



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

	Note	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 12 Months Ended	
		30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue	9	5,263	7,295	23,562	27,486
Cost of sales		(8,562)	(7,259)	(27,125)	(28,755)
Gross profit		(3,299)	36	(3,563)	(1,269)
Distribution costs		(67)	(110)	(345)	(405)
Administration expenses		(7,875)	(4,054)	(10,767)	(6,742)
Other operating income		243	5	296	19
Finance costs		(10,998)	(4,123)	(14,379)	(8,397)
Finance income		(1,883)	(1,200)	(6,371)	(4,867)
		1	2	3	10
Profit/(Loss) before tax	9	(12,880)	(5,321)	(20,747)	(13,254)
Taxation	19	827	792	606	294
Profit/(Loss) for the period		<u>(12,053)</u>	<u>(4,529)</u>	<u>(20,141)</u>	<u>(12,960)</u>
Profit/(Loss) for the period attributable to:					
Owners of the parent		(10,085)	(3,724)	(17,555)	(10,622)
Minority interests		(1,968)	(805)	(2,586)	(2,338)
		<u>(12,053)</u>	<u>(4,529)</u>	<u>(20,141)</u>	<u>(12,960)</u>
Earning/(loss) per share, attributable to owners of the parent (sen):	28				
Basic		(6.73)	(2.49)	(11.72)	(7.09)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	CURRENT QUARTER 3 Months Ended		CUMULATIVE QUARTER 12 Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	(12,053)	(4,529)	(20,141)	(12,960)
Currency translation difference arising from consolidation (equity portion)	15,012	830	13,509	(1,062)
Total comprehensive income/(expense) for the period	<u>2,959</u>	<u>(3,699)</u>	<u>(6,632)</u>	<u>(14,022)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(2,798)	(3,098)	(11,404)	(11,343)
Minority interests	5,757	(601)	4,772	(2,679)
	<u>2,959</u>	<u>(3,699)</u>	<u>(6,632)</u>	<u>(14,022)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Unaudited as at 30/06/16 RM'000	Audited as at 30/06/15 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	10	295,458	221,749
Land use rights		19,610	18,267
Biological assets		133,854	129,850
		448,922	369,866
Current assets			
Inventories		820	1,136
Trade receivables		415	774
Other current assets		2,668	1,740
Cash and bank balances		1,473	377
		5,376	4,027
TOTAL ASSETS		454,298	373,893
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to owners of the parent			
Share capital		74,902	74,902
Revaluation reserve		272,703	211,126
Exchange reserve		11,765	5,614
Retained earnings		(200,342)	(182,830)
		159,028	108,812
Minority interests		2,323	1,348
Total equity		161,351	110,160
Non-current liabilities			
Long-term borrowings		116	112,711
Deferred tax liabilities		73,772	56,497
Amount due to a Corporate Shareholder		26,660	26,660
Amount due to a Director		7,557	7,557
Retirement benefit obligations		726	582
		108,831	204,007
Current liabilities			
Trade and other payables		36,978	27,405
Short-term borrowings		125,356	12,383
Current tax payable		21,244	19,548
Amount due to a Directors		538	390
		184,116	59,726
Total liabilities		292,947	263,733
TOTAL EQUITY AND LIABILITIES		454,298	373,893
Net assets per share attributable to owners of the parent (RM)		1.06	0.73

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



PINEHILL PACIFIC BERHAD

(Company No.: 000222-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	<----- Equity Attributable to Owners of the Parent ----->							
	<----- Non-Distributable ----->							
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Revaluation Reserve</u> RM'000	<u>Exchange Reserve</u> RM'000	<u>Retained Earnings</u> RM'000	<u>Total</u> RM'000	<u>Minority Interests</u> RM'000	<u>Total Equity</u> RM'000
Balance as at 1 July 2015	74,902	-	211,126	5,614	(182,830)	108,812	1,348	110,160
Revaluation surplus	-	-	61,577	-	-	61,577	(3,797)	57,780
Total comprehensive (expense)/income for the period	-	-		6,151	(17,512)	(11,361)	4,772	(6,589)
Balance as at 30 June 2016	74,902	-	272,703	11,765	(200,342)	159,028	2,323	161,351
Balance as at 1 July 2014	74,902	-	211,126	6,335	(172,224)	120,139	4,027	124,166
Total comprehensive income/(expense) for the period	-	-	-	(721)	(10,606)	(11,327)	(2,679)	(14,006)
Balance as at 30 June 2015	74,902	-	211,126	5,614	(182,830)	108,812	1,348	110,160

