

EKOWOOD INTERNATIONAL BERHAD (301735-D)

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-03-16 RM	Preceding Year Corresponding Quarter 31-03-15 RM	Current Year Quarter 31-03-16 RM	Preceding Year Corresponding Quarter 31-03-15 RM
Revenue	16,132,935	10,146,852	16,132,935	10,146,852
Cost of sales	<u>(14,934,318)</u>	<u>(8,103,529)</u>	<u>(14,934,318)</u>	<u>(8,103,529)</u>
Gross profit	1,198,617	2,043,323	1,198,617	2,043,323
Other income	190,132	88,321	190,132	88,321
Other items of expenses				
Administrative expenses	(1,401,646)	(1,559,774)	(1,401,646)	(1,559,774)
Selling and marketing expenses	(454,524)	(490,742)	(454,524)	(490,742)
Finance costs	(243,918)	(225,748)	(243,918)	(225,748)
Other expenses	<u>(489,488)</u>	<u>(40,681)</u>	<u>(489,488)</u>	<u>(40,681)</u>
Loss before tax	(1,200,827)	(185,301)	(1,200,827)	(185,301)
Income tax	<u>124,349</u>	<u>26,113</u>	<u>124,349</u>	<u>26,113</u>
Loss after tax	<u>(1,076,478)</u>	<u>(159,188)</u>	<u>(1,076,478)</u>	<u>(159,188)</u>
Other comprehensive income/(loss):				
<i>Item that may be recycled to profit or loss:</i>				
Foreign currency translation differences	<u>(369,102)</u>	<u>(536,225)</u>	<u>(369,102)</u>	<u>(536,225)</u>
	<u>(369,102)</u>	<u>(536,225)</u>	<u>(369,102)</u>	<u>(536,225)</u>
Total comprehensive income /(loss) for the period	<u>(1,445,580)</u>	<u>(695,413)</u>	<u>(1,445,580)</u>	<u>(695,413)</u>
Income / (loss) attributable to:				
Owner of the parent	(1,076,350)	(144,031)	(1,076,350)	(144,031)
Non-controlling interests	<u>(128)</u>	<u>(15,157)</u>	<u>(128)</u>	<u>(15,157)</u>
	<u>(1,076,478)</u>	<u>(159,188)</u>	<u>(1,076,478)</u>	<u>(159,188)</u>
Total comprehensive income / (loss) attributable to:				
Owner of the parent	(1,824,336)	(1,283,709)	(1,824,336)	(1,283,709)
Non-controlling interests	<u>378,757</u>	<u>588,296</u>	<u>378,757</u>	<u>588,296</u>
	<u>(1,445,579)</u>	<u>(695,413)</u>	<u>(1,445,579)</u>	<u>(695,413)</u>
Basic loss per share attributable to owners of the parent - sen per share	0.64	0.09	0.64	0.09
Diluted sen	0.64	0.09	0.64	0.09

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

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

**CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 31 MARCH 2016**

	As At 31-03-16 RM	As At 31-12-15 RM
Assets		
Non-current assets		
Property, plant and equipment	36,857,167	37,632,948
Intangible assets	401,783	401,783
Deferred tax assets	604,854	480,204
	<u>37,863,804</u>	<u>38,514,935</u>
Current assets		
Inventories	59,380,255	61,062,067
Trade and other receivables	17,915,240	18,571,097
Prepaid operating expenses	1,157,625	408,009
Amount due from customers for contract	471,208	221,321
Tax recoverable	332,575	327,135
Cash and bank balances	2,700,624	2,791,727
	<u>81,957,527</u>	<u>83,381,356</u>
Total assets	<u>119,821,331</u>	<u>121,896,291</u>
Equity and liabilities		
Current liabilities		
Bank borrowings	18,977,515	18,301,370
Trade and other payables	7,283,855	8,589,381
	<u>26,261,370</u>	<u>26,890,751</u>
Net current assets	55,696,157	56,490,605
Non-current liabilities	-	-
Total liabilities	<u>26,261,370</u>	<u>26,890,751</u>
Net assets	<u>93,559,961</u>	<u>95,005,540</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	2,113,148	2,861,134
Retained earnings	6,079,790	7,156,140
	<u>96,047,479</u>	<u>97,871,815</u>
Non-controlling interests	<u>(2,487,518)</u>	<u>(2,866,275)</u>
Total equity	<u>93,559,961</u>	<u>95,005,540</u>
Total equity and liabilities	<u>119,821,331</u>	<u>121,896,291</u>

The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

EKOWOOD INTERNATIONAL BERHAD (301735-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2016**

	Equity, total RM	Equity attributable to owners of the parent, total RM	Attributable to owners of the parent		Non-Distributable		Non-controlling interests RM
			Non-distributable	Distributable	Share capital RM	Share premium RM	
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	(695,413)	(1,283,709)	-	-	(144,031)	(1,139,678)	588,296
At 31 March 2015	<u>96,473,277</u>	<u>98,058,214</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>10,263,981</u>	<u>(60,308)</u>	<u>(1,584,937)</u>
At 1 January 2016	95,005,540	97,871,815	84,000,000	3,854,541	7,156,140	2,861,134	(2,866,275)
Total comprehensive income / (loss) for the period	(1,445,579)	(1,824,336)	-	-	(1,076,350)	(747,986)	378,757
At 31 March 2016	<u>93,559,961</u>	<u>96,047,479</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>6,079,790</u>	<u>2,113,148</u>	<u>(2,487,518)</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 2015.

