

EKOWOOD INTERNATIONAL BERHAD (301735-D)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Individual Quarter Current Year Quarter 30/9/2015 RM	Preceding Year Corresponding Quarter 30/9/2014 RM	Cumulative Quarter Current Year Quarter 30/9/2015 RM	Preceding Year Corresponding Quarter 30/9/2014 RM
Revenue	10,157,304	12,368,621	28,348,859	32,708,397
Cost of sales	<u>(9,308,921)</u>	<u>(11,135,247)</u>	<u>(23,800,025)</u>	<u>(28,651,139)</u>
Gross (loss)/profit	848,383	1,233,374	4,548,834	4,057,258
Other income	745,891	(35,568)	1,266,101	948,798
Other items of expenses				
Administrative expenses	(2,041,437)	(1,367,447)	(5,116,807)	(3,928,236)
Selling and marketing expenses	(388,411)	(510,777)	(1,392,412)	(1,482,762)
Finance costs	(237,814)	(227,062)	(684,085)	(626,118)
Other expenses	<u>(127,228)</u>	<u>(286,261)</u>	<u>(215,533)</u>	<u>(1,542,220)</u>
Loss before tax	(1,200,616)	(1,193,741)	(1,593,902)	(2,573,280)
Income tax	<u>115,904</u>	<u>(9,713)</u>	<u>259,600</u>	<u>113,366</u>
Loss after tax	<u>(1,084,712)</u>	<u>(1,203,454)</u>	<u>(1,334,302)</u>	<u>(2,459,914)</u>
Other comprehensive income/(loss):				
<i>Item that may be recycled to profit or loss:</i>				
Foreign currency translation differences	2,059,191	(538,146)	2,114,080	(907,841)
	<u>2,059,191</u>	<u>(538,146)</u>	<u>2,114,080</u>	<u>(907,841)</u>
Total comprehensive income /(loss) for the period	<u>974,479</u>	<u>(1,741,600)</u>	<u>779,778</u>	<u>(3,367,755)</u>
Income / (loss) attributable to:				
Owner of the parent	(1,081,836)	(1,204,916)	(1,314,231)	(2,429,230)
Non-controlling interests	<u>(2,876)</u>	<u>1,462</u>	<u>(20,071)</u>	<u>(30,684)</u>
	<u>(1,084,712)</u>	<u>(1,203,454)</u>	<u>(1,334,302)</u>	<u>(2,459,914)</u>
Total comprehensive income / (loss) attributable to:				
Owner of the parent	1,994,459	(2,061,379)	1,536,555	(3,826,824)
Non-controlling interests	<u>(1,019,980)</u>	<u>319,779</u>	<u>(756,777)</u>	<u>459,069</u>
	<u>974,479</u>	<u>(1,741,600)</u>	<u>779,778</u>	<u>(3,367,755)</u>
Basic loss per share attributable to owners of the parent				
- sen per share	0.64	0.72	0.78	1.45
Diluted sen	0.64	0.72	0.78	1.45

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

EKOWOOD INTERNATIONAL BERHAD (301735-D)
(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	As At 30/9/2015 RM	As At 31/12/2014 RM
Assets		
Non-current assets		
Property, plant and equipment	38,803,564	41,125,030
Intangible assets	401,783	401,783
Deferred tax assets	1,001,736	740,631
	<u>40,207,083</u>	<u>42,267,444</u>
Current assets		
Inventories	63,516,119	60,347,499
Trade and other receivables	13,760,404	14,900,317
Prepaid operating expenses	773,533	279,205
Amount due from customers for contract	1,154,208	1,790,941
Taxation recoverable	334,946	342,802
Cash and bank balances	1,707,634	2,308,503
	<u>81,246,844</u>	<u>79,969,267</u>
Total assets	<u>121,453,927</u>	<u>122,236,711</u>
Equity and liabilities		
Current liabilities		
Bank borrowings	15,764,132	19,303,286
Trade and other payables	7,320,512	5,756,403
Derivative liability	-	8,332
Amount due to customers for contract	420,815	-
	<u>23,505,459</u>	<u>25,068,021</u>
Net current assets	57,741,385	54,901,246
Non-current liabilities	-	-
Total liabilities	<u>23,505,459</u>	<u>25,068,021</u>
Net assets	<u>97,948,468</u>	<u>97,168,690</u>
Equity attributable to owners of the parents		
Share capital	84,000,000	84,000,000
Share premium	3,854,541	3,854,541
Other reserves	3,930,156	1,079,370
Retained earnings	9,093,781	10,408,012
	<u>100,878,478</u>	<u>99,341,923</u>
Non-controlling interests	<u>(2,930,010)</u>	<u>(2,173,233)</u>
Total equity	<u>97,948,468</u>	<u>97,168,690</u>
Total equity and liabilities	<u>121,453,927</u>	<u>122,236,711</u>

