



## **PINEAPPLE RESOURCES BERHAD**

Registration No.: 198001001637 (55420-P)

**Condensed Consolidated Financial Statements  
For the Sixth Quarter and Period Ended  
30 June 2020**

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**INTERIM FINANCIAL REPORT FOR THE SIXTH QUARTER AND YEAR-TO-DATE  
ENDED 30 JUNE 2020**

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**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2020**

	Unaudited As at 30/06/20 RM'000	Audited As at 31/12/18 RM'000
<b>Non-Current assets</b>		
Property, plant and equipment	2,739	1,376
Investment in associated company	-	670
Right-of-use assets	4,878	-
	7,617	2,046
<b>Current assets</b>		
Inventories	11,057	12,928
Trade and others receivables	8,116	9,255
Amount due from associate company	-	151
Cash and bank balances	3,805	4,379
	22,978	26,713
<b>TOTAL ASSETS</b>	<b>30,595</b>	<b>28,759</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	(2,526)	1,015
	22,602	26,143
Non- controlling interest	220	-
<b>Total equity</b>	22,822	26,143
<b>Non-current liabilities</b>		
Finance lease liabilities	46	112
Deferred tax liabilities	-	212
Lease liabilities	3,573	-
	3,619	324
<b>Current liabilities</b>		
Trade and other payables	2,718	2,265
Lease liabilities	1,436	-
Taxation	-	27
	4,154	2,292
<b>Total liabilities</b>	7,773	2,616
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30,595</b>	<b>28,759</b>
Net assets per share attributable to ordinary Owner of the parent (RM)	0.47	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 2018 and accompanying explanatory notes attached to the interim financial statements.*

**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the sixth quarter and eighteen months ended 30 June 2020**

	Individual quarter 3 months ended		Cumulative quarter 18 months ended	
	30.06.20 RM'000	30/06/19 RM'000	30/06/20 RM'000	30/06/19 RM'000
<b>Revenue</b>	14,583	12,824	83,459	
Operating expenses	(14,762)	(13,292)	(84,919)	
Other income	292	60	939	
<b>Operating profit/(loss)</b>	113	(408)	(521)	
Depreciation and amortization	(149)	(86)	(913)	-
Depreciation right of use assets	(506)	(51)	(1,565)	-
Interest expenses	(177)	(9)	(281)	-
Interest income	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	(84)	-
Foreign exchange gain/ (loss)	8	-	6	-
Gain on combination	177	-	177	-
Gain on dilution of share in associate	125	-	125	-
Loss on remeasurement of associate	(106)	-	(427)	-
Share of profit/(loss) from an associate company	(69)	(65)	(390)	-
<b>(Loss)/Profit before tax</b>	(584)	(641)	(3,873)	-
Taxation	-	118	190	-
<b>(Loss)/Profit for the period</b>	(584)	(523)	(3,683)	-
Other Comprehensive Income net of tax	-	-	-	-
<b>Total Comprehensive (Loss)/Profit for the period</b>	(584)	(523)	(3,683)	-
<b>(Loss)/Profit attributable to:-</b>				
Owner of the parent	(527)	(523)	(3,473)	-
Non-controlling interest	(57)	-	(210)	-
<b>(Loss)/Profit for the period</b>	(584)	(523)	(3,683)	-
<b>Earnings per share (sen):-</b>				
Basic (loss)/earnings per share	(1.09)	(1.08)	(7.16)	-

The financial year end of the Group has been changed from 31 December to 30 June. Therefore the current year-to-date reporting period covers 18 months from 1 January 2019 to 30 June 2020. As such, there are no comparative figures available for the cumulative period for the preceding corresponding period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**For the eighteen months ended 30 June 2020**

← **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 2019, as previously reported	24,250	878	1,015	26,143	-	26,143
Adjustment from adoption of MFRS16	-	-	(68)	(68)	-	(68)
At 1 January 2019, as restated	24,250	878	947	26,075	-	26,075
Total comprehensive profit/ (loss) for the financial period	-	-	(3,473)	(3,473)	220	(3,253)
<b>At 30 June 2020</b>	<b>24,250</b>	<b>878</b>	<b>(2,526)</b>	<b>22,602</b>	<b>220</b>	<b>22,822</b>
At 1 January 2018	24,250	878	991	26,119	-	26,119
Total comprehensive profit/ (loss) for the financial period	-	-	24	24	-	24
<b>At 31 December 2018</b>	<b>24,250</b>	<b>878</b>	<b>1,015</b>	<b>26,143</b>	<b>-</b>	<b>26,143</b>