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE QUARTER ENDED 31 MARCH 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-03-16	Preceding Year Corresponding Quarter 31-03-15	Current Year Quarter 31-03-16	Preceding Year Corresponding Quarter 31-03-15
Operating activities				
Loss before tax	(1,200,827)	(185,301)	(1,200,827)	(185,301)
Adjustment for :				
Depreciation of property, plant & equipment	802,106	829,217	802,106	829,217
Loss on disposal of property, plant & equipment	-	271	-	271
Reversal of allowance of doubtful debts	(117,790)	-	(117,790)	-
Bad debts written off	-	-	-	-
Net fair value loss on derivative	-	80,307	-	80,307
Unrealised loss / (gain) on foreign exchange	409,083	(113,661)	409,083	(113,661)
Property, plant and equipment written off	1,833	988	1,833	988
Impairment loss on trade receivable	10,315	15,641	10,315	15,641
Inventories written down	-	3,085	-	3,085
Interest expense	243,918	225,748	243,918	225,748
Interest income	-	(53,670)	-	(53,670)
Operating cash flows before changes in working capital	148,638	802,625	148,638	802,625
Changes in working capital:				
Decrease / (Increase) in inventories	1,681,812	(644,409)	1,681,812	(644,409)
Increase in receivables	(428,660)	(2,302,878)	(428,660)	(2,302,878)
(Increase) / Decrease in amount due from customers on contract	(249,887)	1,174,111	(249,887)	1,174,111
(Decrease) / Increase in payables	(927,837)	290,030	(927,837)	290,030
(Decrease) / Increase in holding company	(377,690)	1,104,680	(377,690)	1,104,680
Cash (used in) / generated from operations	(153,624)	424,159	(153,624)	424,159
Government grant received	-	-	-	-
Interest paid	(243,918)	(225,748)	(243,918)	(225,748)
Taxation	(5,742)	(6,074)	(5,742)	(6,074)
Interest received	-	53,670	-	53,670
Net cash (used in) / generated from operating activities	(403,284)	246,007	(403,284)	246,007
Investing activities				
Withdrawal of deposits	-	65,949	-	65,949
Purchase of property, plant & equipment	(29,640)	(105,745)	(29,640)	(105,745)
Net cash used in investing activities	(29,640)	(39,796)	(29,640)	(39,796)
Financing Activities				
Net drawdown / (repayment) of bankers' acceptances	1,484,000	(218,000)	1,484,000	(218,000)
Net drawdown / (repayment) of foreign currency trade credit	6,778	(60,956)	6,778	(60,956)
Drawdown of revolving credits	500,000	700,000	500,000	700,000
Net cash generated from financing activities	1,990,778	421,044	1,990,778	421,044
Net increase in cash and cash equivalents	1,557,854	627,255	1,557,854	627,255
Cash and cash equivalents at beginning of period	1,441,350	705,075	1,441,350	705,075
Effect of exchange rate differences	(367,618)	(527,027)	(367,618)	(527,027)
Cash and cash equivalents at end of period	2,631,586	805,303	2,631,586	805,303

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 25 May, 2016.

2. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 March 2016, 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 2015.

3. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the following Financial Reporting Standards which take effect from 1 January 2016.

Description	Effective for annual periods beginning or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

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 2015 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 31 March 2016.

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 31 March 2016.

9. Dividends paid

There were no dividends paid in respect of the quarter ended 31 March 2016.

10. Segment information

Cumulative Quarter ended 31 March 2016

	Malaysia RM	Europe RM	United States of America RM	Elimination RM	Consolidated RM
Revenue					
External sales	15,071,310	674,268	387,357	-	16,132,935
Inter-segment sales	-	-	-	-	-
Total revenue	15,071,310	674,268	387,357	-	16,132,935
Result					
Segment result	(435,947)	(321,163)	(199,799)	-	(956,909)
Finance costs					(243,918)
Loss before taxation					(1,200,827)
Assets					
Segment assets	144,595,183	5,183,815	2,557,453	(33,452,549)	118,883,902
Unallocated assets					937,429
Total assets					119,821,331
Liabilities					
Segment liabilities	30,401,032	25,919,423	2,234,794	(32,293,879)	26,261,370
Unallocated liabilities					-
Total liabilities					26,261,370

Revenue by geographical location of customers

	Quarter 31.03.2016 RM	Year-to-date 31.03.2016 RM
Asia	4,014,557	4,014,557
Europe	4,433,910	4,433,910
Malaysia	3,831,688	3,831,688
United States of America	2,243,422	2,243,422
South West Pacific	1,254,712	1,254,712
Others	354,646	354,646
Total	16,132,935	16,132,935

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 31 March 2016.

