

**EKOWOOD INTERNATIONAL BERHAD (301735-D)**

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016**

	Individual Quarter Current Year Quarter 30-06-16 RM	Preceding Year Corresponding Quarter 30-06-15 RM	Cumulative Quarter Current Year Quarter 30-06-16 RM	Preceding Year Corresponding Quarter 30-06-15 RM
<b>Revenue</b>	12,667,272	8,044,703	28,800,207	18,191,555
Cost of sales	<u>(11,469,446)</u>	<u>(6,387,575)</u>	<u>(26,403,764)</u>	<u>(14,491,104)</u>
<b>Gross profit</b>	1,197,826	1,657,128	2,396,443	3,700,451
<b>Other income</b>	231,122	431,889	421,254	520,210
<b>Other items of expenses</b>				
Administrative expenses	(1,194,600)	(1,515,596)	(2,596,246)	(3,075,370)
Selling and marketing expenses	(410,081)	(513,259)	(864,605)	(1,004,001)
Finance costs	(288,372)	(220,523)	(532,290)	(446,271)
Other expenses	<u>157,692</u>	<u>(47,624)</u>	<u>(331,796)</u>	<u>(88,305)</u>
<b>Loss before tax</b>	(306,413)	(207,985)	(1,507,240)	(393,286)
Income tax	<u>(47,300)</u>	<u>117,583</u>	<u>77,049</u>	<u>143,696</u>
<b>Loss after tax</b>	<u><u>(353,713)</u></u>	<u><u>(90,402)</u></u>	<u><u>(1,430,191)</u></u>	<u><u>(249,590)</u></u>
<b>Other comprehensive income/(loss):</b>				
<i>Item that may be recycled to profit or loss:</i>				
Foreign currency translation differences	<u>79,461</u>	<u>591,114</u>	<u>(289,640)</u>	<u>54,889</u>
	<u>79,461</u>	<u>591,114</u>	<u>(289,640)</u>	<u>54,889</u>
<b>Total comprehensive income /(loss) for the period</b>	<u><u>(274,252)</u></u>	<u><u>500,712</u></u>	<u><u>(1,719,831)</u></u>	<u><u>(194,701)</u></u>
<b>Income / (loss) attributable to:</b>				
Owner of the parent	(339,811)	(88,364)	(1,416,161)	(232,395)
Non-controlling interests	<u>(13,902)</u>	<u>(2,038)</u>	<u>(14,030)</u>	<u>(17,195)</u>
	<u><u>(353,713)</u></u>	<u><u>(90,402)</u></u>	<u><u>(1,430,191)</u></u>	<u><u>(249,590)</u></u>
<b>Total comprehensive income / (loss) attributable to:</b>				
Owner of the parent	(184,015)	825,805	(2,008,351)	(457,904)
Non-controlling interests	<u>(90,237)</u>	<u>(325,093)</u>	<u>288,520</u>	<u>263,203</u>
	<u><u>(274,252)</u></u>	<u><u>500,712</u></u>	<u><u>(1,719,831)</u></u>	<u><u>(194,701)</u></u>
Basic loss per share attributable to owners of the parent				
- sen per share	0.20	0.05	0.84	0.14
Diluted sen	0.20	0.05	0.84	0.14