*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 2018 and accompanying explanatory notes attached to the interim financial statements.*

**Unaudited Condensed Consolidated Statement of Cash Flows  
For the eighteen months ended 30 June 2020**

	18 months Period Ended	
	30/06/20 RM'000	30/06/19 RM'000
<b>Cash flows from operating activities</b>		
Net profit/ (loss) before tax	(3,873)	-
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	913	-
Depreciation right of use assets	1,565	-
Interest expenses	281	-
Provision for and write off of inventories	84	-
Gain on combination	(177)	-
Gain on dilution of share in associate	(125)	-
Loss on remeasurement of investment	427	-
Share of losses from an associate company	390	-
Non-cash items	405	-
Operating profit/(loss) before working capital changes	(110)	-
Decrease / (Increase) in inventories	1,813	-
Decrease / (Increase) in trade and other receivables	1,542	-
Decrease / (Increase) in amount due from associated company	151	-
Increase/ (Decrease) in trade and other payables	(123)	-
Net cash inflow/ (outflow) from operations	3,273	-
Repayment of lease liabilities	(1,650)	-
Net tax refund/ (paid)	(126)	-
<b>Net cash inflow from operating activities</b>	<b>1,497</b>	<b>-</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	213	-
Purchase of property, plant and equipment	(2,337)	-
Investment in associated company	(151)	-
Proceeds from issuance of shares	100	-
Net cash inflow/ (outflow) from acquisition of a subsidiary co.	177	-
<b>Net cash outflow from investing activities</b>	<b>(1,998)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Net repayment of finance lease liabilities	(62)	-
Interest paid	(11)	-
<b>Net cash outflow from financing activities</b>	<b>(73)</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents	(574)	-
Cash and cash equivalents at beginning of the financial period	4,379	-
<b>Cash and cash equivalents at end of the financial period</b>	<b>3,805</b>	<b>-</b>

*The financial year end of the Group has been changed from 31 December to 30 June. Therefore the current year-to-date reporting period covers 18 months from 1 January 2019 to 30 June 2020. As such, there are no comparative figures available for the cumulative period for the preceding corresponding period.*

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and accompanying explanatory notes attached to the interim financial statements*

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SIXTH (6<sup>TH</sup>) QUARTER ENDED 30 JUNE 2020**

**1. Basis of Preparation**

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018 which were prepared under the Malaysian Financial Reporting Standards (“MFRS”) and amendments to standards to be applied by all Entities Other Than Private Entities.

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

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 2018.

**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 2018, including the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16 : *Leases*
- IC Interpretation 23: *Uncertainty over Income Tax Treatment*
- Amendments to MFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119: *Plan Amendments, Curtailment of Settlement*
- Amendments to MFRS 128: *Long-term Interest in Associates and Joint Ventures*
- Annual Improvements to MFRSs 2015–2017 Cycle

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108: *Definition Of Material*

**MFRS 16, Leases**

On the adoption of MFRS 16, Group has assessed the estimated impact of the initial application of MFRS 16. Based on the preliminary assessment, the Group does not expect the application of MFRS 16 to have a significant financial impact on its consolidated financial statements. MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, determining whether an Arrangement contains a Lease, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

### **Standards and Amendments In Issue but not yet effective**

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 2021

- MFRS 17 : *Insurance Contracts*

#### Effective date deferred

- Amendments to MFRS 10 and MFRS 128 : *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application

## **2. Auditors' Report in respect of the 2018 Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

## **3. Seasonality or Cyclicity of interim operations**

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

## **4. 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 eighteen months ended 30 June 2020.

## **5. Changes in Estimates**

There were no changes in estimates that have had a material effect during the quarter and eighteen months ended 30 June 2020.

## **6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and eighteen months ended 30 June 2020.

## **7. Dividends Paid**

No dividend has been paid during the quarter and eighteen months ended 30 June 2020.



