



PINEAPPLE RESOURCES BERHAD

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

Condensed Consolidated Financial Statements
For the Second Quarter Ended
31 December 2021

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND FINANCIAL QUARTER
AND YEAR-TO-DATE ENDED 31 DECEMBER 2021**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Unaudited As at 31/12/21 RM'000	Audited As at 30/06/21 RM'000
Non-Current assets		
Plant and equipment	2,487	2,580
Right-of-use assets	4,734	4,825
	<u>7,221</u>	<u>7,405</u>
Current assets		
Inventories	16,397	12,696
Trade and others receivables	5,871	5,219
Cash and bank balances	1,191	3,791
	<u>23,459</u>	<u>21,706</u>
TOTAL ASSETS	<u>30,680</u>	<u>29,111</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	(2,790)	(3,175)
	<u>22,338</u>	<u>21,953</u>
Non- controlling interest	(243)	(186)
Total equity	<u>22,095</u>	<u>21,767</u>
Non-current liabilities		
Deferred tax liabilities	27	192
Lease liabilities	3,402	3,608
	<u>3,429</u>	<u>3,800</u>
Current liabilities		
Trade and other payables	3,452	2,073
Lease liabilities	1,632	1,471
Taxation	72	-
	<u>5,156</u>	<u>3,544</u>
Total liabilities	<u>8,585</u>	<u>7,344</u>
TOTAL EQUITY AND LIABILITIES	<u>30,680</u>	<u>29,111</u>
Net assets per share attributable to ordinary Owner of the parent (RM)	0.46	0.45

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND THREE MONTHS ENDED 31 DECEMBER 2021**

	Individual quarter		Cumulative quarter	
	Unaudited Current year Quarter 3 months 31/12/21 RM'000	Unaudited Preceding year quarter 3 months 31/12/20 RM'000	Unaudited Current year to date 6months 31/12/21 RM'000	Preceding year to date 6 months 31/12/20 RM'000
Revenue	12,992	13,552	24,835	28,200
Operating expenses	(12,531)	(13,363)	(24,190)	(28,022)
Other income	303	402	950	597
Operating profit	764	591	1,595	775
Depreciation and amortization	(205)	(185)	(408)	(353)
Depreciation right of use assets	(401)	(397)	(791)	(741)
Interest expenses	(52)	(61)	(104)	(112)
Interest income	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Foreign exchange loss	-	(5)	-	(10)
Profit/ (Loss) before tax	106	(57)	292	(441)
Taxation	3	-	36	-
Profit/ (Loss) for the period	109	(57)	328	(441)
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Profit /(Loss) for the period	109	(57)	328	(441)
Profit/ (Loss) attributable to:-				
Owner of the parent	106	(28)	385	(221)
Non-controlling interest	3	(29)	(57)	(220)
Profit / (Loss) for the period	109	(57)	328	(441)
Earnings per share (sen):-				
Basic Loss per share	0.22	(0.06)	0.79	(0.46)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

	← 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 2021	24,250	878	(3,175)	21,953	(186)	21,767
Total comprehensive profit/(loss) for the financial period	-	-	385	385	(57)	328
At 31 Dec 2021	24,250	878	(2,790)	22,338	(243)	22,095
Audited						
At 1 July 2020	24,250	878	(2,797)	22,331	220	22,551
Total comprehensive loss for the financial period	-	-	(378)	(378)	(406)	(784)
At 30 June 2021	24,250	878	(3,175)	21,953	(186)	21,767

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and accompanying explanatory notes attached to the interim financial statements.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 DECEMBER 2021**