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 30 JUNE 2016**

	<b>As At 30-06-16 RM</b>	<b>As At 31-12-15 RM</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,196,841	37,632,948
Intangible assets	401,783	401,783
Deferred tax assets	565,076	480,204
	<u>37,163,700</u>	<u>38,514,935</u>
<b>Current assets</b>		
Inventories	63,618,447	61,062,067
Trade and other receivables	17,045,355	18,571,097
Prepaid operating expenses	937,306	408,009
Amount due from customers for contract	400,641	221,321
Tax recoverable	338,311	327,135
Cash and bank balances	2,246,942	2,791,727
	<u>84,587,002</u>	<u>83,381,356</u>
<b>Total assets</b>	<u>121,750,702</u>	<u>121,896,291</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Bank borrowings	21,472,066	18,301,370
Trade and other payables	6,992,927	8,589,381
	<u>28,464,993</u>	<u>26,890,751</u>
<b>Net current assets</b>	56,122,009	56,490,605
<b>Non-current liabilities</b>		
	-	-
<b>Total liabilities</b>	<u>28,464,993</u>	<u>26,890,751</u>
<b>Net assets</b>	<u>93,285,709</u>	<u>95,005,540</u>
<b>Equity attributable to owners of the parents</b>		
Share capital	84,000,000	84,000,000
Share premium	3,854,541	3,854,541
Other reserves	2,268,944	2,861,134
Retained earnings	5,739,979	7,156,140
	<u>95,863,464</u>	<u>97,871,815</u>
<b>Non-controlling interests</b>	<u>(2,577,755)</u>	<u>(2,866,275)</u>
<b>Total equity</b>	<u>93,285,709</u>	<u>95,005,540</u>
<b>Total equity and liabilities</b>	<u>121,750,702</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 30 JUNE 2016**

	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-Distributable	Non-controlling interests RM
			Non-distributable	Distributable				
			Share capital RM	Share premium RM				
<b>At 1 January 2015</b>	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	(194,701)	(457,904)	-	-	(232,394)	(225,510)		263,203
<b>At 30 June 2015</b>	<u>96,973,989</u>	<u>98,884,019</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>10,175,618</u>	<u>853,860</u>		<u>(1,910,030)</u>
<b>At 1 January 2016</b>	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	(1,719,831)	(2,008,351)	-	-	(1,416,161)	(592,190)		288,520
<b>At 30 June 2016</b>	<u>93,285,709</u>	<u>95,863,464</u>	<u>84,000,000</u>	<u>3,854,541</u>	<u>5,739,979</u>	<u>2,268,944</u>		<u>(2,577,755)</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 30 JUNE 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-06-16	Preceding Year Corresponding Quarter 30-06-15	Current Year Quarter 30-06-16	Preceding Year Corresponding Quarter 30-06-15
<b>Operating activities</b>				
Loss before tax	(306,413)	(207,985)	(1,507,240)	(393,286)
Adjustment for :				
Depreciation of property, plant & equipment	794,828	835,171	1,596,934	1,664,388
(Gain) / Loss on disposal of property, plant & equipment	(5,000)	(100)	(5,000)	171
Reversal of allowance of doubtful debts	-	-	(117,790)	-
Net fair value (gain) / loss on derivative	-	(28,222)	-	52,085
Unrealised (gain) / loss on foreign exchange	(214,408)	69,063	194,675	(44,598)
Property, plant and equipment written off	-	1,539	1,833	2,527
Impairment loss on trade receivable	11,731	11,295	22,046	26,936
Inventories written down	864	3,754	864	6,839
Interest expense	288,372	220,523	532,290	446,271
Interest income	-	-	-	(53,670)
<b>Operating cash flows before changes in working capital</b>	<b>569,974</b>	<b>905,038</b>	<b>718,612</b>	<b>1,707,663</b>
Changes in working capital:				
Increase in inventories	(4,239,056)	(1,683,387)	(2,557,244)	(2,327,796)
Decrease / (Increase) in receivables	1,328,560	1,895,420	899,900	(407,458)
Decrease / (Increase) in amount due from customers on contract	70,567	420,524	(179,320)	1,594,635
Increase / (Decrease) in payables	746,823	(443,877)	(181,014)	(153,847)
(Decrease) / Increase in holding company	(1,037,750)	472,717	(1,415,440)	1,577,397
Cash (used in) / generated from operations	(2,560,882)	1,566,435	(2,714,506)	1,990,594
Interest paid	(288,372)	(220,523)	(532,290)	(446,271)
Taxation	(13,258)	4,980	(19,000)	(1,094)
Interest received	-	-	-	53,670
Net cash (used in) / generated from operating activities	(2,862,512)	1,350,892	(3,265,796)	1,596,899
<b>Investing activities</b>				
Withdrawal of deposits	-	-	-	65,949
Purchase of property, plant & equipment	(135,172)	(56,134)	(164,812)	(161,879)
Proceeds from disposal of property, plant & equipment	6,000	100	6,000	100
Net cash used in investing activities	(129,172)	(56,034)	(158,812)	(95,830)
<b>Financing Activities</b>				
Net drawdown / (repayment) of bankers' acceptances	3,582,000	(3,114,000)	5,066,000	(3,332,000)
Net (repayment) / drawdown of foreign currency trade credit	(182,522)	22,035	(175,744)	(38,921)
(Repayment) / Drawdown of revolving credits	(1,500,000)	-	(1,000,000)	700,000
Net cash generated from / (used in) financing activities	1,899,478	(3,091,965)	3,890,256	(2,670,921)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,092,206)</b>	<b>(1,797,107)</b>	<b>465,648</b>	<b>(1,169,852)</b>
Cash and cash equivalents at beginning of period	2,631,586	805,303	1,441,350	705,075
Effect of exchange rate differences	79,130	585,182	(288,488)	58,155
<b>Cash and cash equivalents at end of period</b>	<b>1,618,510</b>	<b>(406,622)</b>	<b>1,618,510</b>	<b>(406,622)</b>