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

EKWOOD INTERNATIONAL BERHAD (301735-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Equity, total RM	Equity attributable to owners of the parent, total RM	Attributable to owners of the parent		Retained earnings RM	Foreign currency translation reserve RM	Non-controlling interests RM
			Non-distributable	Distributable			
			Share capital RM	Share premium RM			
At 1 January 2014							
- as previously stated	116,697,788	118,854,203	84,000,000	3,854,541	29,052,187	1,947,475	(2,156,415)
- prior year adjustments	(12,219,916)	(12,219,916)			(12,219,916)		
At 1 January 2014, as restated	<u>104,477,872</u>	<u>106,634,287</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>16,832,271</u>	<u>1,947,475</u>	<u>(2,156,415)</u>
Total comprehensive Income / (loss) for the period	(3,367,755)	(3,826,824)	-	-	(2,429,230)	(1,397,594)	459,069
At 30 September 2014	<u>101,110,117</u>	<u>102,807,463</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>14,403,041</u>	<u>549,881</u>	<u>(1,697,346)</u>
At 1 January 2015	97,168,690	99,341,923	84,000,000	3,854,541	10,408,012	1,079,370	(2,173,233)
Total comprehensive income / (loss) for the period	779,778	1,536,555	-	-	(1,314,231)	2,850,786	(756,777)
At 30 September 2015	<u>97,948,468</u>	<u>100,878,478</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>9,093,781</u>	<u>3,930,156</u>	<u>(2,930,010)</u>

Notes:

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014.

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2015	Preceding Year Corresponding Quarter 30/9/2014	Current Year Quarter 30/9/2015	Preceding Year Corresponding Quarter 30/9/2014
Operating activities				
Loss before tax	(1,200,616)	(1,193,741)	(1,593,902)	(2,573,280)
Adjustment for :				
Depreciation of property, plant & equipment	839,254	824,448	2,503,642	2,481,725
Loss / (Gain) on disposal of property, plant & equipment	-	3,760	171	(246,301)
Impairment loss on inventories	-	-	-	1,129,108
Reversal of allowance of doubtful debts	-	-	-	(180,332)
Bad debts written off	710,240	-	710,240	-
Net fair value (gain) / loss on derivative	(60,417)	4,886	(8,332)	(68,885)
Unrealised (gain) / loss on foreign exchange	(309,880)	81,563	(354,478)	48,669
Property, plant and equipment written off	-	24,960	2,527	25,312
(Reversal of) / Impairment loss on trade receivable	(612,577)	200,261	(585,641)	200,261
Inventories written down	-	-	6,839	-
Interest expense	237,814	227,062	684,085	626,118
Interest income	-	-	(53,670)	-
Operating cash flows before changes in working capital	(396,182)	173,199	1,311,481	1,442,395
Changes in working capital:				
Decrease / (Increase) in inventories	(847,663)	(532,838)	(3,175,459)	470,198
Decrease / (Increase) in receivables	1,286,620	(2,395,206)	879,162	(3,722,262)
(Increase) / Decrease in amount due from customers on contract	(537,087)	(213,226)	1,057,548	(276,647)
Increase in payables	284,397	1,623,152	130,550	1,445,147
(Decrease) / Increase in holding company	(143,836)	(308,168)	1,433,561	(252,327)
Cash (used in) / generated from operations	(353,751)	(1,653,087)	1,636,843	(893,496)
Interest paid	(237,814)	(227,062)	(684,085)	(626,118)
Taxation	7,445	(6,750)	6,351	(22,250)
Interest received	-	-	53,670	-
Net cash (used in) / generated from operating activities	(584,120)	(1,886,899)	1,012,779	(1,541,864)
Investing activities				
Withdrawal of deposits	-	3,537	65,949	5,357
Purchase of property, plant & equipment	(8,886)	(128,643)	(170,765)	(234,830)
Proceeds from disposal of property, plant & equipment	-	1,200	100	722,200
Net cash (used in) / generated from investing activities	(8,886)	(123,906)	(104,716)	492,727
Financing Activities				
Net drawdown / (repayment) of bankers' acceptances	1,063,000	4,575,000	(2,269,000)	7,950,000
Net repayment of foreign currency trade credit	(125,077)	(716,825)	(163,998)	(4,973,347)
(Repayment) / Drawdown of revolving credits	-	(1,000,000)	700,000	(800,000)
Net cash generated from / (used in) financing activities	937,923	2,858,175	(1,732,998)	2,176,653
Net increase / (decrease) in cash and cash equivalents	344,917	847,369	(824,935)	1,127,517
Cash and cash equivalents at beginning of period	(406,622)	724,489	705,075	813,219
Effect of exchange rate differences	2,041,715	(531,623)	2,099,870	(900,501)
Cash and cash equivalents at end of period	1,980,010	1,040,235	1,980,010	1,040,235

