

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 30 June 2014. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 30 June 2014. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards (FRSs).

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014.

The statutory financial statements for the year ended 30 June 2014 are available from the Company's registered office.

2. Auditors' Report on Preceding Annual Financial Statements

The Group's audited financial statements for the financial year ended 30 June 2014 were reported on without any qualification.

3. Segmental Information

No segmental report was prepared as the Group is primarily engaged in manufacturing, extracting and trading of timber and timber related products with its principal place of business in Sabah, Malaysia.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows during the financial period.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

5. Changes in Estimates

There were no significant changes in estimates that have had a material effect on the current quarter results.

6. Seasonal or Cyclical Factors

The Group's performance was not subject to any material seasonal or cyclical factors except that the timber logs extraction operation could be affected to a certain extent by the prevailing weather conditions.

7. Dividends Paid

There were no dividends paid during the current quarter under review. No dividend has been proposed by the Directors for the quarter under review (corresponding period 31.03.2014: nil)

8. Carrying Amount of Revalued Assets

There were no valuations of property, plant and equipment during the current quarter.

9. Debts and Equity Securities

a) Treasury Shares

During the current quarter, there were no treasury shares bought back, cancelled or resold.

Listed below the number of treasury shares as at 31 March 2015:

| | Number Of Shares | Cost (RM) |
|---|---------------------|--------------|
| Balance as at 01 July 2014 | 12,562,832 | 10,324,612 |
| Increase / (Decrease) in treasury shares | 0 | 0 |
| Total treasury shares as at 31 March 2015 | 12,562,832 | 10,324,612 |

b) Redeemable Convertible Notes (RCN)

In respect of Tranche 3 as at 07.11.2014 RM5.0 million was issued and all converted to ordinary shares by 13.11.2014, another RM2.5 million was issued on 30.01.2015 and converted to ordinary shares on 05.02.2015 and a further RM2.5 million was issued on 25.02.2015 and converted to ordinary shares on 02.03.2015. As at date of this report, total RCN issued was RM30 million, the proceeds has been utilized for the repayment of bank borrowing, working capital and issuance expenses.

10. Changes in the Composition of the Group

There were no changes in the Composition of the Group during the current quarter.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

11. Contingent Liabilities and Contingent Assets

a) Contingent liabilities

Legal Claim

(I) On 30 December 2010, a wholly owned subsidiary of the Company, Maxland Sdn. Bhd. was served with a Writ of Summons by Timatch Sdn. Bhd. ("Plaintiff") claiming against the subsidiary for trespass and damages to raw water transmission pipeline and valve chamber which was used by the Plaintiff for the supply of raw water to its water treatment plant.

The High Court rule in favour of the plaintiff on 5 May 2015 and the amounts of judgement sum is yet to be finalized by the High Court as at this date. The company is planned to file an appeal for the High Court ruling to the Court of Appeal.

(II) PIB has on 17 December 2013 been served with a Writ of Summons and Statement of Claim dated 12 December 2013 ("the Suit") from the Plaintiff, one Capital Investment Agency, purportedly providing financial advisory and consultancy services and having its business address at Chislehurst Business Centre, 1 Bromley Lane, Chislehurst, Kent BR& 6LH, United Kingdom.

The Plaintiff's alleged claim in the Suit against the Company is for alleged outstanding commission in the sum of USD4,988,338 together with interests and costs purportedly pursuant to a Mandate Agreement dated 12 November 2010 for supposedly arranging a term loan offer of USD167,527,946 for the Company.

The alleged sum claim by the Plaintiff represented 6.8% of the net assets of the PIB Group as at 30 June 2014.

PIB does not anticipate any losses from the Suit as it regards the Mandate Agreement to be uncertain, null and void, and unenforceable. In any event, the term loan offer did not materialized. The Suit is undergoing the normal court processes and the hearing fixed on 2 February 2015 had been delayed to September 2015.

Guarantees

The Company has provided the corporate guarantees to subsidiaries as securities for hire purchase and lease financing facilities amounting to RM30,000,000.00. The balance of these facilities outstanding at 31.03.2015 amounted to RM17,158,000.00.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

12. Subsequent Events

There were no material events subsequent to the end of the current quarter other than the following:

(1) Acquisition of A New Subsidiary:-

Priceworth International Bhd's wholly-owned subsidiary, Sinora Sdn Bhd has acquired the entire shareholding of Sino Golden Star Ltd (Company Registration No. 2207461) on 27 April 2015. Sino Golden Star Ltd was incorporated on 3 March 2015 in Hong Kong as a limited liability company with its issued share stands at HKD100 of 100 shares. At present, Sino Golden Star Ltd is dormant.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

13. Review of Performance

For the current quarter under review, the Group recorded revenue of RM41 million, 11% increase in revenue when compared with the RM37 million in the corresponding quarter 31.03.2014. The Group also recorded a profit before tax of RM 1.1 million compared to a loss before tax of RM1.2 million in the corresponding quarter 31.03.2014.

The improvement in this quarter performance as compared to the corresponding quarter 31.03.2014 is due principally to reduction in cost of raw materials and processing costs and the strengthening of the USD against the Ringgit.

