



PINEAPPLE RESOURCES BERHAD

Registration No.: 198001001637 (55420-P)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the First Quarter Ended
30 September 2020

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST FINANCIAL QUARTER
AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020**

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Unaudited Condensed Consolidated Statement of Financial Position
As at 30 Sept 2020

	Unaudited As at 30/09/20 RM'000	Audited As at 30/06/20 RM'000
Non-Current assets		
Property, plant and equipment	2,129	2,468
Right-of-use assets	3,734	4,878
	5,863	7,346
Current assets		
Inventories	11,490	11,057
Trade and others receivables	7,328	8,116
Cash and bank balances	3,783	3,805
	22,601	22,978
TOTAL ASSETS	28,464	30,324
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	(2,990)	(2,797)
	22,138	22,331
Non- controlling interest	29	220
Total equity	22,167	22,551
Non-current liabilities		
Lease liabilities	2,637	3,619
	2,637	3,619
Current liabilities		
Trade and other payables	2,379	2,673
Lease liabilities	1,281	1,481
Taxation	-	-
	3,660	4,154
Total liabilities	6,297	7,773
TOTAL EQUITY AND LIABILITIES	28,464	30,324
Net assets per share attributable to ordinary Owner of the parent (RM)	0.46	0.46

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the first quarter and three months ended 30 Sept 2020

	Individual quarter		Cumulative quarter	
	Unaudited Current year Quarter 3 months 30.09.20 RM'000	Unaudited Preceding year quarter 3 months 30/09/19 RM'000	Unaudited Current year to date 3 months 30/09/20 RM'000	Preceding year to date RM'000
Revenue	14,648	12,264	14,648	-
Operating expenses	(14,659)	(12,999)	(14,659)	-
Other income	195	76	195	-
Operating profit/(loss)	184	(659)	184	-
Depreciation and amortization	(168)	(136)	(168)	-
Depreciation right of use assets	(344)	(51)	(344)	-
Interest expenses	(51)	(8)	(51)	-
Interest income	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	(41)	-	-
Foreign exchange gain/ (loss)	(5)	-	(5)	-
Share of results from an associate	-	(124)	-	-
(Loss)/Profit before tax	(384)	(1,019)	(384)	-
Taxation	-	72	-	-
(Loss)/Profit for the period	(384)	(947)	(384)	-
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive (Loss)/Profit for the period	(384)	(947)	(384)	-
(Loss)/Profit attributable to:-				
Owner of the parent	(193)	(947)	(193)	-
Non-controlling interest	(191)	-	(191)	-
(Loss)/Profit for the period	(384)	(947)	(384)	-
Earnings per share (sen):-				
Basic (loss)/earnings per share	(0.40)	(1.95)	(0.40)	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements.

Note: In view of the change in financial year end from 12 months ended 31 December 2019 to 18 months ended 30 June 2020, the current reporting financial period will be for a period of 3 months, made up from 1 July 2020 to 30 September 2020. Furthermore, there is no comparative figures for the preceding year to date.

**Unaudited Condensed Consolidated Statement of Changes in Equity
For the three months ended 30 Sept 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
Unaudited						
At 1 July 2020	24,250	878	(2,797)	22,331	220	22,551
Total comprehensive profit/ (loss) for the financial period	-	-	(193)	(193)	(191)	(384)
At 30 Sept 2020	24,250	878	(2,990)	22,138	29	22,167
Audited						
At 1 January 2019- previously reported	24,250	878	1015	26,143	-	26,143
Adjustment from initial application of MFRS 16	-	-	(32)	(32)	-	(32)
	24,250	878	983	26,111	-	26,111
Non-controlling interests arising from acquisition of a subsidiary					295	295
Effect of subscription of additional shares in a subsidiary			(35)	(35)	135	100
Total comprehensive (loss) for the financial period	-	-	(3,745)	(3,745)	(210)	(3,955)
At 30 June 2020	24,250	878	(2,797)	22,331	220	22,551

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements.

