

PRICEWORTH INTERNATIONAL BERHAD

(Company No: 399292-V)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2016

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 31.03.2015: 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 2016:

	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 31 March 2016	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 RM5,500,000 which was subsequently converted to 5,500,000 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 quarter.

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11. Contingent Liabilities and Contingent Assets

Guarantees

The Company has provided 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 31.03.2016 amounted to RM15,499,048.00.

12. Subsequent Events

There were no material events subsequent to the end of the current quarter.

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 RM25 million, 39% decrease in revenue when compared with the RM41 million in the corresponding quarter 31.03.2015. The Group also recorded a loss before tax of RM0.18 million compared to a profit before tax of RM1.1 million in the corresponding quarter 31.03.2015.

The decreased in sales revenue is due to decrease in production volume and decreased in profit before tax is due to higher raw materials cost in the current quarter.

14. Variation of Result to immediate preceding quarter

For the current quarter under review, the Group posted revenue of RM25 million compared to RM46 million in the immediate preceding quarter. The loss before tax is RM 0.18 million compared to a profit before tax of RM0.38 million in the immediate preceding quarter.

The decrease in the profit is due to the higher raw materials cost in the current quarter.

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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 ending 30 June 2016, the Board of Directors envisage that the Group's performance will be flat but the Group will continue explore fresh avenue to broaden its market share in the ensuing year.

16. Profit Forecast or Profit Guarantee

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

17. Additional disclosure Profit before tax

	Current Quarter 31.03.2016 RM'000	Cumulative Quarters Current Year To Date 31.03.2016 RM'000
Profit before tax is Arrived at after charging/(crediting)		
Other income	(1,340)	(2,998)
Interest expense	3,818	11,398
Amortization and depreciation	9,740	29,094

18. Income Tax

Taxation comprises the following:-

	Current Quarter 31.03.2016 RM'000	Cumulative Quarters Current Year To Date 31.03.2016 RM'000
Current taxation	-	-
Deferred taxation	27	17
	<hr/> 27 <hr/>	<hr/> 17 <hr/>

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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.

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 31.03.2016 RM'000	As at 30.06.2015 RM'000
Total retained earnings of the Group;		
-Realised	125,414	104,487
-Unrealised	4,255	5,836
	129,669	110,323
Less: Consolidation adjustments	(65,058)	(46,817)
Total Group retained earnings as per Consolidated accounts	64,611	63,506

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

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23. Borrowings

Long Term borrowings as at 31 March 2016:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	118,653	-	118,653
2) Hire Purchase Creditors	9,142	-	9,142
	<u>127,795</u>	<u>-</u>	<u>127,795</u>

Short Term borrowings as at 31 March 2016:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	26,108	-	26,108
2) Hire Purchase Creditors	6,357	-	6,357
	<u>32,465</u>	<u>-</u>	<u>32,465</u>

Total group borrowings as at 31 March 2016:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	144,761	-	144,761
2) Hire Purchase Creditors	15,499	-	15,499
	<u>160,260</u>	<u>-</u>	<u>160,260</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

There was no material litigation for the financial period under review.

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26. Dividend Declared

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

27. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing the net profit 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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Basic earnings per share				
Net profit / (loss) (RM'000)	(62)	558	1,105	1,757
Weighted average number of ordinary shares in issue ('000)	580,340	447,693	528,635	405,268
Basic earnings per share (sen)	(0.011)	0.14	0.21	0.43

(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.