



PINEAPPLE RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Six Months Ended
30 June 2015

Condensed Consolidated Statement of Financial Position
As at 30 June 2015

(The figures below have not been audited)

	Unaudited As at 30/06/15 RM'000	Audited As at 31/12/14 RM'000
Non-Current assets		
Property, plant and equipment	2,577	2,875
	2,577	2,875
Current assets		
Inventories	7,795	7,413
Trade and others receivables	5,885	8,277
Fixed deposits with licensed banks	233	1,783
Cash and bank balances	13,030	9,748
	26,943	27,221
TOTAL ASSETS	29,520	30,096
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	1,421	1,641
	26,549	26,769
Non-controlling interest	-	-
Total equity	26,549	26,769
Non-current liabilities		
Deferred liabilities	273	376
Deferred tax liabilities	116	155
	389	531
Current liabilities		
Trade and other payables	2,582	2,796
Taxation	-	-
	2,582	2,796
Total liabilities	2,971	3,327
TOTAL EQUITY AND LIABILITIES	29,520	30,096
Net assets per share attributable to ordinary Owner of the parent (RM)	0.55	0.55

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income
For the quarter and six months ended 30 June 2015

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	30/06/15	30/06/14	30/06/15	30/06/14
	RM'000	RM'000	RM'000	RM'000
Revenue	8,580	13,551	26,617	26,054
Operating expenses	(8,859)	(13,268)	(26,648)	(25,673)
Other income	81	195	170	388
Operating profit	(198)	478	139	769
Depreciation and amortization	(178)	(187)	(358)	(371)
Interest expenses	(6)	(9)	(13)	(19)
Interest income	10	27	21	50
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	(18)	-	(21)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Profit before tax	(372)	291	(211)	408
Taxation	79	(83)	(9)	(147)
Profit for the period	(293)	208	(220)	261
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	(293)	208	(220)	261
Profit attributable to:-				
Owner of the parent	(293)	208	(220)	261
Non-controlling interest	-	-	-	-
Profit for the period	(293)	208	(220)	261
Earning per share (sen):-				
Basic earning per share	(0.60)	0.43	(0.45)	0.54
Diluted earning per share	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015
(The figures below have not been audited)

← Attributable to owner of the parent →

	Share Capital RM'000	Non - Distributable Capital Reserves RM'000	Distributable Retained earnings/ Accumulated losses RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	24,250	878	1,641	26,769	-	26,769
Total comprehensive income for the financial period	-	-	(220)	(220)	-	(220)
At 30 June 2015	24,250	878	1,421	26,549	-	26,549
At 1 January 2014	24,250	878	1,263	26,391	-	26,391
Total comprehensive income for the financial year	-	-	261	261	-	261
At 30 June 2014	24,250	878	1,524	26,652	-	26,652

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2015
(The figures below have not been audited)

	6 months ended	
	30/06/15 RM'000	30/06/14 RM'000
Cash flows from operating activities		
Net profit before tax	(211)	408
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	358	371
Interest expenses	13	19
Interest income	(21)	(50)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	21
Non-cash items	(300)	1
Operating profit before working capital changes	(161)	770
Decrease / (Increase) in inventories	(82)	(178)
Decrease / (Increase) in trade and other receivables	2,428	1,931
(Decrease) / Increase in trade and other payables	(206)	(1,220)
Net cash inflow/ (outflow) from operations	1,979	1,303
Net tax paid	(83)	(97)
Net cash inflow/ (outflow) from operating activities	1,896	1,206
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(60)	(179)
Purchase of additional investment in subsidiary companies	-	-
Net cash inflow from disposal of a subsidiary company	-	-
Interest received	21	50
Net cash outflow from investing activities	(39)	(128)
Cash flows from financing activities		
Net repayment of finance lease liabilities	(112)	(119)
Interest paid	(13)	(19)
(Increase)/ decrease in fixed deposit pledged	-	(6)
Net cash outflow from financing activities	(125)	(144)
Net increase / (decrease) in cash and cash equivalents	1,732	934
Cash and cash equivalents at beginning of the financial year	11,298	7,593
Cash and cash equivalents at end of the financial year	13,030	8,527

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

1. Basis of Preparation

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 – *Interim Financial Reporting* and the applicable disclosure provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014 which were prepared under the Financial Reporting Standards ("FRS").

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. Significant Accounting Policies

The accounting policies and method of computation applied in the interim financial statements are consistent with those used in the preparation of the 2014 Audited Financial Statements except for the adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2015 as set out below.

- Amendments to MFRS 119 "Employee Benefits"

Annual Improvements 2010-2012 Cycle

- Amendments to MFRS 2 "Share-based Payment"
- Amendment to MFRS 3 "Business Combinations"
- Amendment to MFRS 8 "Operating Segments"
- Amendment to MRRS 13 "Fair Value Measurement"
- Amendment to MFRS 116 "Property, Plant and Equipment"
- Amendment to MFRS 124 "Related Party Disclosures"

Annual Improvements 2011-2013 Cycle

- Amendments to MFRS 3 "Business Combinations"
- Amendments to MFRS 13 "Fair Value Measurement"
- Amendment to MFRS 140 "Investment Property"

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

2. Significant Accounting Policies (cont'd)

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs, IC Interpretations and Amendments to MFRSs which have been issued and will be effective for the financial periods as stated below:-

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to MFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 116 and MFRS 141 "Agriculture: Bearer Plants"
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to MFRS 10, MFRS 12 and MFRS 128 "Investment Entities: Applying the Consolidation Exception"
- Amendments to MFRS 101 "Disclosure Initiative"

Annual Improvements to MFRSs 2012–2014 Cycle

- Amendments to MFRS 7 "Financial Instruments: Disclosure"
- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"
- Amendments to MFRS 134 "Interim Financial Reporting"

Effective for annual periods beginning on or after 1 January 2017

- MFRS15 "Revenue from Contracts with Customers"

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 "Financial Instruments (IFRS 9 Financial Instruments as issued by IASB in July 2014)"

The Group plans to apply the abovementioned MFRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

3. Auditors' Report in respect of the 2014 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

4. Seasonality or Cyclicity of interim operations

The Group's operations were not significantly affected by any unusual seasonal or cyclical factors.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter and six months ended 30 June 2015.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and six months ended 30 June 2015.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and six months ended 30 June 2015.

