



PRICEWORTH INTERNATIONAL BERHAD (399292-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

Statements of comprehensive income

For the financial year ended 30 June 2014

	INDIVIDUAL QUARTERS		CUMULATIVE QUARTERS	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Revenue	33,988	42,824	166,340	188,420
Cost of sales	(24,777)	(46,252)	(141,389)	(205,473)
Gross Profit / (Loss)	9,211	(3,428)	24,951	(17,053)
Other items of income	2,126	7,822	15,785	18,426
Other items of expenses				
Administration expenses	(3,724)	(5,136)	(16,325)	(20,305)
Other operating expenses	(1,042)	(1,736)	(8,470)	(17,321)
Selling expenses	(2,342)	(1,648)	(15,050)	(15,759)
Finance costs	(3,711)	(8,128)	(14,087)	(20,116)
Profit / (Loss) before tax	518	(12,254)	(13,196)	(72,128)
Income tax expenses	(509)	4,679	(546)	14,854
Profit / (Loss) after tax	9	(7,575)	(13,742)	(57,274)
Other comprehensive income / (loss)	159	(469)	(115)	197
Total comprehensive income / (loss)	168	(8,044)	(13,857)	(57,077)
Profit / (Loss) attributable to:				
Owners of the parent	14	(7,461)	(13,697)	(56,941)
Non-controlling interests	(5)	(114)	(45)	(333)
	9	(7,575)	(13,742)	(57,274)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	173	(7,930)	(13,812)	(56,744)
Non-controlling interests	(5)	(114)	(45)	(333)
	168	(8,044)	(13,857)	(57,077)
Earnings/(Loss) per share attributable to owners of the parent (sen per share):				
Basic	0.00	(4.30)	(6.13)	(32.78)



PRICEWORTH INTERNATIONAL BERHAD (399292-V)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

Statements of financial position

As at 30 June 2014

	AS AT END OF CURRENT QUARTER	AS AT END OF PRECEDING FINANCIAL YEAR
	30.06.2014	30.06.2013
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	321,167	338,739
Biological assets	33,955	21,190
Land use rights	11,762	4,763
Intangible assets	37,226	16,033
Deferred tax assets	10,000	7,500
Prepayments	319	2,961
	414,429	391,186
Current assets		
Inventories	37,023	32,898
Trade and other receivables	26,955	36,116
Prepayments	5,878	2,266
Cash and bank balances	3,206	3,270
	73,062	74,550
Total assets	487,491	465,736
Equity and liabilities		
Current liabilities		
Loans and borrowings	7,885	6,762
Trade and other payables	62,365	59,545
Income tax payable	463	382
	70,713	66,689
Net current assets	2,349	7,861
Non-current liabilities		
Loans and borrowings	160,920	168,176
Other payables	5,200	-
Deferred tax liabilities	17,510	8,872
	183,630	177,048
Total liabilities	254,343	243,737
Net assets	233,148	221,999
Equity attributable to owners of the parent		
Share capital	32,276	93,139
Share premium	71,249	59,891
Other reserves	78,739	4,343
Treasury shares	(10,324)	(10,324)
Retained earnings	60,679	74,376
	232,619	221,425
Non-controlling interests	529	574
Total equity	233,148	221,999
Total equity and liabilities	487,491	465,736
Net assets per share (RM)	0.75	1.61



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	← Attributable to Equity Holders of the Parent →											
			< Non - Distributable >						Distributable			
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Other Reserve, Total RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000	
At 1 July 2013	93,139	59,891	4,343	-	-	4,343	(10,324)	74,376	221,425	574	221,999	
Total comprehensive income/(loss)	-	-	-	-	(115)	(115)	-	(13,697)	(13,812)	(45)	(13,857)	
Transfer to other reserve on Par Value Reduction	(74,511)	-	-	74,511	-	74,511	-	-	-	-	-	
Issuance of shares :												
- Acquisition of Beta Bumi Sdn Bhd	6,571	10,515	-	-	-	-	-	-	17,086	-	17,086	
- On Conversion of Redeemable Convertible Notes	7,077	2,923	-	-	-	-	-	-	10,000	-	10,000	
- Share issue expenses	-	(2,080)	-	-	-	-	-	-	(2,080)	-	(2,080)	
Dividend on Ordinary Shares	-	-	-	-	-	-	-	-	-	-	-	
At 30 June 2014	32,276	71,249	4,343	74,511	(115)	78,739	(10,324)	60,679	232,619	529	233,148	
At 1 July 2012	93,139	59,891	4,343	-	(197)	4,146	(10,324)	131,317	278,169	907	279,076	
Total comprehensive income	-	-	-	-	197	197	-	(56,941)	(56,744)	(333)	(57,077)	
Dividend on Ordinary Shares	-	-	-	-	-	-	-	-	-	-	-	
At 30 June 2013	93,139	59,891	4,343	-	-	4,343	(10,324)	74,376	221,425	574	221,999	

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.)



