

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

(Incorporated in Malaysia)

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 9/30/2016 RM	Preceding Year Corresponding Quarter 9/30/2015 RM	Current Year Quarter 9/30/2016 RM	Preceding Year Corresponding Quarter 9/30/2015 RM
<b>Revenue</b>	10,738,214	10,157,304	39,538,421	28,348,859
Cost of sales	<u>(9,337,307)</u>	<u>(9,308,921)</u>	<u>(35,741,071)</u>	<u>(23,800,025)</u>
<b>Gross profit</b>	1,400,907	848,383	3,797,350	4,548,834
<b>Other income</b>	232,776	745,891	654,030	1,266,101
<b>Other items of expenses</b>				
Administrative expenses	(1,166,357)	(2,041,437)	(3,762,603)	(5,116,807)
Selling and marketing expenses	(572,320)	(388,411)	(1,436,925)	(1,392,412)
Finance costs	(192,738)	(237,814)	(725,028)	(684,085)
Other expenses	<u>350,268</u>	<u>(127,228)</u>	<u>18,472</u>	<u>(215,533)</u>
<b>Profit / (Loss) before tax</b>	52,536	(1,200,616)	(1,454,704)	(1,593,902)
Income tax	<u>(45,592)</u>	<u>115,904</u>	<u>31,457</u>	<u>259,600</u>
<b>Profit / (Loss) after tax</b>	<u>6,944</u>	<u>(1,084,712)</u>	<u>(1,423,247)</u>	<u>(1,334,302)</u>
<b>Other comprehensive income/(loss):</b>				
<i>Item that may be recycled to profit or loss:</i>				
Foreign currency translation differences	<u>4,663</u>	<u>2,059,191</u>	<u>(284,977)</u>	<u>2,114,080</u>
	<u>4,663</u>	<u>2,059,191</u>	<u>(284,977)</u>	<u>2,114,080</u>
<b>Total comprehensive income / (loss) for the period</b>	<u>11,607</u>	<u>974,479</u>	<u>(1,708,224)</u>	<u>779,778</u>
<b>Income / (loss) attributable to:</b>				
Owner of the parent	(24,095)	(1,081,836)	(1,440,256)	(1,314,231)
Non-controlling interests	<u>31,039</u>	<u>(2,876)</u>	<u>17,009</u>	<u>(20,071)</u>
	<u>6,944</u>	<u>(1,084,712)</u>	<u>(1,423,247)</u>	<u>(1,334,302)</u>
<b>Total comprehensive income / (loss) attributable to:</b>				
Owner of the parent	(19,177)	1,994,459	(2,027,528)	1,536,555
Non-controlling interests	<u>30,784</u>	<u>(1,019,980)</u>	<u>319,304</u>	<u>(756,777)</u>
	<u>11,607</u>	<u>974,479</u>	<u>(1,708,224)</u>	<u>779,778</u>
Basic loss per share attributable to owners of the parent				
- sen per share	0.01	0.64	0.86	0.78
Diluted sen	0.01	0.64	0.86	0.78

The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

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

(Incorporated in Malaysia)

**CONDENSED STATEMENT OF FINANCIAL POSITION  
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	<b>As At 9/30/2016 RM</b>	<b>As At 12/31/2015 RM</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	35,622,747	37,632,948
Intangible assets	401,783	401,783
Deferred tax assets	519,542	480,204
	<u>36,544,072</u>	<u>38,514,935</u>
<b>Current assets</b>		
Inventories	63,574,494	61,062,067
Trade and other receivables	17,207,344	18,571,097
Prepaid operating expenses	684,722	408,009
Amount due from customers for contract	338,887	221,321
Tax recoverable	344,015	327,135
Cash and bank balances	2,122,076	2,791,727
	<u>84,271,538</u>	<u>83,381,356</u>
<b>Total assets</b>	<u>120,815,610</u>	<u>121,896,291</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Bank borrowings	21,501,204	18,301,370
Trade and other payables	6,017,090	8,589,381
	<u>27,518,294</u>	<u>26,890,751</u>
<b>Net current assets</b>	56,753,244	56,490,605
<b>Non-current liabilities</b>	-	-
<b>Total liabilities</b>	<u>27,518,294</u>	<u>26,890,751</u>
<b>Net assets</b>	<u>93,297,316</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	2,273,862	2,861,134
Retained earnings	5,715,884	7,156,140
	<u>95,844,287</u>	<u>97,871,815</u>
<b>Non-controlling interests</b>	<u>(2,546,971)</u>	<u>(2,866,275)</u>
<b>Total equity</b>	<u>93,297,316</u>	<u>95,005,540</u>
<b>Total equity and liabilities</b>	<u>120,815,610</u>	<u>121,896,291</u>

The Condensed Statement of Financial Position should be read in conjunction with the Audited

