



PINEAPPLE RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Three Months Ended
31 March 2016

Condensed Consolidated Statement of Financial Position
As at 31 March 2016

(The figures below have not been audited)

	Unaudited As at 31/03/16 RM'000	Audited As at 31/12/15 RM'000
Non-Current assets		
Property, plant and equipment	2,107	2,261
	2,107	2,261
Current assets		
Inventories	9,573	8,207
Trade and others receivables	7,678	7,234
Fixed deposits with licensed banks	240	240
Cash and bank balances	10,356	10,934
	27,847	26,615
TOTAL ASSETS	29,954	28,876
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	706	1,014
	25,834	26,142
Non-controlling interest	-	-
Total equity	25,834	26,142
Non-current liabilities		
Deferred liabilities	151	179
Deferred tax liabilities	235	227
	386	406
Current liabilities		
Trade and other payables	3,734	2,328
Taxation	-	-
	3,734	2,328
Total liabilities	4,120	2,734
TOTAL EQUITY AND LIABILITIES	29,954	28,876
Net assets per share attributable to ordinary Owner of the parent (RM)	0.53	0.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income
For the quarter and three months ended 31 March 2016

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/03/16 RM'000	31/03/15 RM'000	31/03/16 RM'000	31/03/15 RM'000
Revenue	12,500	18,037	12,500	18,037
Operating expenses	(12,698)	(17,789)	(12,698)	(17,789)
Other income	69	89	69	89
Operating profit	(129)	337	(129)	337
Depreciation and amortization	(171)	(180)	(171)	(180)
Interest expenses	(4)	(7)	(4)	(7)
Interest income	3	11	3	11
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
(Loss)/Profit before tax	(301)	161	(301)	161
Taxation	(8)	(88)	(8)	(88)
(Loss)/Profit for the period	(309)	73	(309)	73
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive (Loss)/ Income for the period	(309)	73	(309)	73
Profit attributable to:-				
Owner of the parent	(309)	73	(309)	73
Non-controlling interest	-	-	-	-
(Loss)/Profit for the period	(309)	73	(309)	73
Earning per share (sen):-				
Basic earning per share	(0.64)	0.15	(0.64)	0.15
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 2015 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2016
(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 2016	24,250	878	1,015	26,143	-	26,143
Total comprehensive loss for the financial period	-	-	(309)	(309)	-	(309)
At 31 Mar 2016	24,250	878	706	25,834	-	25,834
At 1 January 2015	24,250	878	1,641	26,769	-	26,769
Total comprehensive income for the financial year	-	-	73	73	-	73
At 31 Mar 2015	24,250	878	1,714	26,842	-	26,842

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 2015 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2016
(The figures below have not been audited)

	3 months ended	
	31/03/16 RM'000	31/03/15 RM'000
Cash flows from operating activities		
Net (loss)/profit before tax	(301)	161
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	171	180
Interest expenses	4	7
Interest income	(3)	(11)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Non-cash items	-	-
Operating (loss)/profit before working capital changes	(129)	337
Decrease / (Increase) in inventories	(1,366)	(264)
Decrease / (Increase) in trade and other receivables	(490)	(1,433)
(Decrease) / Increase in trade and other payables	1,432	649
Net cash inflow from operations	(553)	(711)
Net tax paid	46	(38)
Net cash (outflow)/ inflow from operating activities	(507)	(749)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(17)	(51)
Purchase of additional investment in subsidiary companies	-	-
Net cash inflow from disposal of a subsidiary company	-	-
Interest received	3	11
Net cash outflow from investing activities	(14)	(40)
Cash flows from financing activities		
Net repayment of finance lease liabilities	(53)	(59)
Interest paid	(4)	(7)
(Increase)/ decrease in fixed deposit pledged	-	-
Net cash outflow from financing activities	(57)	(66)
Net increase in cash and cash equivalents	(578)	(855)
Cash and cash equivalents at beginning of the financial year	10,934	11,298
Cash and cash equivalents at end of the financial year	10,356	10,443

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 2015 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 2015.