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	12 Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(20,747)	(13,254)
Adjustments for :		
Non-cash items	21,121	18,434
Non-operating items	6,217	(663)
Operating profit before working capital changes	6,591	4,517
Working capital changes:-		
Net change in current assets	(253)	955
Net change in current liabilities	11,675	16,052
Cash generated from operating activities	18,013	21,524
Interest income	3	10
Tax paid	2,302	1,424
Net cash generated from operating activities	20,318	22,958
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investments	(5,432)	(13,439)
Net cash used in investing activities	(5,432)	(13,439)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(9,073)	(8,534)
Drawdown of term loan	3,733	13,077
Repayment of term loan	(10,029)	(16,330)
Repayment of hire purchase creditors	(111)	(196)
Net cash generated from/(used in) financing activities	(15,480)	(11,983)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(594)	(2,464)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	377	1,242
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	1,690	1,599
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,473	377

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30/06/2016 RM'000	As at 30/06/2015 RM'000
Cash and bank balances	1,439	342
Deposits with licensed banks	34	35
	1,473	377

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and are prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015. These 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 30 June 2015.

2. Accounting Policies

The accounting policies and methods of computation adopted by the Group for the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2015.

New FRS and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted

The Group has not adopted the following new FRS and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”):-

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2018
FRS14	Regulatory Deferral Accounts	1 January 2016
<u>Amendments / Improvements to FRSs</u>		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	1 January 2016



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Accounting Policies (con't)

FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 134	Interim Financial Reporting	1 January 2016
FRS 138	Intangible Assets	1 January 2016

Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group.

MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB has on 19 November 2011 issued a new MASB approved accounting standards, MFRSs, (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int. 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group which is Transitioning Entity has chosen to defer the adoption of the MFRSs framework. As such, the Group will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ended 30 June 2018.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the interim financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.



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Accounting Policies (con't)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

3. Qualification on preceding Financial Statements

The preceding annual financial statements of the Group as at 30 June 2015 were reported on without any qualification.

4. Seasonal or Cyclical Factors

There was no variation of financial results from the immediate preceding quarter to the current quarter due to seasonal or cyclical factors except for the production of fresh fruit bunches (“FFB”).

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

There was no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows.

6. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

7. Changes In Debt and Equity Securities

There was no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period under review.



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8. Dividends Paid

There were no dividends paid during the current quarter.

9. Segment Information

Analysis by activity of the Group:

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue:				
Plantation				
- Malaysia	5,239	7,166	23,198	26,776
- Indonesia	24	129	364	710
	<u>5,263</u>	<u>7,295</u>	<u>23,562</u>	<u>27,486</u>
Investment holding	-	-	-	-
	<u>5,263</u>	<u>7,295</u>	<u>23,562</u>	<u>27,486</u>
Profit/(Loss) before tax:				
Plantation Malaysia	(4,144)	(2,192)	(6,482)	(5,136)
Plantation Indonesia	(6,797)	(1,936)	(7,596)	(2,889)
	<u>(10,941)</u>	<u>(4,128)</u>	<u>(14,078)</u>	<u>(8,025)</u>
Investment holding	(57)	5	(301)	(372)
	<u>(10,998)</u>	<u>(4,123)</u>	<u>(14,379)</u>	<u>(8,397)</u>
Finance expense	(1,883)	(1,200)	(6,371)	(4,867)
Finance income	1	2	3	10
	<u>(12,880)</u>	<u>(5,321)</u>	<u>(20,747)</u>	<u>(13,254)</u>

10. Valuation of Property, Plant & Equipment

The valuation of property, plant and equipment has been brought forward and without amendment from the previous annual financial statement except revaluation of estate lands in Teluk Intan to RM290.4 million, result a revaluation surplus of RM61.58 million.

11. Material Events Subsequent To The Interim Period

There was no material events subsequent to the end of the period reported that have not been reflected in the financial statements.



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12. Changes In The Composition of the Group

There were no changes in the composition of the Group during the current quarter.

13. Contingent Liabilities And Contingent Assets

During the current quarter, the Group's maximum exposure to credit risk is represented by a nominal amount of RM125,280,377 relating to a corporate guarantee provided by the Group to financial institutions for credit facilities granted to a subsidiary.

14. Capital Commitments

There is no capital commitment from the last balance sheet date.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Review of Performance

The performance of the Group was mainly contributed by the plantation subsidiaries.

The loss before taxation and minority interests of the plantation subsidiaries for the current quarter were due to the factors as mentioned in note 16.

16. Comparison With Preceding Quarter Results And Financial Period To date

Current Quarter

The Group reported RM12.9 million loss before taxation and minority interests in the current quarter as compared to RM11.9 million loss before taxation and minority interests in the immediate preceding quarter. The increase in loss of RM1 million was mainly due to the followings:

1. Increase amortization cost of matured expenditure by RM2 million due to changes in basis of amortization based on total planted areas instead of total land areas.
2. General increase in operating expenses of RM1 million.