8. Dividends Paid

No dividend has been paid during the quarter and six months ended 30 June 2015.

9. Segmental Information

As the Group is principally involved in the trading and distribution of full range of computer peripherals and accessories within Malaysia, therefore there is no segment information has been presented.

10. Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group did not adopt a revaluation on its property, plant and equipment.

11. Material Events Subsequent to the Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and six months ended 30 June 2015 and up to the date of this Interim Financial Report.

13. Contingent Liabilities/Contingent Assets

There were no changes in contingent liabilities/contingent assets since the last annual balance sheet date as at 31 December 2014.

14. Capital Commitments

There were no capital commitments for the current financial year-to-date.

15. Related Party Transactions

The related parties of the Group comprise the following:

- i) Chuan Huat Resources Berhad (“CHRB”) group of companies (“CHRB Group”);

The significant related party transactions are as follows:

	6 months ended	
	30/06/15 RM'000	30/06/14 RM'000
Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	54	72
Rental of premises received from CHRB Group	-	18
Water & electricity received from CHRB Group	12	12

CHRB holds 100% equity interest in Chuan Huat Hardware Holdings Sdn Bhd, which in turn holds 63.86% equity interest in PRB .

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

15. Cash and Cash Equivalents

	6 months ended	
	30/06/15 RM'000	30/06/14 RM'000
Fixed deposit with a licensed bank	233	4,826
Cash and bank balances	13,030	3,927
	13,263	8,753
Less : Fixed Deposits pledged	(233)	(226)
	13,030	8,527

16. Review of Performance

The Group's revenue for the six months financial period ended 30 June 2015 increased by 2.2% to RM26.617 million as compared to the corresponding period of the preceding year. However, the Group's revenue for second quarter ended 30 June 2015 decreased by 36.7% to RM8.58 million as compared to the corresponding period of the preceding year.

The decrease in revenue was mainly due to the impact of GST on the domestic consumer market and coupled with lesser promotions and fair during the period under review.

	3 months ended			6 months ended		
	30/06/15	30/06/14	Change	30/06/15	30/06/14	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	8,580	13,551	-36.7%	26,617	26,054	2.2%
Profit before taxation	(372)	291	-227.8%	(211)	408	-151.7%

Hence, the Group recorded a Loss Before Tax ("LBT") of RM372,000 for the second quarter ended 30 June 2015 and RM211,000 for the six months period ended 30 June 2015 as compared to Profit Before Tax ("PBT") of RM291,000 and RM408,000 in the corresponding financial period of the preceding year.

17. Material changes in Profit/(Loss) Before Taxation ("PBT/LBT") against preceding quarter

The Group recorded Loss Before Tax ("LBT") of RM372,000 for the second quarter ended 30 June 2015. This was largely due to the decrease in sales during the quarter under review.

	30/06/15 RM'000	31/03/15 RM'000	Change %
Revenue	8,580	18,037	-52.4%
Profit/(loss) before taxation	(372)	161	-331.1%

18. Commentary on Prospects

The Information Technology retail market is expected to remain challenging after the implementation of GST in April 2015. As seen in this second quarter results, there was a substantial decrease in the business and it is not expected to improve within the short term period.

However, the Group will focus to increase the revenue through the e-commerce division as it has seen a tremendous increase in performance since its inception one year ago.

Barring any unforeseen circumstances the Board expects the current financial performance to be maintained.

19. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2015.

20. Income Tax Expenses

	3 months ended		6 months ended	
	30/06/15 RM'000	30/06/14 RM'000	30/06/15 RM'000	30/06/14 RM'000
Malaysia income tax				
-current year	(28)	92	47	157
-under/(over) provision in prior years	-	-	-	-
	(28)	92	47	157
Deferred taxation	(51)	(9)	(38)	(10)
TOTAL	(79)	83	9	147

The effective tax rate for the financial period ended 30 June 2015 and 30 June 2014 are not reflective of the statutory tax rate, mainly due to the losses of certain subsidiaries which cannot

PINEAPPLE RESOURCES BERHAD (55420-P)

(Incorporated in Malaysia)



be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

21. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

22. Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 30 June 2015.

23. Realised and Unrealised Profits/(Losses)

	As At 30/06/2015 RM'000	As At 31/12/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,537	1,894
- Unrealised	(116)	47
	1,421	1,941
Less: Consolidation adjustments	-	(300)
Total Group retained profits as per statements of financial position.	1,421	1,641

24. Off Balance Sheet Financial Instruments

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

25. Changes in Material Litigation

There was no material litigation involving the Group as at the date of this report.

26. Dividend

No dividend has been declared or recommended for payment for the quarter and six months ended 30 June 2015.

27. Earnings Per Share

Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the total number of ordinary shares of the Company in issue for the respective period as follows:

	3 months ended		6 months ended	
	30/06/15	30/06/14	30/06/15	30/06/14
Profit attributable to the owners of the parent (RM'000)	(293)	208	(220)	261
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	(0.60)	0.43	(0.45)	0.54

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 30 June 2015 and 30 June 2014.

28. Authorisation For Issue

This interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD

DATO' LIM LOONG HENG
MANAGING DIRECTOR

Date: 27 August 2015