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 31 March 2016.

14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets since the last annual balance sheet date.

15. Operating lease commitments – as lessee

Future minimum rentals payable under non-cancellable operating leases of the Group at the reporting period are as follows:

	As at 31.03.2016 RM
Not later than 1 year	151,577
Later than 1 year but not later than 5 years	163,905
	<u>315,482</u>

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 RM16.1 million compared to the preceding year's corresponding quarter of RM10.1 million. Loss before tax ("LBT) for the quarter was RM1.2 million which is higher than the preceding year's corresponding quarter LBT of RM0.2 million, mainly attributable to disposal of old stocks in overseas subsidiaries.

Malaysia

For Q1 2016, it registered a higher export revenue as overseas demand picked up compared to previous corresponding quarter. However, local market remained flat due to slow down in the local property market. As compared to previous corresponding quarter it registered a higher loss due to higher exchange translation loss and slowdown in project installations.

Europe

For Q1 2016, revenue remained flat but higher loss was registered as compared with preceding year's corresponding quarter due to disposal of old stocks at lower average price and lower EURO exchange rate.

United States of America

For Q1 2016, sale improved however it registered higher loss as compared with preceding year's corresponding quarter due to disposal of old stocks at lower average price and weaker USD exchange rate.

Segment	Sale Volumes (M ²)			
	Q1,2016	Q1,2015	YTD 2016	YTD 2015
Malaysia				
- Export market	98,233	43,944	98,233	43,944
- Local market	14,433	27,842	14,433	27,842
Europe	3,599	4,555	3,599	4,555
USA	3,799	2,363	3,799	2,363

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 RM16.1 million, an increase of 11% from the preceding quarter of RM14.6 million. It registered a lower pretax loss of RM1.2 million compared to pretax loss of RM 1.4 million for the preceding quarter mainly due to expenses incurred in closure of a overseas subsidiary in preceding quarter.

3. Commentary on prospects

Group's sale improved in all our traditional markets of Asia Pacific and Europe in 2nd half of 2015. We expect to be able to maintain these volumes with slight improvements in 2016.

We are cautiously optimistic in maintaining our sales performance in Malaysia as the property market gets more challenging and price pressure continues to mount from local developers.

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 31.03.2016 <u>RM'000</u>	Cumulative Quarter 31.03.2016 <u>RM'000</u>
Depreciation and amortisation	802,106	802,106
Property, plant and equipment written off	1,833	1,833
Reversal of allowance for impairment on trade receivable	(117,790)	(117,790)
Net foreign exchange (gains)/losses		
- Realised	(73,282)	(73,282)
- Unrealised	409,083	409,083

6. Taxation

	Current Quarter		Cumulative Quarter	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM	RM	RM	RM
Current tax:				
Malaysian income tax	301	(1,000)	301	(1,000)
Foreign tax	-	-	-	-
Over provision in prior year				
Malaysian income tax	-	(1,000)	-	(1,000)
Deferred tax:				
Relating to origination and reversal of temporary differences	(124,650)	(26,113)	(124,650)	(26,113)
Over provision in prior year	-	-	-	-
	<u>(124,349)</u>	<u>(26,113)</u>	<u>(124,349)</u>	<u>(26,113)</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 31.03.2016 RM	As at 31.03.2015 RM
Short term borrowings - unsecured	18,977,515	20,567,331

All borrowings are denominated in Ringgit Malaysia except as follows:

	As at 31.03.2016	
	Amount in Foreign currencies	Amount in RM Equivalent
AUD	23,255	69,617
EURO	31,112	137,873
USD	9,352	36,492
Total		<u>243,982</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 31 March 2016.

11. Earnings per share

a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Net loss for the period (RM)	(1,076,350)	(144,031)	(1,076,350)	(144,031)
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	0.09	0.64	0.09

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 25 May, 2016.

PART C. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 March 2016 and 31 December 2015 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 31.03.2016 RM	As at 31.12.2015 RM
Total retained profits of the Company and its subsidiaries		
- Realised	(34,885,825)	(34,579,353)
- Unrealised	(4,744,485)	(4,348,429)
	(39,630,310)	(38,927,782)
Less: Consolidation adjustments	45,710,100	46,083,922
Total group retained profits as per financial statements	6,079,790	7,156,140