## 8. Segmental Information

	Current year quarter 3 months 30/06/20 RM'000	Preceding year quarter 3 months 30/06/19 RM'000	Current year to date 18 months 30/06/20 RM'000	Preceding year to date 18 months 30/06/19 RM'000
<b>Revenue</b>				
Trading of IT related products	14,319	12,824	80,267	-
Food & beverage	264	-	3,192	-
	<b>14,583</b>	<b>12,824</b>	<b>83,459</b>	<b>-</b>
<b>Profit/(Loss) before taxation</b>				
Trading of IT related products	(9)	(576)	(1,961)	-
Food & beverage	(506)	-	(1,522)	-
Share of loss from an associate company	(69)	(65)	(390)	-
	<b>(584)</b>	<b>(641)</b>	<b>(3,873)</b>	<b>-</b>

## 9. 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.

## 10. 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.

## 11. Changes in the Composition of the Group

The changes in the composition of the Group during the quarter and eighteen months ended 30 June 2020 and up to the date of this Interim Financial Report is as follows:-

- The Company through a subsidiary company, Pineapple Computer Systems Sdn. Bhd. ("PCS"), a wholly-owned subsidiary of the Company together with Great Eat Sdn. Bhd. ("GESB") and E-Food Products Sdn. Bhd. ("EFP") had on 03 October 2019 entered into a Sale of Shares Agreement ("SSA") with Gema Naga 2 Sdn. Bhd. ("GN2") for the acquisition from GN2, its entire shareholdings in THS Restaurants Sdn. Bhd. ("THS") of 1,691,143 ordinary shares ("Sale Shares") for a total cash consideration of RM3 only ("Acquisition"). The shares acquired by PCS was 904,305 ordinary shares, GESB acquired 393,419 ordinary shares and EFP acquired 393,419 ordinary shares. Upon Completion of the SSA, THS is a subsidiary of PCS and PRB,

Details of net assets acquired during the acquisition are as follows:

	RM'000
Property, plant and equipment	824
Right of use assets	2872
Inventories	26
Trade and other receivables	69
Deposit & prepayment	257
Cash and cash equivalents	177
Trade payables	(162)
Payables & accrual	(410)
Lease liabilities	(3,051)
Non-controlling interest	(295)
Net assets acquired	<u>307</u>
Gain on combination	(177)
Acquisition date fair value of investment	(130)
Purchase consideration	0
Cash and cash equivalents	<u>177</u>
Net cash inflow from acquisition of subsidiary company	<u>177</u>

## 12. Contingent Liabilities/Contingent Assets

There were no changes in contingent liabilities/contingent assets since the last annual balance sheet date as at 31 December 2018.

## 13. Capital Commitments

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

## 14. Related Party Transactions

The related parties of the Group comprise of Chuan Huat Resources Berhad ("CHRB") group of companies ("CHRB Group").

The significant related party transactions are as follows:

	Current year to date 18 months 30/06/20 RM'000	Preceding year to date 18 months 30/06/19 RM'000
<u>Related Parties Transactions</u>		
Rental of premises paid to CHRB Group	162	-
Water & electricity charged to CHRB Group	36	-

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 entered into are in the best interest of the PRB Group and the terms are fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders and are no more favourable than those arranged with independent third parties.

## 16. Cash and Cash Equivalents

	As at 30/06/20 RM'000	As at 31/12/18 RM'000
Cash and bank balances	3,805	4,379

## 17. Review of Performance

The Group reported a total revenue of RM83.5 million for the 18 months period ended 30 June 2020. For the current quarter (Q6), the revenue was RM14.6 million which represent an increase of 13.7% as compared to the corresponding quarter of the preceding year. The increase was mainly contributed by the newly set up Food and Beverage (F&B) division.

The Group however, reported a Loss before taxation ("LBT") of RM3.8 million for the 18 months financial period ended 30 June 2020. The losses were mainly due to the loss from the initial set up cost of the F&B division and the lockdown during the Movement Control Order (MCO) period.