14. Variation of Result to immediate preceding quarter

For the current quarter under review, the Group posted revenue of RM41 million compared to RM47 million in the preceding quarter. The profit before tax is RM 0.6 million compared to the profit before tax of RM0.3 million in the immediate preceding quarter.

15. Company's Prospects

The outlook for Malaysian timber industry remains stable with stable selling price in Japan and other Asia country. The outlook for timber demand from Japan, a major plywood consumer is promising with growth from various positive factors and stabilising economy.

However, in order to increase the production level, the Group is actively sourcing for more stable supply of raw materials. In addition, the Group is also actively developing the forest re-plantation area in order to secure long term stability of supplies to the downstream timber processing plants.

For the financial year 2015/2016, barring any unforeseen circumstances, the Board of Directors will endeavour to improve the Group's performance and the Group will continue

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

to assess its internal and external risks and implement strategies to control operating costs and explore new markets for its products.

16. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast and profit guarantee were given.

17. Additional disclosure-(Loss)/Profit before tax

| | Current Quarter 31.03.2015 RM'000 | Cumulative Quarters Current Year To Date 31.03.2015 RM'000 |
|--|--|---|
| (Loss)/Profit before tax is Arrived at after charging/(crediting) | | |
| Other income | (602) | (1,866) |
| Interest expense | 3,982 | 10,875 |
| Amortization and depreciation | 11,335 | 31,522 |

18. Income Tax

Taxation comprises the following:-

| | Current Quarter 31.03.2015 RM'000 | Cumulative Quarters Current Year To Date 31.03.2015 RM'000 |
|-------------------|--|---|
| Current taxation | (79) | (79) |
| Deferred taxation | (522) | (351) |
| | <u>(601)</u> | <u>(430)</u> |

The taxation is computed after taking into consideration the utilisation of unutilised tax losses and unabsorbed capital allowance from subsidiary companies.

19. Profit or Loss on Sales of Unquoted Investments or Properties

There were no sales of investments or properties during the current quarter and financial period to-date.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

20. Quoted Securities

(a) Purchases and Disposals of Quoted Securities

There were no purchases and disposals of quoted securities for the current quarter and financial year to-date.

(b) Investments in quoted securities

There was no investment in quoted securities for the current quarter and financial year to-date.

21. Corporate Proposals

There were no corporate proposals as at the date of this report.

22. Retained Earnings

| | As at 31.03.2015 RM'000 | As at 30.06.2014 RM'000 |
|--|-------------------------------|-------------------------------|
| Total retained earnings of the Group; | | |
| -Realised | 116,830 | 115,527 |
| -Unrealised | 5,361 | 9,905 |
| | 122,191 | 125,432 |
| Less: Consolidation adjustments | (59,317) | (64,315) |
| Total Group retained earnings as per Consolidated accounts | 62,874 | 61,117 |

The disclosure of realized and unrealized profits above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

23. Borrowings

Long Term borrowings as at 31 March 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 141,175 | - | 141,175 |
| 2) Hire Purchase Creditors | 9,480 | - | 9,480 |
| | <u>150,655</u> | <u>-</u> | <u>150,655</u> |

Short Term borrowings as at 31 March 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 9,458 | - | 9,458 |
| 2) Hire Purchase Creditors | 7,673 | - | 7,673 |
| | <u>17,131</u> | <u>-</u> | <u>17,131</u> |

Total group borrowings as at 31 March 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 150,633 | - | 150,633 |
| 2) Hire Purchase Creditors | 17,153 | - | 17,153 |
| | <u>167,786</u> | <u>-</u> | <u>167,786</u> |

All the borrowings of the Group are secured.

The Term Finance of the Company is secured by way of a debenture over all fixed and floating assets of the Group, and of a third party. Included in Term Finance is also a loan secure by a first party deed of assignment assigning to the lender all its harvesting rights of the planted timber in favour of the lender.

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

25. Material Litigation

Except as disclosed under note on contingent liabilities, the Company has not engaged in any material litigation, claims or arbitration either as plaintiff or defendant for the current quarter.

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2015

26. Dividend Declared

There was no dividend declared for the financial quarter under review.

27. Earnings / (Loss) Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

| | Individual Quarter 3 months ended | | Cumulative Quarters 9 months ended | |
|--|--------------------------------------|------------|---------------------------------------|------------|
| | 31.03.2015 | 31.03.2014 | 31.13.2015 | 31.03.2014 |
| Basic earnings per share | | | | |
| Net profit / (loss) (RM'000) | 558 | (1,565) | 1,757 | (13,710) |
| Weighted average number of ordinary shares in issue ('000) | 405,268 | 194,606 | 405,268 | 194,606 |
| Basic earnings/(loss) per share (sen) | 0.14 | (0.80) | 0.43 | (7.04) |

(b) Diluted

The effect on the basic earnings per share for the current financial period arising from the assumed conversion of the warrants is anti-dilutive. Accordingly, the diluted earnings per share for the current period is presented as equaled to the basic earnings per share.