PRICEWORTH INTERNATIONAL BERHAD (399292-V)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	12 months ended 30.06.14 RM'000	12 months ended 30.06.13 RM'000
Net profit/(loss) before tax	(13,196)	(72,128)
Adjustments for:-		
Amortisation of land used right	91	72
Depreciation of property, plant and equipment	37,813	40,923
Impairment Loss	-	1,754
Gain on disposal of property, plant and equipment	(3,295)	(14,367)
Unrealised gain on foreign exchange	(306)	(538)
Miscellaneous Income	-	-
Amortisation of timber rights	1,327	14,623
Interest expense	14,087	20,116
Operating profit/(loss) before changes in working capital	36,521	(9,545)
Changes in working capital:		
Decreased/(Increase) in inventories	4,125	22,156
(Increased)/Decreased in receivables	(9,161)	15,024
(Increased)/Decreased in prepayments	(970)	(2,395)
Increased/(Decreased) in payables	2,820	8,925
Net cash from operation	33,335	34,165
Interest paid	(14,087)	(16,677)
Tax paid	(351)	(598)
Net cash generated from operating activities	18,897	16,890
Investing activities		
Purchase of plant and equipment	(16,858)	(23,381)
Acquisition of Subsidiaries (Note 1)	(2,000)	-
Payment for forest planting expenditure	(12,765)	(5,866)
Proceeds from disposal of plant and equipment	5,791	30,875
Net cash used in investing activities	(25,832)	1,628
Financing activities		
Proceeds from issuance of Redeemable Convertible Notes	7,920	-
Proceeds from Term Loans	-	1,164
Repayment of term loan	-	(1,180)
Repayment of hire purchase creditors	(6,133)	(17,010)
Other payables	5,200	-
Net cash from financing activities	6,987	(17,026)
Net Increase/(decrease) in cash and cash equivalents	52	1,492
Effect of exchange rate changes on cash and cash equivalents	(115)	196
Cash and cash equivalents at beginning of the year	3,270	1,582
Cash and cash equivalents at end of year	3,207	3,270
Cash and cash equivalents at end of the year comprise the following:		
	RM'000	RM'000
Fixed deposits with licenced banks	30	24
Cash and bank balances	3,177	3,246
	3,207	3,270

Note 1:

Acquisitions of Subsidiaries

Purchase Consideration	(19,086)
Purchase Consideration satisfied by issuance of new shares	17,086
Cash Consideration	(2,000)

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.)

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2014

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 2013. 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 2013. 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 2013.

The statutory financial statements for the year ended 30 June 2013 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 2013 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 year.

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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 30.06.2013: 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

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

Listed below the number of treasury shares as at 30 June 2014:

	Number Of Shares	Cost (RM)
Balance as at 01 July 2013	12,562,832	10,324,612
Increase / (Decrease) in treasury shares	0	0
Total treasury shares as at 30 June 2014	12,562,832	10,324,612

10. Changes in the Composition of the Group

There is no change in the composition of the Group for the current quarter.

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.

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On 16 February 2011, a judgment in default of appearance was issued by The High Court of Sabah and Sarawak at Sandakan that the subsidiary to pay the plaintiff damages to be assessed. On 7 June 2011, the subsidiary has submitted an appeal to the Court of Appeal of Malaysia for the aforementioned judgment to be set aside with costs. The appeal was dismissed by the Court of Appeal of Malaysia on 19 June 2012. On 16 July 2012, the subsidiary has submitted an application for leave to appeal to the Federal Court. On 30 October 2012, the Federal Court of Malaysia had granted the subsidiary the application for leave to appeal. After the appeal was heard on 25 February 2014 before the Federal Court, the Court had on 24 July 2014, allowed the appeal and set aside the Judgement in Default of Appearance. The Civil Suit commenced by Timatch Sdn Bhd will now proceed before the High Court.

(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 7.4% of the net assets of the PIB Group as at 30 June 2013.

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 has been fixed for hearing on 2 February 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 30.06.2014 amounted to RM21,448,000.00

12. Subsequent Events

There were no material events subsequent to the end of the current quarter other than the issuance of Tranche 2 of the Redeemable Convertible Notes (RCN) amounting to RM8.0 million in August 2014 as disclosed in Note 21 (4).

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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 RM34 million, 21% decrease in revenue when compared with the RM43 million in the corresponding quarter 30.06.2013. The Group also recorded a profit before tax of RM 0.5 million compared to a loss before tax of RM12.3 million in the corresponding quarter 30.06.2013.

