13,243)</u>
Earnings Per Share					
(a) Basic (sen)	26a	(25.60)	(5.06)	(22.70)	(7.51)
(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)
Amended Consolidated Statement of Financial Position
As At 31 March 2020

	As at 31.03.2020 RM'000 Audited	As at 31.03.2019 RM'000 Unaudited
ASSETS		
Non-current assets		
Property, plant and equipment	50,753	61,589
Prepaid land lease payments	7,882	8,038
Land held for property development	17,297	17,297
Deferred tax assets	-	4,092
Goodwill on consolidation	-	4,735
	<u>75,932</u>	<u>95,751</u>
Current assets		
Property development costs	40,952	42,899
Inventories	124,912	114,986
Trade and other receivables	9,848	7,029
Other current assets	7,112	799
Current tax asset	1,010	925
Investment in securities	134,140	135,513
Term deposits	46,343	66,043
Cash and bank balances	17,360	32,160
	<u>381,677</u>	<u>400,354</u>
TOTAL ASSETS	<u><u>457,609</u></u>	<u><u>496,105</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)
Amended Consolidated Statement of Financial Position
As At 31 March 2020

	As at 31.03.2020 RM'000 Audited	As at 31.03.2019 RM'000 Unaudited
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	131,370	131,370
Treasury shares	(5,319)	(5,319)
Retained earnings	259,550	295,618
Capital reserves	-	-
	<u>385,601</u>	<u>421,669</u>
Non-controlling interest	29,687	28,735
Total equity	<u>415,288</u>	<u>450,404</u>
Current liabilities		
Short term borrowings	11,315	11,708
Trade and other payables	4,456	4,936
Other current liabilities	10,599	9,645
Current tax payable	471	274
	<u>26,841</u>	<u>26,563</u>
Non current liabilities		
Deferred tax liabilities	11,281	11,975
Term loan	4,199	7,163
	<u>15,480</u>	<u>19,138</u>
Total liabilities	<u>42,321</u>	<u>45,701</u>
TOTAL EQUITY AND LIABILITIES	<u>457,609</u>	<u>496,105</u>
Net asset per share	2.40	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)
Amended Consolidated Statement Of Changes In Equity
For The Period Ended 31 March 2020

	← 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 31 March 2020</u>							
Opening balance at 1 April 2019	131,370	-	295,618	(5,319)	421,669	28,735	450,404
Loss net of tax, representing total comprehensive income	-	-	(36,068)	-	(36,068)	98	(35,970)
Transactions with owners							
Investment in a subsidiary company by non-controlling interest	-	-		-	-	854	854
Closing balance at 31 March 2020	<u>131,370</u>	<u>-</u>	<u>259,550</u>	<u>(5,319)</u>	<u>385,601</u>	<u>29,687</u>	<u>415,288</u>
	-	-	-	-	-	-	-
Preceding Year							
<u>Corresponding Period</u>							
<u>For The Period Ended 31 March 2019</u>							
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	<u>131,370</u>	<u>-</u>	<u>315,136</u>	<u>(4,959)</u>	<u>441,547</u>	<u>30,460</u>	<u>472,007</u>
Loss net of tax, representing total comprehensive income	-	-	(11,518)	-	(11,518)	(1,725)	(13,243)
Transactions with owners							
Shares buyback	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	(8,000)	-	(8,000)	-	(8,000)
Closing balance at 31 March 2019	<u>131,370</u>	<u>-</u>	<u>295,618</u>	<u>(5,319)</u>	<u>421,669</u>	<u>28,735</u>	<u>450,404</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 2019)

EKSONS CORPORATION BERHAD (205814-V)
Amended Consolidated Statement of Cash Flows
For The Period Ended 31 March 2020