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW  
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 9/30/2016	Preceding Year Corresponding Quarter 9/30/2015	Current Year Quarter 9/30/2016	Preceding Year Corresponding Quarter 9/30/2015
<b>Operating activities</b>				
Profit / (Loss) before tax	52,536	(1,200,616)	(1,454,704)	(1,593,902)
Adjustment for :				
Depreciation of property, plant & equipment	781,502	839,254	2,378,436	2,503,642
(Gain) / Loss on disposal of property, plant & equipment	-	-	(5,000)	171
Reversal of allowance of doubtful debts	87,747	-	(30,043)	-
Bad debts written off	-	710,240	-	710,240
Net fair value (gain) / loss on derivative	-	(60,417)	-	(8,332)
Unrealised (gain) / loss on foreign exchange	(188,096)	(309,880)	6,579	(354,478)
Property, plant and equipment written off	2,432	-	4,265	2,527
Impairment loss on trade receivable	(199,844)	(612,577)	(177,798)	(585,641)
Inventories written down	-	-	864	6,839
Interest expense	192,738	237,814	725,028	684,085
Interest income	-	-	-	(53,670)
<b>Operating cash flows before changes in working capital</b>	<b>729,015</b>	<b>(396,182)</b>	<b>1,447,627</b>	<b>1,311,481</b>
Changes in working capital:				
Decrease / (Increase) in inventories	43,953	(847,663)	(2,513,291)	(3,175,459)
Decrease / (Increase) in receivables	394,034	1,286,620	1,293,934	879,162
Decrease / (Increase) in amount due from customers on contract	61,753	(537,087)	(117,567)	1,057,548
Increase / (Decrease) in payables	(1,188,967)	284,397	(1,369,981)	130,550
(Decrease) / Increase in holding company	213,130	(143,836)	(1,202,310)	1,433,561
Cash (used in) / generated from operations	252,918	(353,751)	(2,461,588)	1,636,843
Interest paid	(192,738)	(237,814)	(725,028)	(684,085)
Taxation	(5,761)	7,445	(24,761)	6,351
Interest received	-	-	-	53,670
Net cash (used in) / generated from operating activities	<b>54,419</b>	<b>(584,120)</b>	<b>(3,211,377)</b>	<b>1,012,779</b>
<b>Investing activities</b>				
Withdrawal of deposits	-	-	-	65,949
Purchase of property, plant & equipment	(110,153)	(8,886)	(274,965)	(170,765)
Proceeds from disposal of property, plant & equipment	-	-	6,000	100
Net cash used in investing activities	<b>(110,153)</b>	<b>(8,886)</b>	<b>(268,965)</b>	<b>(104,716)</b>
<b>Financing Activities</b>				
Net drawdown / (repayment) of bankers' acceptances	(2,695,000)	1,063,000	2,371,000	(2,269,000)
Net (repayment) / drawdown of foreign currency trade credit	634,271	(125,077)	458,527	(163,998)
Drawdown of revolving credits	1,000,000	-	-	700,000
Net cash generated from / (used in) financing activities	<b>(1,060,729)</b>	<b>937,923</b>	<b>2,829,527</b>	<b>(1,732,998)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,116,463)</b>	<b>344,917</b>	<b>(650,815)</b>	<b>(824,935)</b>
Cash and cash equivalents at beginning of period	1,618,510	(406,622)	1,441,350	705,075
Effect of exchange rate differences	(95,023)	2,041,715	(383,511)	2,099,870
<b>Cash and cash equivalents at end of period</b>	<b>407,024</b>	<b>1,980,010</b>	<b>407,024</b>	<b>1,980,010</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 30 November, 2016.

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

These condensed consolidated interim financial statements, for the Quarter ended 30 September 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 September 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 September 2016.

**9. Dividends paid**

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

**10. Segment information**

Cumulative Quarter ended 30 September 2016

	Malaysia RM	Europe RM	United States of America RM	Elimination RM	Consolidated RM
<b>Revenue</b>					
External sales	38,015,852	660,388	862,181	-	39,538,421
Inter-segment sales	-	-	-	-	-
<b>Total revenue</b>	<b>38,015,852</b>	<b>660,388</b>	<b>862,181</b>	<b>-</b>	<b>39,538,421</b>
<b>Result</b>					
Segment result	40,544	(283,898)	(486,322)	-	(729,676)
Finance costs					(725,028)
Loss before taxation					(1,454,704)
<b>Assets</b>					
Segment assets	151,820,615	4,846,259	2,085,747	(38,800,567)	119,952,053
Unallocated assets					863,557
<b>Total assets</b>					<b>120,815,610</b>
<b>Liabilities</b>					
Segment liabilities	32,163,479	26,631,471	2,037,551	(33,314,207)	27,518,294
Unallocated liabilities					-
<b>Total liabilities</b>					<b>27,518,294</b>