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Corporate information

Ekowood International Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 18 November, 2015.

2. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 30 September 2015, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December, 2014.

3. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December, 2014 except for the following Financial Reporting Standards which take effect from 1 January 2015.

Description	Effective for annual periods beginning or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The adoption of the above standards and interpretations did not have material impact on the financial statements upon their initial application.

4. Auditors' report on preceding annual financial statements

The auditors' report of the Group's financial statements for the financial year ended 31 December 2014 is not qualified.

5. Seasonal or cyclical factors

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B, i.e. Explanatory Notes Pursuant To Appendix 9B of the Listing Requirements of Bursa Malaysia below.

6. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial quarter ended 30 September 2015.

7. Changes in estimates

There were no changes in estimates that have had a material impact in the current reporting quarter.

8. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2015.

9. Dividends paid

There were no dividends paid in respect of the quarter ended 30 September 2015.

10. Segment information

Cumulative Quarter ended 30 September 2015

	Malaysia RM	Europe RM	United States of America RM	Elimination RM	Consolidated RM
Revenue					
External sales	25,283,993	1,942,867	1,121,999	-	28,348,859
Inter-segment sales	2,060,464	-	-	(2,060,464)	-
Total revenue	27,344,457	1,942,867	1,121,999	(2,060,464)	28,348,859
Result					
Segment result	604,331	(568,249)	(945,899)	-	(909,817)
Finance costs					(684,085)
Loss before taxation					(1,593,902)
Assets					
Segment assets	143,349,722	8,342,866	5,358,537	(36,933,880)	120,117,245
Unallocated assets					1,336,682
Total assets					121,453,927
Liabilities					
Segment liabilities	28,987,203	27,038,313	3,040,085	(35,560,142)	23,505,459
Unallocated liabilities					-
Total liabilities					23,505,459

10. Segment information (continued)

Revenue by geographical location of customers

	Quarter 30.09.2015 RM	Year-to-date 30.09.2015 RM
Asia	1,643,732	4,144,269
Europe	2,532,113	5,286,463
Malaysia	2,267,324	9,188,223
United States of America	1,513,109	5,591,595
South West Pacific	2,148,676	3,967,305
Others	52,350	171,004
Total	10,157,304	28,348,859

11. Valuations

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation and impairment losses as at 30 September 2015.

12. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of the reporting period.

13. Capital commitments

There were no material capital commitments not provided for in the interim financial statements as at 30 September 2015.

14. Contingent liabilities or contingent assets

One of its subsidiary has initiated legal actions against two customers for recovery of the sum of RM2,477,864 being the amount owing for timber sold and services rendered. Arising from the legal actions, the said customers have filed counter claims for amount totaling RM1 million for late delivery of work and cost incurred to rectify defects work. However, its subsidiary reached an amicable settlement with both customers during the current quarter.

Other than the above, there were no other material contingent liabilities or contingent assets.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. Review of performance

For the current quarter, the Group's revenue was RM10.2 million compared to the preceding year's corresponding quarter of RM12.4 million. Loss before tax ("LBT) for the quarter was RM1.2 million similar to the preceding year's corresponding quarter LBT of RM1.2 million.

The Group's revenue for the financial year-to-date was RM28.3 million which is lower by 13.5% as compared to the preceding year's RM32.7 million. The Group reported lower LBT of RM1.6 million as compared to preceding year's LBT of RM2.6 million.

Malaysia

For Q3 2015, it registered a higher export revenue as overseas demand picked up compared to previous corresponding quarter. However, local market recorded a lower retail and project installations due to slow down in the local property market. Loss was lower compared to previous corresponding quarter due to higher foreign exchange gain despite higher administrative expenses.

For the year to date, although sale for both the export and local market was lower, it registered a profit compared to loss in preceding year's corresponding quarter due to one-off impairment loss on inventories.