	12 Months Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
	Unaudited	Audited
Operating activities		
Loss before tax	(31,218)	(6,934)
<u>Adjustments for :</u>		
Amortisation of prepaid land lease payments	156	156
Depreciation	8,484	9,014
Dividend received from short term funds	(121)	(92)
Fair value changes in investment in securities	-	845
Loss/(gain) on disposal of property, plant and equipment	-	133
Goodwill written off	4,735	-
Impairment loss of property, plant and equipment	2,509	2,000
Interest expenses included in cost of sales	2,138	1,351
Interest expenses included in administrative expenses	463	80
Interest income	(7,276)	(7,705)
Inventories written off	11,674	4,584
Property, plant and equipment written off	1	10
Unrealised (gain)/loss on foreign exchange	(3,319)	(4,519)
Unrealised (gain)/loss on investment	1,985	(1,310)
Total adjustments	21,429	4,547
Operating cash flows before changes in working capital	(9,789)	(2,387)
<u>Changes in working capital :</u>		
Decrease/(increase) in property development costs	1,945	(3,575)
(Increase)/decrease in inventories	(21,600)	(6,665)
Decrease/(increase) in trade and other receivables	(2,819)	13,879
(Increase)/decrease in other current assets	(6,312)	(120)
Decrease in trade and other payables	(480)	(2,400)
Decrease in other current liabilities	954	(88)
Total changes in working capital	(28,312)	1,031
Cash flows from operation	(38,101)	(1,356)
Interest paid	(2,601)	(1,431)
Tax paid, net of refund	(389)	(624)
Net cash flows generated from operating activities	<u>(41,091)</u>	<u>(3,411)</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)
Amended Consolidated Statement of Cash Flows
For The Period Ended 31 March 2020

	12 Months Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
	Unaudited	Audited
Investing activities		
Interest received	7,276	7,705
Dividend received from short term funds	121	91
Investment in securities	2,708	(51,324)
Proceeds from disposal of property, plant and equipment	1	79
Purchase of property, plant and equipment	(158)	(35)
Net cash flows generated from investing activities	<u>9,948</u>	<u>(43,484)</u>
Financing activities		
Drawdown of term loan	-	(474)
Dividend paid	-	(8,000)
Proceeds from short term borrowings, net of repayment	(1,742)	(3,315)
Treasury shares acquired	-	(360)
Net cash flows used in financing activities	<u>(1,742)</u>	<u>(11,675)</u>
Net decrease in cash and cash equivalent	(32,885)	(58,570)
Cash and cash equivalents at the beginning of the financial year	91,838	150,408
Cash and cash equivalents at the end of the financial year	<u>58,953</u>	<u>91,838</u>
Analysis of cash and cash equivalents		
Term deposit	46,343	66,043
Cash and bank balances	17,360	32,160
Bank Overdraft	(4,750)	(6,365)
	<u>58,953</u>	<u>91,838</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 MARCH 2020**

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:

	Effective for annual periods beginning on or after
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.

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 Group has applied commercial judgement to determine the lease term for those leases with renewal options and this in turn will impact on the amount of right to use assets and lease liabilities recognised. The Group has elected not to recognise right-of use assets and lease liabilities for low value assets and short term leases. The adoption of MFRS 16 is not expected to have material impact to the financial statements of the Group.

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 2020**

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	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Amortisation of prepaid land lease payments	39	39	156	156
Depreciation	2,123	2,213	8,484	9,014
(Gain)/loss on disposal of property, plant and equipment	(1)	128	-	133
Impairment loss of property, plant and equipment	2,509	2,000	2,509	2,000
Interest expenses included in cost of sales	666	160	2,138	1,351
Interest expenses during the year included in administrative expenses	127	25	463	80
Inventories written off	11,674	-	11,674	4,584
Reversal interest expenses included in administrative expenses	-	(5,046)	-	(5,046)
Goodwill written off	4,735	-	4,735	-
Property, plant and equipment written off	1	5	1	10
Realised loss on foreign exchange	4,957	-	4,957	-
Unrealised loss on foreign exchange	1,985	911	1,985	-
Cost of sales	25,556	11,793	33,485	66,159
Marketing and distribution expenses	188	(3,085)	1,580	1,871
Administration expenses	1,739	1,263	6,415	7,151
Other expenses	531	(986)	4,614	5,097
Total operating expenses	56,829	9,420	83,196	92,560
	-	-	-	-

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2020

10. Other operating income

	3 Months Ended		12 Months Ended	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Realised (loss)/gain on foreign exchange	(33)	(518)	57	-
Unrealised gain on foreign exchange	3,319	(914)	3,319	4,519
Unrealised (loss)/gain on investment in securities	(9,600)	1,310	-	1,310
Rental income	306	235	945	1,038
Interest income	1,533	2,102	7,397	7,796
Miscellaneous income	670	3,562	886	3,697
Total other operating income	(3,805)	5,777	12,604	18,360
	-	-	-	-

