



PINEAPPLE RESOURCES BERHAD

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

Condensed Consolidated Financial Statements
For the First Quarter and Year-to-Date Ended
30 September 2022

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST FINANCIAL QUARTER
AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022**

	Quarter Ended		Year-to-Date Ended	
	30/09/22 RM'000 (Unaudited)	30/09/21 RM'000 (Audited)	30/09/22 RM'000 (Unaudited)	30/09/21 RM'000 (Audited)
Revenue	13,161	11,843	13,161	11,843
Operating expenses	(13,128)	(11,659)	(13,128)	(11,659)
Other income	128	647	128	647
Operating profit	161	831	161	831
Depreciation and amortization	(221)	(203)	(221)	(203)
Depreciation right of use assets	(442)	(390)	(442)	(390)
Interest expenses	(46)	(52)	(46)	(52)
Interest income	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Foreign exchange loss	-	-	-	-
(Loss) / Profit before tax	(548)	186	(548)	186
Taxation	13	33	13	33
(Loss) / Profit for the period	(535)	219	(535)	219
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive (Loss) / Profit for the period	(535)	219	(535)	219
(Loss) / Profit attributable to:-				
Owner of the parent	(538)	279	(538)	279
Non-controlling interest	3	(60)	3	(60)
(Loss) / Profit for the period	(535)	219	(535)	219
Earnings per share (sen):-				
Basic (Loss) / Profit per share	(1.11)	0.58	(1.11)	0.58

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	As at 30/09/22 RM'000 (Unaudited)	As at 30/06/22 RM'000 (Audited)
Non-Current assets		
Plant and equipment	2,467	2,680
Right-of-use assets	4,001	4,025
	6,468	6,705
Current assets		
Inventories	13,862	14,498
Trade and others receivables	6,014	5,800
Cash and bank balances	1,367	943
	21,243	21,241
TOTAL ASSETS	27,711	27,946
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	(4,559)	(4,021)
	20,569	21,107
Non- controlling interest	(329)	(332)
Total equity	20,240	20,775
Non-current liabilities		
Deferred tax liabilities	121	134
Lease liabilities	2,620	2,667
	2,741	2,801
Current liabilities		
Trade and other payables	3,033	2,702
Lease liabilities	1,697	1,668
Taxation	-	-
	4,730	4,370
Total liabilities	7,471	7,171
TOTAL EQUITY AND LIABILITIES	27,711	27,946
Net assets per share attributable to ordinary Owner of the parent (RM)	0.42	0.44

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2022**

	← 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
<u>Unaudited</u>						
At 1 July 2022	24,250	878	(4,021)	21,107	(332)	20,775
Total comprehensive profit/(loss) for the financial period	-	-	(538)	(538)	3	(535)
At 30 September 2022	24,250	878	(4,559)	20,569	(329)	20,240
<u>Audited</u>						
At 1 July 2021	24,250	878	(3,175)	21,953	(186)	21,767
Total comprehensive loss for the financial period	-	-	(846)	(846)	(146)	(992)
At 30 June 2022	24,250	878	(4,021)	21,107	(332)	20,775

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2022**

	Year-to-Date Ended	
	30.09.2022 RM'000 (Unaudited)	30.06.2022 RM'000 (Audited)
Cash flows from operating activities		
Net (Loss) before tax	(548)	(903)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	221	840
Depreciation right of use assets	442	1,635
Interest expenses	46	200
Provision for and write off of inventories	-	-
Non-cash items	(12)	(160)
Operating profit/(loss) before working capital changes	149	1,612
Decrease in inventories	636	(1,802)
Decrease in trade and other receivables	(186)	(565)
Increase/ (Decrease) in trade and other payables	330	629
Net cash inflow from operations	929	(126)
Tax paid	(28)	(197)
Tax refunded	-	34
Net cash inflow/ (outflow) from operating activities	901	(289)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	226
Purchase of plant and equipment	(8)	(1,164)
Net cash inflow from acquisition of a subsidiary	-	-
Net cash outflow from investing activities	(8)	(938)
Cash flows from financing activities		
Interest paid on lease liabilities	(46)	(200)
Payment of lease liabilities	(423)	(1,421)
Net cash outflow from financing activities	(469)	(1,621)
Net increase/ (decrease) in cash and cash equivalents	424	(2,848)
Cash and cash equivalents at beginning of the financial period	943	3,791
Cash and cash equivalents at end of the financial period	1,367	943

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and accompanying explanatory notes attached to the interim financial statements

REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022

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 2022** 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 2022**.

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 2022, except for the adoption of the following newly-issued MFRS for the financial periods beginning on or after 1 January 2022:

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 contained in the document entitled "*Annual Improvements to MFRS Standards 2018–2020*"
- Amendments to MFRS 3 - *Business Combinations – Reference to the Conceptual Framework*
- 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*

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 2023

- MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 17 – *Insurance Contracts - Initial Applications MFRS 17 and MFRS 9 - Comparative Information*
- 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*

2. Significant accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 – *Leases – Lease liabilities in a Sale and Leaseback*

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 2022 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 2022.

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 2022.

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 2022.

8 Dividends paid

No dividend has been paid during the quarter and three months ended 30 September 2022.