**Revenue by geographical location of customers**

	Quarter 30.09.2016 RM	Year-to-date 30.09.2016 RM
Asia	1,674,757	7,443,500
Europe	2,309,309	9,420,262
Malaysia	2,546,291	10,085,025
United States of America	1,364,566	4,411,057
South West Pacific	2,702,102	7,326,232
Others	141,188	852,345
<b>Total</b>	<b>10,738,213</b>	<b>39,538,421</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 September 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 September 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 30.09.2016 RM</b>
Not later than 1 year	69,642
Later than 1 year but not later than 5 years	52,369
	<u>122,011</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 RM10.74 million compared to the preceding year corresponding quarter of RM10.16 million. Profit before tax ("PBT") for the quarter was RM0.05 million which is an improvement from that of the preceding year corresponding quarter Loss before tax ("LBT") of RM1.20 million. Revenue for the year to date ("YTD") was RM 39.54 million, an increase of 40% over preceding corresponding period of 2015. As a result of higher sales revenue, YTD loss reduced to RM 1.46 million versus RM 1.59mil of corresponding period of 2015.

**Malaysia**

Higher export revenue was registered in Q3 as overseas demand picked up compared to previous corresponding quarter. However, local sales were marginally lower due to delay in commencement of certain local projects. The company registered profits as compared to loss in previous corresponding quarter due to higher selling price and more favourable sale mix.

For YTD 2016, improvement in both export volume and higher selling price have resulted in an improved performance from corresponding period of 2015.

**Europe**

Lower loss was recorded for the quarter and YTD against previous corresponding periods due to rationalisation.

**United States of America**

Q3, 2016 and YTD, 2016 recorded lower revenue and lower loss, compared with corresponding periods of 2015 due to lesser trading activities and operational expenses.

However, for YTD 2016, sales volume increased against previous corresponding period due to disposal of aged stock at lower average price in Q1, 2016.

Segment	Sale Volumes ( M <sup>2</sup> )			
	Q3,2016	Q3,2015	YTD 2016	YTD 2015
Malaysia				
- Export market	69,605	65,786	244,833	154,006
- Local market	13,160	14,198	47,828	50,799
Europe	-	6,593	3,599	17,058
USA	1,021	2,364	7,874	7,102

**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 RM10.74 million, a decrease of 15% from the preceding quarter of RM12.67 million because of softening export market and delay in commencement of local installation projects. Despite this, it registered a profit before tax of RM0.05 million compared to pretax loss of RM0.31 million for the preceding quarter mainly due to lower expenses incurred in an overseas subsidiary and better margin obtained from product mix this quarter.

### 3. Commentary on prospects

Despite stiff competition from foreign and local manufacturers, the Group expects sales for the final quarter to improve as compared to Q3 2016 as export market shows signs of picking up.

Management remains optimistic that Q4 sales in the local market will also improve despite possible price pressure in the light of lackluster property market.

### 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. Profit /(Loss) before tax

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

	<b>Current Quarter 30.09.2016 RM</b>	<b>Cumulative Quarter 30.09.2016 RM</b>
Depreciation and amortization	781,503	2,378,436
Property, plant and equipment written off	2,432	4,265
Reversal of allowance for impairment on trade receivable	(112,097)	(207,841)
Net foreign exchange gains		
- Realised	(200,301)	(399,921)
- Unrealised	188,096	(6,580)

### 6. Taxation

	<b>Current Quarter 30.09.2016 RM</b>	<b>Current Quarter 30.09.2015 RM</b>	<b>Cumulative Quarter 30.09.2016 RM</b>	<b>Cumulative Quarter 30.09.2015 RM</b>
Current tax:				
Malaysian income tax	33	-	334	506
Foreign tax	-	-	-	-
Under provision in prior year				
Malaysian income tax	25	-	7,547	1,000
Deferred tax:				
Relating to origination and reversal of temporary differences	45,534	(117,409)	(39,338)	(261,105)
Over provision in prior year	-	-	-	-
	<u>45,592</u>	<u>(117,409)</u>	<u>(31,457)</u>	<u>(259,599)</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:

	<b>As at 30.09.2016 RM</b>	<b>As at 30.09.2015 RM</b>
<b>Short term borrowings</b> - unsecured	21,501,204	15,764,132

All borrowings are denominated in Ringgit Malaysia except as follows:

	<b>As at 30.09.2016</b>	
	<b>Amount in Foreign currencies</b>	<b>Amount in RM Equivalent</b>
AUD	24,300	76,494
EURO	13,682	63,274
USD	139,133	575,384
Total		<u>715,152</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 2016.

**11. Earnings per share**

a) Basic earnings per ordinary share

	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
Net loss for the period (RM)	(24,095)	(1,081,836)	(1,440,256)	(1,314,231)
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)	0.01	0.64	0.86	0.78

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 30 November 2016.

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

The breakdown of the retained profits of the Group as at 30 September 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 30.09.2016 RM</b>	<b>As at 31.12.2015 RM</b>
Total retained profits of the Company and its subsidiaries		
- Realised	(36,213,600)	(34,579,353)
- Unrealised	(4,549,492)	(4,348,429)
	(40,763,092)	(38,927,782)
Less: Consolidation adjustments	46,478,976	46,083,922
Total group retained profits as per financial statements	5,715,884	7,156,140