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Comparison With Preceding Quarter Results And Financial Period Todate (cont')

3. Reduction of unrealised loss of forex of RM2.3 million. The revised treatment of forex differences is in accordance to FRS 121, Para 32, where exchange differences arising from the receivables that forms part of a reporting entity's net investment in a foreign operation in the consolidated financial statements is recognised in other comprehensive income instead of profit or loss.

Year to Date

As compared to corresponding twelve month period of the financial year, there is significant variance between the loss before taxation and minority interests for current financial period of RM20.7 million as compared to RM13.3 million loss in the corresponding period of the last financial year. The variances of RM7.5 million loss are mainly contributed as follows:

1. Reduction of unrealised gain of forex of RM5.7 million. The revised treatment of forex differences is in accordance to FRS 121, Para 32, where exchange differences arising from the receivables that forms part of a reporting entity's net investment in a foreign operation in the consolidated financial statements is recognised in other comprehensive income instead of profit or loss.
2. Increase amortization cost of matured expenditure by RM1.5 million due to changes in basis of amortization based on total planted areas instead of total land areas.
3. Increase in finance costs by RM1.5 million due to changes in treatment of borrowing costs in accordance to MFRS 123, where all interest cost that relates to matured planted areas is charged to profit or loss.

17. Current Year Prospect

The average CPO price for the current quarter was RM2,572 per metric tonne, which was higher compared to the average of immediate preceding quarter of RM2,374 per metric tonne. The current average CPO price is about RM2,809 per metric tonne. Fresh Fruits Bunch ("FFB") is expected to decrease in this year and may continue into year 2017 as a result of dry weather and low rainfall caused by El Nino.

We expect the performance of the Group in the coming months will continue to face challenges due to uncertain global demand and impact of El Nino on the recovery of the overall crop production.



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18. Variance From Profit Forecast And Shortfall In Profit Guarantee

Not applicable since the Group has not committed to any profit forecast and profit guarantee.

19. Income Tax Expense

Income tax expense comprises the following:

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Malaysian taxation:				
Current tax expenses				
Current period provision	2,427	2,194	2,648	2,692
Over/(Under) provision in prior years	116	353	116	353
	<u>2,543</u>	<u>2,547</u>	<u>2,764</u>	<u>3,045</u>
Deferred tax benefits/(expense)				
Current year	(3,370)	(3,339)	(3,370)	(3,339)
	<u>(3,370)</u>	<u>(3,339)</u>	<u>(3,370)</u>	<u>(3,339)</u>
Total	<u>(827)</u>	<u>(792)</u>	<u>(606)</u>	<u>(294)</u>

20. Profit/(Loss) On Sale Of Unquoted Investment And / Or Properties

There is no sale of unquoted investments and/or properties for the current quarter and financial period-to-date.

21. Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial period-to-date.

22. Status of Corporate Proposals

There were no corporate proposals for the current quarter.



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23. Group Borrowings

The borrowings and debt securities of the Group as at the end of the reporting period are as follows:

	RM'000
<u>Short-term borrowings</u>	
Secured	
Denominated in Ringgit Malaysia	125,356
<u>Long-term borrowings</u>	
Secured	
Denominated in Ringgit Malaysia	116

24. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of issue of the quarterly report.

25. (Loss)/Profit before tax

	Current Quarter		Cumulative Quarter	
	3 Months Ended		12 Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Interest Income	1	2	3	10
Interest Expenses	1,883	1,200	6,371	4,867
Depreciation and amortisation	6,371	4,555	19,470	17,949
Foreign exchange (gain)/loss	4,533	790	-	(5,652)

26. Material Litigation

There was no pending material litigation of the Group since the last annual balance sheet date up to the date of this report.



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27. Dividend Payable

No dividend has been recommended or declared for the current quarter.

28. Earnings / (Loss) Per Share

	Current Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Basic				
Profit/(Loss) attributable to owners of the parent (RM'000)	<u>(10,085)</u>	<u>(3,724)</u>	<u>(17,555)</u>	<u>(10,622)</u>
Weighted average number of ordinary shares in issue ('000)	<u>149,804</u>	<u>149,804</u>	<u>149,804</u>	<u>149,804</u>
Basic earning/(loss) per share (sen)	<u><u>(6.73)</u></u>	<u><u>(2.49)</u></u>	<u><u>(11.72)</u></u>	<u><u>(7.09)</u></u>

29. Disclosure of Realised and Unrealised Retained Profits/(Accumulated Losses)

	Current Financial Period RM'000	As At The End Of Last Financial Year RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(188,655)	(162,195)
- Unrealised	<u>(11,687)</u>	<u>(20,635)</u>
	<u><u>(200,342)</u></u>	<u><u>(182,830)</u></u>

30. Authorisation For Issue Off The Interim Financial Statements

The current interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 August 2016.