	Unaudited Current year to date 6 months 31.12.2021 RM'000	Audited Preceding year to date 6 months 31.12.2020 RM'000
Cash flows from operating activities		
Net Profit/ (Loss) before tax	292	(441)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	408	353
Depreciation right of use assets	791	741
Interest expenses	104	112
Provision for and write off of inventories	-	-
Non-cash items	(86)	71
Operating profit/(loss) before working capital changes	1,509	836
Decrease in inventories	(3,701)	101
Decrease in trade and other receivables	(704)	973
Increase/ (Decrease) in trade and other payables	1,379	300
Net cash inflow from operations	(1,517)	2,210
Tax paid	(5)	(12)
Tax refunded	-	-
Net cash (outflow)/ inflow from operating activities	(1,522)	2,198
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	1	-
Purchase of plant and equipment	(315)	(998)
Net cash inflow from acquisition of a subsidiary	-	-
Net cash outflow from investing activities	(314)	(998)
Cash flows from financing activities		
Interest paid on lease liabilities	(104)	(112)
Payment of lease liabilities	(660)	(589)
Net cash outflow from financing activities	(764)	(701)
Net increase/ (decrease) in cash and cash equivalents	(2,600)	499
Cash and cash equivalents at beginning of the financial period	3,791	3,805
Cash and cash equivalents at end of the financial period	1,191	4,304

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2021

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 **30 June 2021** 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 2021**.

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 30 June 2021, except for the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2021:

Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9 - *Financial Instruments - Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 139 - *Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 7 - *Financial Instruments: Disclosures – Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 4 - *Insurance Contracts – Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 16 - *Leases – Interest Rate Benchmark Reform – Phase 2*
- Amendments to MFRS 16 - *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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 2022

- Amendments to MFRS 1 - *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 3 - *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9 - *Financial Instruments*
- Amendments to Illustrative Examples accompanying MFRS 16 - *Leases*
- Amendments to MFRS 116 - *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 - *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

2. Significant accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 – *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112 – *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective date deferred to a date to be determined by MASB

- Amendments to MFRS 10 - *Consolidated Financial Statements*
- Amendments to MFRS 128 - *Investment in Associates and Joint Ventures – Sale or Contribution by 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 2021 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 31 December 2021.

6 Changes in estimates

There were no changes in estimates that have had a material effect during the quarter and six months ended 31 December 2021.

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 31 December 2021.

8 Dividends paid

No dividend has been paid during the quarter and six months ended 31 December 2021.

9 Segmental information

	Individual Quarter Current year quarter 3 months 31/12/21 RM'000	Individual Quarter Preceding year quarter 3 months 31/12/20 RM'000	Cumulative Quarter Current year to date 6 months 31/12/21 RM'000	Cumulative Quarter Preceding year to date 6 months 31/12/20 RM'000
Revenue				
Trading of IT related products	10,594	12,673	21,715	26,429
Food & beverage	2,398	879	3,120	1,771
	<u>12,992</u>	<u>13,552</u>	<u>24,835</u>	<u>28,200</u>
Profit/(Loss) before taxation				
Trading of IT related products	84	369	824	458
Food & beverage	22	(426)	(532)	(899)
	<u>106</u>	<u>(57)</u>	<u>292</u>	<u>(441)</u>

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 31 December 2021 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 2021.

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 31/12/21 RM'000	Preceding year to date 3 months 31/12/20 RM'000	Current year to date 6 months 31/12/21 RM'000	Preceding year to date 6 months 31/12/20 RM'000
<u>Related Parties Transactions</u>				
Rental of premises paid to CHRB Group	60	60	120	120
Water & electricity charged to CHRB Group	6	6	12	12

CHRB holds 100% equity interest in Chuan Huat Holdings Sdn Bhd (formerly known as 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's revenue for the second quarter was reduced by RM560,000, or 4.1% as compared to the corresponding period of the preceding year, whilst total revenue for the 6 months period has decreased by RM3.37 million or 11.9%.

As for the Profit/ Loss before taxation for the current year quarter, there was an improvement from a loss of RM57,000 in preceding quarter to a profit of RM106,000 respectively. As for the 6 months period for the current year, it registered a profit of RM292,000 as compared to a loss of RM441,000 in previous quarter.