**Unaudited Condensed Consolidated Statement of Cash Flows
For the three months ended 30 Sept 2020**

	Unaudited Current year to date 3 months 30.09.2020 RM'000	Audited Preceding year to date 18 months 30.06.2020 RM'000
Cash flows from operating activities		
Net profit/ (loss) before tax	(384)	(4,144)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	168	904
Depreciation right of use assets	344	1,565
Interest expenses	51	281
Provision for and write off of inventories	-	84
Share of results of an associate company	-	390
Non-cash items	178	204
Operating profit/(loss) before working capital changes	357	(716)
Decrease / (Increase) in inventories	(433)	1,814
Decrease / (Increase) in trade and other receivables	795	1,522
Decrease / (Increase) in amount due from associated company	-	151
Increase/ (Decrease) in trade and other payables	(294)	(123)
Net cash inflow/ (outflow) from operations	425	2,648
Tax paid	(7)	(134)
Tax refunded	-	28
Net cash inflow from operating activities	418	2,542
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	35
Purchase of plant and equipment	(122)	(1,699)
Acquisition of additional shares in an associate	-	(151)
Net cash inflow from acquisition of a subsidiary	-	177
Net cash outflow from investing activities	(122)	(1,638)
Cash flows from financing activities		
Proceeds from issuance of new shares to non- controlling interest in a subsidiary	-	100
Interest paid on lease liabilities	(51)	(281)
Payment of lease liabilities	(267)	(1,297)
Net cash outflow from financing activities	(318)	(1,478)
Net increase/ (decrease) in cash and cash equivalents	(22)	(574)
Cash and cash equivalents at beginning of the financial period	3,805	4,379
Cash and cash equivalents at end of the financial period	3,783	3,805

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the 18 months financial period ended 30 June 2020 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST (1ST) QUARTER ENDED 30 SEPT 2020

1. Basis of preparation

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the 18 months financial period ended **30 June 2020** 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 **30 June 2020**.

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 18 months financial period ended 30 June 2020, including the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendment to MFRS 3: *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108: *Definition Of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*
- Amendment to MFRS 16: *Covid-19-Related Rent Concessions*

The adoption of the above Standards and Amendments do not have any significant impact on the financial statements of the Group.

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 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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: *Interest Rate Benchmark Reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3: *Reference to the Conceptual Framework3*
- Amendments to MFRS 116: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*

2. Significant accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 : *Insurance Contracts*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

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

3 Auditors' report in respect of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2020 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 30 September 2020.

6 Changes in estimates

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

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 30 September 2020.

8 Dividends paid

No dividend has been paid during the quarter and three months ended 30 September 2020.

9 Segmental information

	Individual Quarter Current year quarter 3 months 30/06/20 RM'000	Individual Quarter Preceding year quarter 3 months 30/09/19 RM'000	Cumulative Quarter Current year to date 3 months 30/09/20 RM'000	Cumulative Quarter Preceding year to date RM'000
Revenue				
Trading of IT related products	13,756	11,886	13,756	-
Food & beverage	892	378	892	-
	14,648	12,264	14,648	-
Profit/(Loss) before taxation				
Trading of IT related products	89	(689)	89	-
Food & beverage	(473)	(206)	(473)	-
Share of results of an associate	-	(124)	-	-
	(384)	(1,019)	(384)	-

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 30 September 2020 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 30 June 2020.

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 of Chuan Huat Resources Berhad (“CHRB”) group of companies (“CHRB Group”).

The significant related party transactions are as follows:

	Current year to date 3 months 30/09/20 RM'000	Preceding year to date 3 months 30/09/19 RM'000	Current year to date 3 months 30/09/20 RM'000	Preceding year to date RM'000
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Related Parties Transactions

Rental of premises paid to CHRB Group	27	27	27	-
Water & electricity charged to CHRB Group	6	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 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.

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16 Review of performance

The Group reported an increase in the revenue to RM14.64 million as compared to RM12.26 million in the corresponding preceding quarter. This increase was mainly from the trading of IT products, especially laptop, printers and printing consumables.