The improvement in this quarter performance as compared to the corresponding quarter 30.06.2013 is due principally to increase in selling price of plywood and reduction in cost of raw materials which was achieved by increasing the usage of smaller logs.

14. Variation of Result to immediate preceding quarter

For the current quarter under review, the Group posted revenue of RM34 million compared to RM37 million in the preceding quarter. The profit before tax is RM 0.5 million compared to the loss before tax of RM1.2 million in the immediate preceding quarter.

The improvement in performance is due to increase in selling prices of wood products and reduction in materials costs.

15. Company's Prospects

The outlook for Malaysian timber industry remains stable with the improving economic prospects in Japan and US. The timber demand from Japan, a major plywood consumer globally, remains favorable from positive economic growth.

To counter the shortage of raw material supply in conjunction with Sabah Forestry Department's successful conservation efforts, the Group reinvented its business model and fully integrated its upstream and downstream operations to become a player in sustainable, renewable timber. The Group now has a total of 28,000 ha of sustainable forest plantation, which ensures a continuous supply of raw material for the Group's downstream business. Barring any unforeseen circumstances, the Group expects better performance in financial year 2015 due to an increase in production output from the year before.

The Board of Directors will endeavour to improve the Group's performance through continuous assessment of internal and external risks, implementation of strategies to control operating costs as well as explore new markets for its wood products.

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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 30.06.2014 RM'000	Cumulative Quarters Current Year To Date 30.06.2014 RM'000
(Loss)/Profit before tax is Arrived at after charging/(crediting)		
Other income	(2,126)	(15,785)
Other comprehensive (income)/loss	(159)	115
Interest expense	3,711	14,087
Amortization and depreciation	9,598	37,813

18. Income Tax

Taxation comprises the following:-

	Current Quarter 30.06.2014 RM'000	Cumulative Quarters Current Year To Date 30.06.2014 RM'000
Current taxation	-	-
Deferred taxation	(509)	(546)
	(509)	(546)

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 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.

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(b) Investments in quoted securities

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

21. Corporate Proposals

(1) The Company had on 1 April 2013 announced the following corporate proposals:

(I) Proposed reduction of the par value of each existing ordinary share of RM0.50 each to RM0.10 each in Priceworth International Berhad (PIB) pursuant to section 64 of the Companies Act 1965

(II) Proposed amendment to the Memorandum of Association of PIB to facilitate the implementation of the proposed par value reduction;

(III) Proposed acquisition of the entire Issued and Paid-up ordinary shares of Beta Bumi Sdn Bhd by PIB; and

(IV) Proposed issuance of unsecured redeemable convertible notes with an aggregate principal amount of up to RM50.0 million.

(2) PIB have obtained the sealed order of the High Court of Malaya dated 7 January 2014 sanctioning the Par Value reduction and this has been lodged with the Companies Commission of Malaysia on 15 January 2014.

(3) All the conditions precedent in relation to the Proposed Acquisition of Beta Bumi Sdn Bhd by PIB as set out in the SSA have been fulfilled, procured and/or obtain, as the case may be, by PIB and the Vendors. As such, the Proposed Acquisition has been completed in accordance to the SSA following the listing and quotation of 65,714,285 PIB shares with effect from 24 January 2014.

(4) All the conditions precedent in relation to Proposed issuance of unsecured redeemable convertible notes have been fulfilled. Subsequently, the Company has issued the Tranche 1 of RCN amounting to RM10 million by 07.04.2014 and Tranche 2 of RCN amounting to RM8.0 million was issued in August 2014.

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22. Retained Earnings

	As at 30.06.2014 RM'000	As at 30.06.2013 RM'000
Total retained earnings of the Group;		
-Realised	122,250	140,648
-Unrealised	1,542	1,738
	123,792	142,386
Less: Consolidation adjustments	(63,113)	(68,010)
Total Group retained earnings as per Consolidated accounts	60,679	74,376

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 June 2014:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	146,899	-	146,899
2) Hire Purchase Creditors	14,021	-	14,021
	160,920	-	160,920

Short Term borrowings as at 30 June 2014:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	458	-	458
2) Hire Purchase Creditors	7,427	-	7,427
	7,885	-	7,885

Total group borrowings as at 30 June 2014:

	Secured RM'000	Unsecured RM'000	Total RM'000
1) Term Finance	147,357	-	147,357
2) Hire Purchase Creditors	21,448	-	21,448
	168,805	-	168,805

All the borrowings of the Group are secured.

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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.

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 12 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Basic earnings per share				
Net profit / (loss) (RM'000)	14	(7,461)	(13,697)	(56,941)
Weighted average number of ordinary shares in issue ('000)	301,198	173,712	223,504	173,712
Basic earnings/(loss) per share (sen)	0.00	(4.30)	(6.13)	(32.78)

(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.