2. Significant Accounting Policies

The accounting policies applied by the Group in these interim consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2015, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Issues Committee ("IC") Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2016:

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 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendments to MFRS 7 "Financial Instruments: Disclosure"
- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"
- Amendments to MFRS 134 "Interim Financial Reporting"

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 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 2015 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 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 three months ended 31 March 2016.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2016.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and three months ended 31 March 2016.

8. Dividends Paid

No dividend has been paid during the quarter and three months ended 31 March 2016.

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 three months ended 31 March 2016 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 2015.

14. Capital Commitments

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

(The rest of this page is intentionally left blank)

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:

	3 months ended	
	31/03/16 RM'000	31/03/15 RM'000
Others		
<u>Related Parties</u>		
Rental of premises paid to CHRB Group	27	27
Water & electricity received from CHRB Group	6	6

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.

16. Cash and Cash Equivalents

	3 months ended	
	31/03/16 RM'000	31/03/15 RM'000
Fixed deposit with a licensed bank	240	233
Cash and bank balances	10,356	10,443
	10,596	10,676
Less : Fixed Deposits pledged	(240)	(233)
	10,356	10,443

17. Review of Performance

The Group’s revenue for the three months financial period ended 31 March 2016 has decreased by 30.7% to RM12.5 million as compared to the corresponding period of the preceding year. The decrease in revenue was mainly due to slowdown in the retail sector after the implementation of the GST (Goods and Services Tax) on 1 April 2015.

The Group recorded a Loss Before Tax (“LBT”) of RM301,000 for the three months financial period ended 31 March 2016 as compared to Profit Before Tax (“PBT”) of RM161,000 for the corresponding period of the preceding year.

	3 months ended		Change %
	31/03/16 RM'000	31/03/15 RM'000	
Revenue	12,500	18,037	-30.70
(Loss)/Profit before taxation	(301)	161	-286.96

18. Material changes in Profit/(Loss) Before Taxation (“PBT/LBT”) against preceding quarter

The Group recorded a Loss Before Tax (“LBT”) of RM301,000 for the first quarter ended 31 March 2016 compared to the preceding quarter ended 31 December 2015. This was mainly due to the lesser supplier’s rebates and sponsorship during the quarter under review.

	31/03/16 RM'000	31/12/15 RM'000	Change %
Revenue	12,500	11,265	10.96
Profit/(loss) before taxation	(301)	(18)	1572.22

19. Commentary on Prospects

The consumer spending and retail index is not showing any sign of recovery from the implementation of the GST since April last year.

The slowdown in the business also caused fierce competition in the retail market whilst the rising cost of rental and operations overheads also add to the challenge

To counter this situation, we will be consolidating all the resources to focus in the E-commerce and direct corporate sales division.

We expect our performance to improve for the rest of the year.

20. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2016.

21. Income Tax Expenses

	3 months ended	
	31/03/16 RM'000	31/03/15 RM'000
Malaysia income tax		
-current year	-	75
-under/(over) provision in prior years	-	-
	-	75
Deferred taxation	8	13
TOTAL	8	88

The effective tax rate for the financial year ended 31 March 2016 and 31 March 2015 are not reflective of the statutory tax rate, mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

22. Corporate Proposals

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

23. Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 March 2016.

24. Realised and Unrealised Profits/(Losses)

	As At 31/03/2016 RM'000	As At 31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	941	1,242
- Unrealised	(235)	(227)
	706	1,015
Less: Consolidation adjustments	-	-
Total Group retained profits as per statements of financial position.	706	1,015

25. Off Balance Sheet Financial Instruments

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

26. Changes in Material Litigation

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

27. Dividend

No dividend has been declared or recommended for payment for the quarter and three months ended 31 March 2016.

28. 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	
	31/03/16	31/03/15
(Loss)/Profit attributable to the owners of the parent (RM'000)	(309)	73
Total number of ordinary Shares in issue ('000)	48,500	48,500
Basic earnings per share (sen)	(0.64)	0.15

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 31 March 2016 and 31 March 2015.

29. 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: 26 May 2016