## **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 29 August, 2016.

### **2. Basis of preparation**

These condensed consolidated interim financial statements, for the year ended 30 June 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.

<b>Description</b>	<b>Effective for annual periods beginning or after</b>
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 30 June 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 30 June 2016.

**9. Dividends paid**

There were no dividends paid in respect of the quarter ended 30 June 2016.

**10. Segment information**

Cumulative Quarter ended 30 June 2016

	Malaysia RM	Europe RM	United States of America RM	Elimination RM	Consolidated RM
<b>Revenue</b>					
External sales	27,437,518	658,143	704,546	-	28,800,207
Inter-segment sales	-	-	-	-	-
<b>Total revenue</b>	<b>27,437,518</b>	<b>658,143</b>	<b>704,546</b>	<b>-</b>	<b>28,800,207</b>
<b>Result</b>					
Segment result	711,608	(1,282,148)	(404,410)	-	(974,950)
Finance costs					(532,290)
Loss before taxation					(1,507,240)
<b>Assets</b>					
Segment assets	147,468,075	4,650,810	2,108,982	(33,380,552)	120,847,315
Unallocated assets					903,387
<b>Total assets</b>					<b>121,750,702</b>
<b>Liabilities</b>					
Segment liabilities	32,432,101	26,592,993	1,980,676	(32,540,777)	28,464,993
Unallocated liabilities					-
<b>Total liabilities</b>					<b>28,464,993</b>

**Revenue by geographical location of customers**

	Quarter 30.06.2016 RM	Year-to-date 30.06.2016 RM
Asia	1,754,186	5,768,743
Europe	2,677,042	7,110,953
Malaysia	3,707,046	7,538,733
United States of America	803,070	3,046,491
South West Pacific	3,369,418	4,624,131
Others	356,510	711,156
<b>Total</b>	<b>12,667,272</b>	<b>28,800,207</b>

**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 June 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 30 June 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:

	<b>As at 30.06.2016 RM</b>
Not later than 1 year	124,727
Later than 1 year but not later than 5 years	140,234
	<u>264,961</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 RM12.7 million compared to the preceding year's corresponding quarter of RM8.0 million. Loss before tax ("LBT") for the quarter was RM0.3 million which is slightly higher than the preceding year's corresponding quarter LBT of RM0.2 million mainly attributable to disposal of old stocks in an overseas subsidiary.