	Current year quarter 31/12/21 RM'000	Preceding year quarter 31/12/20 RM'000	Change %	Current year to date 6 months 31/12/21 RM'000	Preceding year to date 6 months 31/12/20 RM'000	Change %
Revenue						
Trading of IT related products	10,594	12,673	-16.4	21,715	26,429	-17.8
Food & beverage	2,398	879	172.8	3,120	1,771	76.2
	<u>12,992</u>	<u>13,552</u>	-4.1	<u>24,835</u>	<u>28,200</u>	-11.9
Profit/(Loss) before taxation						
Trading of IT related products	84	369	-77.2	824	458	79.9
Food & beverage	22	(426)	105.2	(532)	(899)	40.8
	<u>106</u>	<u>(57)</u>	286.0	<u>292</u>	<u>(441)</u>	166.2

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

i) Trading of IT related products

The revenue for the second quarter and 6 months ended 31 December 2021 decreased by 16.4% and 17.8% respectively from preceding year's second quarter and 6 months ended 31 December 2020. The revenue decrease was mainly due to lower sales from the online channels as customers were able to buy from physical retail outlets following the reopening of the economic sectors.

ii) Food & Beverage (F&B) Division

The increase in the revenue during the second quarter was mainly due to the reopening of the F&B sector whereby dine-in was allowed resulting in higher customer patronage to the outlets especially during the year-end holiday season. The revenue increase resulted in a profit before tax during this period compared with the preceding year's same quarter

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

	Current year quarter 3 months 31/12/21 RM'000	Immediate preceding quarter 3 months 30/09/21 RM'000	Change %
Revenue			
Trading of IT related products	10,594	11,121	-4.7
Food & beverage	2,398	722	232.1
	<u>12,992</u>	<u>11,843</u>	9.7
Profit/(loss) before taxation			
Trading of IT related products	84	740	-88.7
Food & beverage	22	(554)	104.0
	<u>106</u>	<u>186</u>	-43.0

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

i) Trading of IT related products

The slight decrease in revenue was due to the short supply of computers and related products from our principals and shipping delays which affected our online sales channel.

ii) Food & Beverage (F&B) Division

With the relaxation of the movement control order, all eateries were allowed to open for dine-in and coupled with the year-end holiday season, the division registered a revenue increase of 232% while the bottom line improved from a preceding quarter's loss of RM544,000 to a profit of RM22,000.

A new Bhai Jim Jun outlet was opened in the last week of December 2021 at Wangsa Walk Shopping Mall.

18 Commentary on prospects

With a higher percentage of the population having been fully vaccinated resulting in further easing of Covid-19 SOP restrictions and resumption of interstate and overseas travels, the F&B division is expected to significantly contribute to the Company's growth prospects as the country gradually recovers from the Covid-19 pandemic.

However the IT division may face a challenging situation with short supply of IT related products due to a worldwide shortage of critical semiconductor components and shipping logistics concerns. Furthermore, with the country's workforce and school children gradually returning to their workplace and schools respectively, the demand for computers and related products for work from home and home study has also slowed down. However, we still maintain a positive outlook of improved performance for the rest of the year arising from the Government's economy recovery initiatives.

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 31/12/21 RM'000	Preceding year quarter 3 months 31/12/20 RM'000	Current year to date 6 months 31/12/21 RM'000	Preceding year to date 6 months 31/12/20 RM'000
Malaysia income tax				
-current year	(16)	-	129	-
-under/(over) provision in prior years	-	-	-	-
	(16)	-	129	-
Deferred taxation	13	-	(165)	-
TOTAL	(3)	-	(36)	-

The effective tax rate for the financial year ended 31 December 2021 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 31 December 2021.

23 Realised and unrealised losses

	As At 31/12/2021 RM'000	As At 30/06/2021 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(2,763)	(2,983)
- Unrealised	(27)	(192)
Total Group retained losses as per statements of financial position.	(2,790)	(3,175)

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 31 December 2021.

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 31/12/21	Preceding year quarter 3 months 31/12/20	Current year to date 6 months 31/12/21	Preceding year to date 6 months 31/12/20
Profit/(Loss) attributable to the owners of the parent (RM'000)	106	(28)	385	(221)
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	0.22	(0.06)	0.79	(0.46)

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 31 December 2021.

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: 21 February 2022