Europe

For Q3 2015, sale improved but loss was also slightly higher due to continual administrative expenses incurred as compared with preceding year's corresponding quarter. For the year to date, the loss was lower due to higher sales.

United States of America

For Q3 2015 and year to date, revenue was lower resulted in higher loss as compared with preceding year's corresponding quarter. Higher loss was also due to higher administrative expenses and stronger USD exchange rate.

Segment	Sale Volumes (M ²)			
	Q3,2015	Q3,2014	YTD 2015	YTD 2014
Malaysia				
- Export market	65,786	56,254	154,006	173,395
- Local market	14,198	20,353	50,799	52,926
Europe	6,593	4,891	17,058	15,571
USA	2,364	2,934	7,102	8,905

2. Material changes in profit before taxation for the quarter reported as compared with the immediate preceding quarter

The Group's revenue for the quarter under review was RM10.2 million, an increase of 26% from the preceding quarter of RM8.0 million. However, it registered a higher loss of RM1.20 million as compared to loss of RM0.21 million for the preceding quarter mainly due to unfavourable sale mix and higher administrative expenses.

3. Commentary on prospects

Demands in both local and international market were sluggish during the first half of the year. We are seeing a strengthening of demand in the Q3 2015 and expect similar improvement in the Q4 2015.

Strong demand is coming from Australia and USA but demand in Europe remains weak with pricing remaining very competitive. Asian demand remains weak with the exception of Philippines which is promising but has yet to demonstrate high demand.

4. Profit forecast or profit guarantee

Not applicable as the Group is not involved in any profit guarantee arrangement or published any profit forecast.

5. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Current Quarter 30.09.2015 RM'000	Cumulative Quarter 30.09.2015 RM'000
Interest expense	237,814	684,085
Inventories written down	-	6,839
Depreciation and amortization	839,254	2,503,642
Property, plant and equipment written off	-	2,527
Loss on disposal of property, plant and equipment	-	171
Reversal of allowance for impairment on trade receivable	(612,577)	(585,641)
Net foreign exchange gains		
- Realised	(302,219)	(721,599)
- Unrealised	(309,880)	(354,478)
Net fair value gain on derivative	(60,417)	(8,332)

6. Taxation

	Current Quarter		Cumulative Quarter	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM	RM	RM	RM
Current tax:				
Malaysian income tax	1,505	951	505	1,340
Foreign tax	-	-	-	-
Under provision in prior year				
Malaysian income tax	-	-	1,000	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(117,409)	8,762	(261,105)	(114,706)
Overprovision in prior year	-	-	-	-
	<u>(115,904)</u>	<u>9,713</u>	<u>(259,600)</u>	<u>(113,366)</u>

The tax is mainly arisen from deferred tax benefit.

7. Corporate proposals

There was no corporate proposal announced at the date of this quarterly report.

8. Group borrowings and debt securities

Comprises:

	As at 30.09.2015 RM	As at 30.09.2014 RM
Short term borrowings - unsecured	15,764,132	19,199,457

All borrowings are denominated in Ringgit Malaysia except as follows:

	As at 30.09.2015	
	Amount in Foreign currencies	Amount in RM Equivalent
AUD	32,939	101,853
EURO	19,162	94,569
USD	10,712	47,085
Total		<u>243,507</u>

9. Changes in material litigation

Neither the Company nor any of its subsidiaries is engaged in any material litigation either as plaintiff or defendant as at the date of this report and the Directors do not have any knowledge of any proceeding pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position of the Company and its subsidiaries.

10. Proposed dividend

The Company did not declare any interim dividend for the current quarter ended 30 September 2015.

11. Earnings per share

a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Net loss for the period (RM)	(1,081,836)	(1,204,916)	(1,314,231)	(2,429,230)
Weighted average number of ordinary shares in issue	168,000,000	168,000,000	168,000,000	168,000,000
Basic loss per ordinary share (sen)	0.64	0.72	0.78	1.45

b) Diluted earnings per ordinary share

This is not applicable to the Group.

12. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 November, 2015.

PART C. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 September 2015 and 31 December 2014 into realized and unrealized profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.09.2015 RM	As at 31.12.2014 RM
Total retained profits of the Company and its subsidiaries		
- Realised	(31,430,935)	(28,463,185)
- Unrealised	(4,572,249)	(4,304,060)
	(36,003,184)	(32,767,245)
Less: Consolidation adjustments	45,096,965	43,175,257
Total group retained profits as per financial statements	9,093,781	10,408,012