

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 2015. 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 2015. 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 2015.

The statutory financial statements for the year ended 30 June 2015 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 2015 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.

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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 30.09.2014: 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 30 September 2015:

	Number Of Shares	Cost (RM)
Balance as at 01 July 2015	12,562,832	10,324,612
Increase / (Decrease) in treasury shares	0	0
Total treasury shares as at 30 September 2015	12,562,832	10,324,612

b) Issue of Shares and Redeemable Convertible Notes

During the current quarter, the Company issued Redeemable Convertible Notes amounting to RM4,000,000 which subsequently converted to 37,524,450 shares of RM0.10 each.

10. Changes in the Composition of the Group

There was no changes in the composition of the Group during the current quarter.

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11. Contingent Liabilities and Contingent Assets

a) Contingent liabilities

Legal Claim

(I) 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 30.06.2015.

PIB does not anticipate any losses from the Suit as the plaintiff had withdrawn the case subsequent to the year ended 30.06.2015.

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 30.09.2015 amounted to RM25,256,000.00.

12. Subsequent Events

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

- (1) Issuance of Redeemable Convertible Notes (RCN) :-
Tranche 4 whereby an amount of RM4.5 million was issued in October.

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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 RM46 million, 5% increase in revenue when compared with the RM44 million in the corresponding quarter 30.09.2014. The Group also recorded a profit before tax of RM0.9 million compared to a profit before tax of RM0.8 million in the corresponding quarter 30.09.2014.

The increase in sales revenue and profit before tax is slightly higher in this quarter as compared to the corresponding quarter is due to improved selling prices for the Group's processed wood products in the current quarter, which have mitigated the impact of increased raw material cost.

14. Variation of Result to immediate preceding quarter

For the current quarter under review, the Group posted revenue of RM46 million compared to RM51 million in the immediate preceding quarter. The profit before tax is RM 0.9 million compared to a profit before tax of RM1.5 million in the immediate preceding quarter.

The drop in the revenue is due to decrease in sales volume in the current quarter whereas the decrease in the profit is due to the higher raw materials cost.

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 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.

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

	Current Quarter 30.09.2015 RM'000	Cumulative Quarters Current Year To Date 30.09.2015 RM'000
(Loss)/Profit before tax is Arrived at after charging/(crediting)		
Other income	(1,194)	(1,194)
Interest expense	3,812	3,812
Amortization and depreciation	10,208	10,208

18. Income Tax

Taxation comprises the following:-

	Current Quarter 30.06.2015 RM'000	Cumulative Quarters Current Year To Date 30.06.2015 RM'000
Current taxation	-	-
Deferred taxation	(74)	(74)
	(74)	(74)

The taxation is computed after taking into consideration the utilisation of unutilised tax losses and unabsorbed capital allowance from subsidiary companies. The tax charge is lower than the statutory tax rate due to tax incentives in certain subsidiaries.

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 year to-date.

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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 30.09.2015 RM'000	As at 30.06.2015 RM'000
Total retained earnings of the Group;		
-Realised	124,313	104,487
-Unrealised	6,497	5,836
	130,809	110,323
Less: Consolidation adjustments	(66,324)	(46,817)
Total Group retained earnings as per Consolidated accounts	64,485	63,506

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

23. Borrowings

Long Term borrowings as at 30 September 2015:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	133,856	-	133,856
2) Hire Purchase Creditors	11,086	-	11,086
	144,942	-	144,942

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Short Term borrowings as at 30 September 2015:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	18,496	-	18,496
2) Hire Purchase Creditors	6,760	-	6,760
	<u>25,256</u>	<u>-</u>	<u>25,256</u>

Total group borrowings as at 30 September 2015:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	152,352	-	152,352
2) Hire Purchase Creditors	17,846	-	17,846
	<u>170,198</u>	<u>-</u>	<u>170,198</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.

26. Dividend Declared

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

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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 year, excluding treasury shares held by the Company.

Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
30.09.2015	30.09.2014	30.09.2015	30.09.2014

Basic earnings per share

Net profit / (loss) (RM'000)	977	839	977	839
Weighted average number of ordinary shares in issue ('000)	478,162	359,246	478,162	359,246
Basic earnings/(loss) per share (sen)	0.20	0.23	0.20	0.23

Net profit / (loss) (RM'000)	977	839	977	839
Weighted average number of ordinary shares in issue ('000)	478,162	359,246	478,162	359,246
Basic earnings/(loss) per share (sen)	0.20	0.23	0.20	0.23

(b) Diluted

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