



PINEAPPLE RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Six Months Ended
30 June 2016

Condensed Consolidated Statement of Financial Position
As at 30 Jun 2016

(The figures below have not been audited)

	Unaudited As at 30/06/16 RM'000	Audited As at 31/12/15 RM'000
Non-Current assets		
Property, plant and equipment	2,108	2,261
	<u>2,108</u>	<u>2,261</u>
Current assets		
Inventories	12,317	8,207
Trade and others receivables	9,098	7,234
Fixed deposits with licensed banks	240	240
Cash and bank balances	5,840	10,934
	<u>27,495</u>	<u>26,615</u>
TOTAL ASSETS	<u>29,603</u>	<u>28,876</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	728	1,014
	<u>25,856</u>	<u>26,142</u>
Non-controlling interest	-	-
Total equity	<u>25,856</u>	<u>26,142</u>
Non-current liabilities		
Deferred liabilities	123	179
Deferred tax liabilities	290	227
	<u>413</u>	<u>406</u>
Current liabilities		
Trade and other payables	3,334	2,328
Taxation	-	-
	<u>3,334</u>	<u>2,328</u>
Total liabilities	<u>3,747</u>	<u>2,734</u>
TOTAL EQUITY AND LIABILITIES	<u>29,603</u>	<u>28,876</u>
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 six months ended 30 Jun 2016

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15 RM'000
Revenue	12,512	8,580	25,012	26,617
Operating expenses	(12,341)	(6,428)	(25,039)	(21,351)
Other income	90	81	159	170
Operating profit	261	(198)	132	139
Depreciation and amortization	(164)	(178)	(335)	(358)
Interest expenses	(3)	(6)	(7)	(13)
Interest income	5	10	8	21
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	-	-	-	-
Profit/ (Loss) before tax	99	(372)	(202)	(211)
Taxation	(77)	79	(85)	(9)
Profit/ (Loss) for the period	22	(293)	(287)	(220)
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income/ (Loss) for the period	22	(293)	(287)	(220)
Profit attributable to:-				
Owner of the parent	22	(293)	(287)	(220)
Non-controlling interest	-	-	-	-
Profit/ (Loss) for the period	22	(293)	(287)	(220)
Earning per share (sen):-				
Basic earning per share	0.05	(0.60)	(0.59)	(0.45)
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 six months ended 30 Jun 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	-	-	(287)	(287)	-	(287)
At 30 Jun 2016	24,250	878	728	25,856	-	25,856
At 1 January 2015	24,250	878	1,641	26,769	-	26,769
Total comprehensive loss for the financial period	-	-	(220)	(220)	-	(220)
At 30 Jun 2015	24,250	878	1,421	26,549	-	26,549

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 six months ended 30 Jun 2016

(The figures below have not been audited)

	6 months ended	
	30/06/16 RM'000	30/06/15 RM'000
Cash flows from operating activities		
Net (loss)/profit before tax	(202)	(211)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	335	358
Interest expenses	7	13
Interest income	(8)	(21)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Non-cash items	-	(300)
Operating (loss)/profit before working capital changes	132	(161)
Decrease / (Increase) in inventories	(4,111)	(82)
Decrease / (Increase) in trade and other receivables	(1,920)	2,428
(Decrease) / Increase in trade and other payables	1,054	(206)
Net cash (outflow)/ inflow from operations	(4,845)	1,979
Net tax (paid)/ refund	35	(83)
Net cash (outflow)/ inflow from operating activities	(4,810)	1,896
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(182)	(60)
Purchase of additional investment in subsidiary companies	-	-
Net cash inflow from disposal of a subsidiary company	-	-
Interest received	8	21
Net cash outflow from investing activities	(174)	(39)
Cash flows from financing activities		
Net repayment of finance lease liabilities	(103)	(112)
Interest paid	(7)	(13)
(Increase)/ decrease in fixed deposit pledged	-	-
Net cash outflow from financing activities	(110)	(125)
Net (decrease)/ increase in cash and cash equivalents	(5,094)	1,732
Cash and cash equivalents at beginning of the financial year	10,934	11,298
Cash and cash equivalents at end of the financial year	5,840	13,030

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 SECOND QUARTER ENDED 30 JUNE 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 six months ended 30 June 2016.

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 2016.

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 2016.

8. Dividends Paid

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

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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	
	30/06/16 RM'000	30/06/15 RM'000
Others		
<u>Related Parties</u>		
Rental of premises paid to CHRB Group	54	54
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.

16. Cash and Cash Equivalents

	6 months ended	
	30/06/16 RM'000	30/06/15 RM'000
Fixed deposit with a licensed bank	240	233
Cash and bank balances	5,840	13,030
	60,080	13,263
Less : Fixed Deposits pledged	(240)	(233)
	5,840	13,030

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17. Review of Performance

The Group's revenue for the six months financial period ended 30 June 2016 has decreased by 9.69% to RM25.0 million as compared to the corresponding period of the preceding year.

The Group's revenue for second quarter ended 30 June 2016 has increased by 45.83% to RM12.51 million as compared to the corresponding period of the preceding year. The increase in revenue was mainly due to additional sales from TESCO hypermarket which we started operating from April 2016.

However, as for the Profit Before Tax ("PBT") second quarter ended 30 June 2016, it recorded a profit of RM99,000 as compared to a Loss Before Tax ("LBT") of RM372,000 in the corresponding financial period ending 30 June 2015.

On a cumulative basis, it recorded a loss of RM202,000 as compared to a loss of RM211,000 during the same period last year. The better performance in the second quarter 2016 were from the commencement of operation in TESCO

	3 months			6 months ended		
	30/6/16 RM'000	30/6/15 RM'000	Change %	30/6/16 RM'000	30/6/15 RM'000	Change %
Revenue	12,512	8,580	45.83	25,012	26,617	-9.69
Profit/(Loss) before taxation	99	(372)	126.61	(202)	(211)	4.27

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

The Group recorded a Profit Before Tax of RM99,000 for the second quarter ended 30 June 2016 compared to a Loss Before Tax of RM301,000 in the preceding quarter ended 31 March 2016 mainly due to the improvement in profit margin during the quarter under review.

	30/06/16 RM'000	31/03/16 RM'000	Change %
Revenue	12,512	12,500	0.10
Profit/(loss) before taxation	99	(301)	132.89

19. Commentary on Prospects

The slowdown in the business and reduction in consumer spending post GST (Goods and Services Tax) still lingers for the time being and the IT Industry is faced with fierce competition and challenges.

The move from consolidating its operation to focus mainly in the hypermarket stores in AEON and TESCO, the closing down of non-performing outlets and the cutting down in the operating expense is now showing sign of recovery

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		6 months ended	
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15 RM'000
Malaysia income tax				
-current year	21	(28)	21	47
-under/(over) provision in prior years	-	-	-	-
	21	(28)	21	47
Deferred taxation	56	(51)	64	(38)
TOTAL	77	(79)	85	9

The effective tax rate for the financial year ended 30 June 2016 and 30 June 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 30 June 2016.

24. Realised and Unrealised Profits/(Losses)

	As At	As At
	30/06/2016 RM'000	31/12/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,018	1,242
- Unrealised	(290)	(227)
	728	1,015
Less: Consolidation adjustments	-	-
Total Group retained profits as per statements of financial position.	728	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 six months ended 30 June 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		6 months ended	
	30/06/16	30/06/15	30/06/16	30/06/15
(Loss)/Profit attributable to the owners of the parent (RM'000)	22	(293)	(287)	(220)
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	0.05	(0.60)	(0.59)	(0.45)

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 30 June 2016 and 30 June 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: 29 August 2016