11. Segmental reporting

For The Period Ended 31 March 2020

	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	28,568	-	54	10,752	-	39,374
Inter-segment sales	7,574	-	50,324	3,000	(60,898)	-
Total revenue	<u>36,142</u>	<u>-</u>	<u>50,378</u>	<u>13,752</u>	<u>(60,898)</u>	<u>39,374</u>
Segment Result						
Operating profit/(loss) before interest and tax	(22,609)	(4)	(2,844)	15,538	(26,095)	(36,014)
Interest expense	(33)	-	(463)	(2,105)		(2,601)
Interest income	2,150	-	6,356	121	(1,230)	7,397
Income taxes	(4,704)	-	(236)	1,622	(1,434)	(4,752)
Net profit/(loss)	<u>(25,196)</u>	<u>(4)</u>	<u>2,813</u>	<u>15,176</u>	<u>(28,759)</u>	<u>(35,970)</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2020**

11. Segmental reporting (cont'd)**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
Segment Revenue						
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>
Segment Result						
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	(6,080)	-	(258)	26	-	(6,312)
Net profit/(loss)	<u>(11,049)</u>	<u>(4)</u>	<u>7,221</u>	<u>(8,017)</u>	<u>(1,397)</u>	<u>(13,246)</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 except for impairment of certain plant and machinery in Rajang Plywood (Sabah) Sdn Bhd and Eksons Biomass Energy Sdn Bhd amounting to RM 2.5 million.

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 except as disclose below.

During the year, the Group subscribe in additional 32,866 ordinary shares and 467,134 preference shares of RM4.00 each in Vibrant Hub Sdn Bhd. 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 March 2020, 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 2020**

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.

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 (%)
	31.03.2020 RM'000	31.03.2019 RM'000		31.03.2020 RM'000	31.03.2019 RM'000	
Revenue	24,598	2,483	891%	39,374	67,266	-41%
Loss before interest and tax	(36,776)	(8,126)	-353%	(36,014)	(13,299)	-171%
Loss before tax	(36,036)	(1,160)	-3007%	(31,218)	(6,934)	-350%
Loss after tax	(39,602)	(5,924)	-569%	(35,970)	(13,246)	-172%
Loss attributable to ordinary equity holders of the owner	(40,954)	(7,609)	-438%	(36,068)	(11,518)	-213%

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2020**

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, were as follows:

Timber

The timber division recorded a turnover and loss after taxation for the current financial year ended 31 March 2020 of RM28.6 million and RM25.2 million respectively. In the previous financial year, the division's turnover and loss after taxation were RM67.2 million and RM11.0 million respectively.

The division recorded a turnover and loss after taxation for the quarter under review of RM17.5 million and RM21.5 million respectively. In the corresponding quarter of the previous financial year, the division's turnover and loss after taxation were RM2.5 million and RM14.8 million respectively.

The division's sales was higher for the quarter under review due to higher demand for plywood. Included in the loss for the year is an impairment of property, plant and equipment of RM2.5 million in respect of the Group's subsidiaries Rajang Plywood (Sabah) Sdn Bhd and Eksons Biomass Energy Sdn Bhd. Further, the division's inventories were written down by approximately RM11.7 million to reflect net realisable value of the division's stocks.

Property Development

The division recorded a turnover and loss after taxation for the current financial year ended 31 March 2020 of RM13.7 million and RM6.6 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. The sales recognised from Viva Paradise Sdn Bhd's Affiniti Residences project which is based on the percentage of completion method.

The division recorded a turnover and loss after taxation for the quarter under review of RM7.0 million and RM3.5 million respectively. Included in the division's loss for the year is goodwill written off approximately RM4.7 million. Further, there is a reversal of deferred tax liabilities in the Group's subsidiary, Russella Teguh Sdn Bhd amounting to RM1.9 million. In the corresponding quarter of the previous financial year no sales were recognised, the division's profit after taxation was RM4.2

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2020**

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 31.03.2020	Immediate Preceding Quarter 31.12.2019	Variance
	RM'000	RM'000	%
Revenue	24,598	9,608	156%
(Loss)/profit before interest and tax	(36,776)	588	-6354%
(Loss)/profit before tax	(36,036)	1,141	-3258%
(Loss)/profit after tax	(39,602)	885	-4575%
(Loss)/profit attributable to owner of the parent	(40,954)	1,100	-3823%

The Group's property, plant and equipment is at RM50.7 million, down from RM58.3 million due to depreciation of RM2.1 million and impairment of property, plant and equipment of RM2.5 million for the quarter. The Group's property development cost moved from RM40.8 million to RM40.9 million in 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 the cost of the ongoing construction.