**Malaysia**

For Q2 2016, it registered higher export revenue as overseas demand picked up compared to previous corresponding quarter. In addition, local sales also increased due to higher supplies to projects which were delayed last year. As a result, it registered higher profits as compared to loss in previous corresponding quarter.

**Europe**

No sales were recorded in Q2 as stocks were fully disposed in Q1. Loss was registered as compared with preceding year's corresponding quarter mainly due to operating expenses incurred to maintain overseas subsidiary.

**United States of America**

For Q2 2016, it registered higher loss as compared with preceding year's corresponding quarter due to disposal of old stocks at lower average price.

Segment	Sale Volumes ( M <sup>2</sup> )			
	Q2,2016	Q2,2015	YTD 2016	YTD 2015
Malaysia				
- Export market	77,005	44,276	175,227	88,220
- Local market	20,235	8,760	34,668	36,602
Europe	-	5,909	3,599	10,464
USA	3,054	2,375	6,853	4,738

**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 RM12.7 million, a decrease of 21% from the preceding quarter of RM16.1 million because of softening of exports. Despite this, it registered a lower pretax loss of RM0.3 million compared to pretax loss of RM1.2 million for the preceding quarter mainly due to lower expenses incurred in view of closure of an overseas subsidiary in preceding quarter and improved sales in a local subsidiary which handled project installations.

### 3. Commentary on prospects

Despite the Group facing stiff competition from foreign and local manufacturers providing alternatives to our traditional customer base, the company is optimistic as plans are in place in key markets to increase sales for the final quarter and 2017. However, we are cautiously optimistic in maintaining our sales performance in Malaysia as the property market are getting 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:

	<b>Current Quarter 30.06.2016 RM'000</b>	<b>Cumulative Quarter 30.06.2016 RM'000</b>
Depreciation and amortization	794,828	1,596,934
Property, plant and equipment written off	-	1,833
Reversal of allowance for impairment on trade receivable	-	(117,790)
Net foreign exchange (gains)/losses		
- Realised	(126,337)	(199,619)
- Unrealised	(214,408)	194,675

### 6. Taxation

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax:				
Malaysian income tax	-	-	301	(1,000)
Foreign tax	-	-	-	-
Under provision in prior year				
Malaysian income tax	7,522	-	7,522	1,000
Deferred tax:				
Relating to origination and reversal of temporary differences	39,778	(117,583)	(84,872)	(143,696)
Over provision in prior year	-	-	-	-
	<u>47,300</u>	<u>(117,583)</u>	<u>(77,049)</u>	<u>(143,696)</u>

The tax is mainly arisen from deferred tax.

**7. Corporate proposals**

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

**8. Group borrowings and debt securities**

Comprises:

	<b>As at 30.06.2016 RM</b>	<b>As at 30.06.2015 RM</b>
<b>Short term borrowings</b> - unsecured	21,472,066	16,247,161

All borrowings are denominated in Ringgit Malaysia except as follows:

	<b>As at 30.06.2016</b>	
	<b>Amount in Foreign currencies</b>	<b>Amount in RM Equivalent</b>
EURO	14,275	64,005
USD	3,381	13,630
Total		<u>77,635</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 June 2016.

**11. Earnings per share**

a) Basic earnings per ordinary share

	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Net loss for the period (RM)	(339,811)	(88,364)	(1,416,161)	(232,395)
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)	0.20	0.05	0.84	0.14

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 29 August, 2016.

**PART C. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained profits of the Group as at 30 June 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.

	<b>As at 30.06.2016 RM</b>	<b>As at 31.12.2015 RM</b>
Total retained profits of the Company and its subsidiaries		
- Realised	(35,358,871)	(34,579,353)
- Unrealised	(4,744,485)	(4,348,429)
	(40,103,356)	(38,927,782)
Less: Consolidation adjustments	45,843,335	46,083,922
Total group retained profits as per financial statements	5,739,979	7,156,140