As for the Profit and Loss, the trading of IT related products improved strongly from a loss of RM689,000 in the corresponding preceding quarter to a profit of RM89,000 representing a 112% positive variance. However, the F&B division register a loss of RM473k as compared to a loss of RM206,000 in the corresponding preceding quarter.

	Current year quarter 30/09/20 RM'000	Preceding year quarter 30/09/19 RM'000	Change %	Current year to date 3 months 30/09/20 RM'000	Preceding year to date RM'000	Change %
Revenue						
Trading of IT related products	13,756	11,886	15.7	13,756	-	-
Food & beverage	892	378	136.0	892	-	-
	14,648	12,264	19.4	14,648	-	-
Profit/(Loss) before taxation						
Trading of IT related products	89	(689)	112.9	89	-	-
Food & beverage	(473)	(206)	-129.6	(473)	-	-
Share of loss from an associate company	-	(124)	100.0	-	-	-
	(384)	(1,019)	62.3	(384)	-	-

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

i) Trading of IT related products

The increase in revenue was mainly due to higher sales from the strong demand for notebook, printers and printing consumables during the WFH (Work from home) and online activities. The improvement in the performance in terms of profitability was due to higher selling margin.

ii) Food and Beverage

The increase in the revenue was mainly due to the reopening of the “Bhai Jim Jun” outlet at Pavilion Kuala Lumpur where it was closed for one month for renovation during the preceding year quarter.

The losses during this quarter was mainly due to the write off from the closing down of the “Thai Hou Sek” outlet at Plaza Arkadia, Desa Parkcity.

17 Material changes in profit/ (loss) before taxation (“PBT/LBT”) against preceding quarter

	Current year quarter 3 months 30/09/20 RM'000	Immediate preceding quarter 3 months 30/06/20 RM'000	Change %
Revenue			
Trading of IT related products	13,756	14,319	-3.9
Food & beverage	892	264	237.9
	<u>14,648</u>	<u>14,583</u>	0.5
Profit/(loss) before taxation			
Trading of IT related products	89	-	100.0
Food & beverage	(473)	(786)	39.8
Share of loss from an associate company	-	(69)	100.0
	<u>(384)</u>	<u>(855)</u>	55.1

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

(i) Trading of IT related products

Despite decreased in revenue, the Trading of IT related products division reported a PBT of RM89,000 for the first quarter ended 30 September 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 LBT of RM0.473 million. This was mainly due to increase in revenue during the quarter under review period.

18 Commentary on prospects

With the uncertainties still lingering from the global pandemic Covid 19 and the situation made worst currently with the surge of the third wave and the movement control restriction by the enforcement of the CMCO until the end of the year, the overall economy outlook is gloomy.

The prospect for the year will continue to be very unstable and until the movement control restriction can be removed and the vaccine becomes available, the global and domestic economy recovery will be slow.

19 Profit forecast and profit guarantee

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

20 Income Tax expenses

	Current year quarter 3 months 30/09/20 RM'000	Preceding year quarter 3 months 30/09/19 RM'000	Current year to date 3 months 30/09/20 RM'000	Preceding year to date RM'000
Malaysia income tax				
-current year	-	-	-	-
-under/(over) provision in prior years	-	-	-	-
Deferred taxation	-	(72)	-	-
TOTAL	-	(72)	-	-

The effective tax rate for the financial period ended 30 September 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.

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 September 2020.

23 Realised and unrealised profits/ (losses)

	As At 30/09/2020 RM'000	As At 30/06/2020 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(2,990)	(2,797)
- Unrealised	-	-
Total Group retained profits as per statements of financial position.	(2,990)	(2,797)

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 30 September 2020.

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:

	Current year quarter 3 months 30/09/20	Preceding year quarter 3 months 30/09/19	Current year to date 3 months 30/09/20	Preceding year to date
Profit/ (Loss) attributable to the owners of the parent (RM'000)	(193)	(947)	(193)	-
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	-
Basic earnings per share (sen)	(0.40)	(1.95)	(0.40)	-

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

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: 20 November 2020