Meanwhile, the Group's inventories as at 31 March 2020, moved lower to RM124.9 million from RM147.5 million from the previous quarter mainly due to decrease in stocks of the timber division and impairment of inventories by approximately RM9.2 million. The Group's borrowings increased during the quarter under review from RM12.7 million to RM15.5 million due mainly to the drawdown of the bridging loan for the Group's project in Taman Bukit Serdang, Selangor.

The Group's investment in securities decreases from RM143.5 million to RM134.1 million due mainly to the unrealised loss in investment in foreign exchange during the quarter. The Group's term deposits and cash and bank balances increased to RM63.8 million from RM57.5 million mainly due to sales proceeds of the timber and property development divisions. The Group also recorded a goodwill written off of RM4.7 million of the property development division and deferred tax assets write down of RM4.1 million from 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 recorded a turnover and loss after taxation for the quarter under review of RM17.5 million and RM21.5 million respectively. In the immediate preceding quarter, the division's turnover and loss after taxation were RM5.9 million and RM1.7 million respectively.

The division's sales was higher for the quarter under review due to higher demand for plywood. Included in the loss for the quarter is an impairment of property, plant and equipment of RM2.5 million in respect of the Group's subsidiaries Rajang Plywood (Sabah) Sdn Bhd and Eksons Biomass Energy Sdn Bhd. Further, inventories of the division were written down by approximately RM11.7 million to reflect net realisable value of the division's stocks.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2020**

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

Property Development

The division recorded a turnover and loss after taxation for the quarter under review of RM7.0 million and RM3.5 million respectively. Included in the division's loss for the year is goodwill written off approximately RM4.7 million. Further, there is a reversal of deferred tax liabilities in the Group's subsidiary, Russella Teguh Sdn Bhd amounting to RM1.9 million. The turnover recognised is from the Affiniti Residences project in Taman Bukit Serdang, Selangor. In the immediate preceding quarter, the division's turnover and loss after taxation were RM6.7 million and RM0.6 million respectively.

18. Prospects and Outlook

The Covid-19 pandemic and the Movement Control Order (MCO) has had an impact on the Group. We at this point in time are unable to determine the full extent of the impact yet. Given this and other factors affecting the Group we expect the business environment to be challenging and the Board remain cautious of the performance of the Group in the months ahead.

Timber

Going forward, our plywood sales are expected continue to be challenging resulting from a global economic slowdown as a consequence of the Covid-19 pandemic.

Property Development

We have commenced recognising the contribution to revenue from our development in Taman Bukit Serdang, Selangor. Sales promotion is still ongoing and expected to increase steadily. The project was delayed by the MCO and the subsequent approval requirement to start work by approximately 3 months. Work on the project resumed in early June 2020 and we expect it to be handed over by March 2022. Barring unforeseen circumstances we hope that this project will contribute to the Group's earnings in the 2021 financial year.

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	332	(854)
- Overprovision in prior year	5	5
	<u>337</u>	<u>(849)</u>
Deferred taxation		
- Current deferred tax expense	-	
- Overprovision in prior year	(3,903)	(3,903)
	<u>(3,903)</u>	<u>(3,903)</u>
	<u>(3,566)</u>	<u>(4,752)</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 MARCH 2020**

22. Group borrowings and debt securities

	As at 31.03.2020 RM'000
Short term borrowings - secured	11,315
Long term borrowings - secured	4,199
Total borrowings	<u>15,514</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 Arbitration hearing date was held on 22 June 2020 and 23 June 2020 and the decision is pending from the Arbitrator.

As of this stage, the Board believes that it stands a reasonable 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.

24. Proposed dividend

The Board of Directors has proposed the following dividend for the financial ended 31 March 2020 subject to shareholders approval at the forthcoming Annual General Meeting at a date to be announced later:

Type of dividend:	Final dividend via a share dividend distribution of treasury shares
Entitlement:	1 (one) treasury shares for every 100 shares held, fractions of treasury share will be disregarded
Numbers of shares to be distributed:	1,598,809 ordinary shares

25. Disclosure requirements pursuant to implementation of FRS 139

Part A: Disclosure of derivatives

As at 31 March 2020, 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 2020, 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 MARCH 2020

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>(36,068)</u>
Number of ordinary shares in issue (in thousand)	<u>158,894</u>
Basic loss per ordinary share (sen)	<u>(22.70)</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

12 August 2020