	Current year quarter 30/06/20 RM'000	Preceding year quarter 30/06/19 RM'000	Change %	Current year to date 18 months 30/06/20 RM'000	Preceding year to date 18 months 30/06/19 RM'000	Change %
<b>Revenue</b>						
Trading of IT related products	14,319	12,824	11.7	80,267	-	-
Food & beverage	264	-	100.0	3,192	-	-
	<b>14,583</b>	<b>12,824</b>	<b>13.7</b>	<b>83,459</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) before taxation</b>						
Trading of IT related products	(9)	(576)	98.4	(1,961)	-	-
Food & beverage	(506)	-	-100.0	(1,522)	-	-
Share of loss from an associate company	(69)	(65)	-6.2	(390)	-	-
	<b>(584)</b>	<b>(641)</b>	<b>-32.1</b>	<b>(3,873)</b>	<b>-</b>	<b>-</b>

The reasons for the changes in the various sectors are as follows:

### (i) Trading of IT related products

The trading of IT related products division reported a revenue of RM14.319 million during current quarter. This is an increase of 11.7% compared to the corresponding quarter of the preceding year. The increase in revenue mainly from online e-commerce division.

The division reported a lower Loss Before Tax ("LBT") of RM9,000.00 during the current quarter.

**(ii) Food & beverage (“F&B”)**

The F&B division reported revenue of RM0.264 million and Loss Before Tax of RM0.506 million during the current quarter. This was mainly due to outlets closed during MCO period.

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

	Current year quarter 3 months 30/06/20 RM'000	Immediate preceding quarter 3 months 31/03/20 RM'000	Change %
<b>Revenue</b>			
Trading of IT related products	14,319	14,464	-1.0
Food & beverage	264	1,144	-76.9
	<u>14,583</u>	<u>15,608</u>	-6.6
<b>Profit/(loss) before taxation</b>			
Trading of IT related products	(9)	(438)	97.9
Food & beverage	(506)	(598)	15.4
Share of loss from an associate company	(69)	-	-100.0
	<u>(584)</u>	<u>(1,036)</u>	43.6

**The reasons for the changes in the various sector are as follow:**

**(j) Trading of IT related products**

The Trading of IT related products division reported a LBT of RM9,000 for the sixth quarter ended 30 June 2020 as compared to a LBT of RM0.438 million in the preceding quarter ended 31 March 2020. This was mainly due to improved profit margin during the quarter under review.

**(ii) Food & beverage (“F&B”)**

The F&B division reported a lower revenue of RM0.264 million and LBT of RM0.506 million. This was mainly due to outlets closed during MCO period.

**19. Commentary on Prospects**

With the uncertainties still looming due to the Covid-19 global pandemic during the quarter under review and till now still without a confirmed vaccine found to date, the overall economy is at its initial slow recovery stage although most of the industries are already opened. Currently, countries borders are still closed to each other and with the fear of second and third wave recurrence of the virus, the economy is looking very unstable, especially for the hospitality sector where the Group is embarking on the F&B for expansion.

However, the Information Technology (IT) division is seeing an increase in revenue via the e-commerce section. The e-commerce model will continue to see further increases as consumers change their buying to online due the movement restriction and health reasons.

The prospect for the year will continue with uncertainty and until the pandemic is contained and fears overcome. The global and domestic economic recovery will be slow.

## 20. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2019.

## 21. Income Tax Expenses

	Current year quarter 3 months 30/06/20 RM'000	Preceding year quarter 3 months 30/06/19 RM'000	Current year to date 18 months 30/06/20 RM'000	Preceding year to date 18 months 30/06/19 RM'000
Malaysia income tax				
-current year	-	-	-	-
-under/(over) provision in prior years	-	-	-	-
Deferred taxation	-	(118)	(190)	-
<b>TOTAL</b>	<b>-</b>	<b>(118)</b>	<b>(190)</b>	<b>-</b>

The effective tax rate for the financial period ended 30 June 2020 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 2020.

### Realised and Unrealised Profits/(Losses)

	As At 30/06/2020 RM'000	As At 31/12/2018 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(2,526)	1,227
- Unrealised	-	(212)
<b>Total Group retained profits as per statements of financial position.</b>	<b>(2,526)</b>	<b>1,015</b>

#### 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 eighteen months ended 30 June 2020.

#### 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:

	Current year quarter 3 months 30/06/20	Preceding year quarter 3 months 30/06/19	Current year to date 18 months 30/06/20	Preceding year to date 18 months 30/06/19
Profit/ (Loss) attributable to the owners of the parent (RM'000)	(527)	(523)	(3,473)	-
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	-
Basic earnings per share (sen)	(1.09)	(1.08)	(7.16)	-

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 30 June 2020.

#### 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: 21 August 2020