9 Segmental information

	Individual Quarter Current year quarter 3 months 30/09/22 RM'000	Individual Quarter Preceding year quarter 3 months 30/09/21 RM'000	Cumulative Quarter Current year to date 3 months 30/09/22 RM'000	Cumulative Quarter Preceding year to date 3 months 30/09/21 RM'000
Revenue				
Trading of IT related products	9,722	11,121	9,722	11,121
Food & beverage	3,439	722	3,439	722
	<u>13,161</u>	<u>11,843</u>	<u>13,161</u>	<u>11,843</u>
Profit/(Loss) before taxation				
Trading of IT related products	(660)	740	(660)	740
Food & beverage	112	(554)	112	(554)
	<u>(548)</u>	<u>186</u>	<u>(548)</u>	<u>186</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 three months ended 30 September 2022 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 September 2022.

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 30/09/22 RM'000	Preceding year to date 3 months 30/09/21 RM'000	Current year to date 3 months 30/09/22 RM'000	Preceding year to date 3 months 30/09/21 RM'000
<u>Related Parties Transactions</u>				
Rental of premises paid to CHRB Group	60	60	60	60
Water & electricity charged to CHRB Group	6	6	6	6

CHRB holds 100% equity interest in Chuan Huat 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 RM13.161 million as compared to RM11.843 million in the corresponding quarter representing a positive variance of 11.1% respectively.

As for the profit/ loss before taxation, the trading of IT related products division registered a loss of RM660,000 as compared to a profit before tax of RM740,000 in the preceding year corresponding quarter while for the F& B division, there was a profit of RM112,000 as compared to a loss of RM554,000 in the preceding year corresponding quarter.

	Current year quarter 30/09/22 RM'000	Preceding year quarter 30/09/21 RM'000	Change %	Current year to date 3 months 30/09/22 RM'000	Preceding year to date 3 months 30/09/21 RM'000	Change %
Revenue						
Trading of IT related products	9,722	11,121	-12.6	9,722	11,121	-12.6
Food & beverage	3,439	722	376.3	3,439	722	376.3
	<u>13,161</u>	<u>11,843</u>	11.1	<u>13,161</u>	<u>11,843</u>	11.1
Profit/(Loss) before taxation						
Trading of IT related products	(660)	740	-189.2	(660)	740	-189.2
Food & beverage	112	(554)	120.2	112	(554)	120.2
	<u>(548)</u>	<u>186</u>	-394.6	<u>(548)</u>	<u>186</u>	-394.6

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

i) Trading of IT related products

The revenue for the first quarter ended 30 September 2022 reduced by 12.6% as compared to the preceding year corresponding quarter caused by the disruption in the supply chain of IT related products which affected our sales in our physical retail outlets and online platform.

The bottom line recorded a loss of RM660,000 for the first quarter under review compared to a profit of RM740,000 of the preceding year corresponding quarter.

ii) Food & Beverage Division

The increase in the revenue during the first quarter ended 30 September 2022 was due mainly to the return of dine-in customers to our restaurants and contribution from a new BJJ restaurant in MyTown Shopping Centre which commenced operations in June 2022. Hence, there was an improvement in the bottom line from a loss of RM554,000 in the preceding year corresponding quarter to a profit of RM112,000.

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

	Current year quarter ended 30/09/22 RM'000	Immediate preceding quarter ended 30/06/22 RM'000	Change %
Revenue			
Trading of IT related products	9,722	9,653	0.7
Food & beverage	3,439	2,794	23.1
	<u>13,161</u>	<u>12,447</u>	5.7
Profit/(loss) before taxation			
Trading of IT related products	(660)	(367)	-79.8
Food & beverage	112	(248)	145.2
	<u>(548)</u>	<u>(615)</u>	10.9

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

i) Trading of IT related products

Despite an increase in revenue of 0.7%, the IT division registered a higher loss before tax of RM660,000 compared to RM367,000 of previous quarter due to lower profit margin during the quarter under review.

ii) Food and Beverage (F&B) Division

This division registered a profit of RM112,000 compared to a loss of RM248,000 which was mainly due to increase in revenue during the quarter under review.

18 Commentary on prospects

The unresolved Russia-Ukraine conflict continues to affect the global supply chain of IT finished products and related products impacting our inventories and limiting our sales opportunities. Coupled with school students and the workforce returning to their schools and workplaces the previous high demand of IT products for "Home School " and "Work From Home" has significantly slowed down resulting in overall sales reduction. We are mitigating the impacts of the inconsistent supply and lower sales demand by reviewing our business operations strategies.

We maintain our cautious outlook despite the improved performance of our F&B division following the return to normalcy and relaxation of the dining restrictions as we are still facing the current prevailing labour and manpower shortage affecting the F&B and service industry.

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 ended	Preceding year quarter ended	Current Year-to- date ended	Preceding Year-to- date ended
	30/09/22 RM'000	30/09/21 RM'000	30/09/22 RM'000	30/09/21 RM'000
Malaysia income tax				
-current year	-	145	-	145
-under/(over) provision in prior years	-	-	-	-
	-	145	-	145
Deferred taxation	(13)	(178)	(13)	(178)
TOTAL	(13)	(33)	(13)	(33)

The effective tax rate for the financial period ended 30 September 2022 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 2022.

23 Realised and unrealised losses

	As At 30/09/2022 RM'000	As At 30/06/2022 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(4,438)	(3,887)
- Unrealised	(121)	(134)
Total Group retained losses as per statements of financial position.	(4,559)	(4,021)

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 2022.

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 ended	Preceding year quarter ended	Current Year-to- date ended	Preceding Year-to- date ended
	30/09/22 RM'000	30/09/21 RM'000	30/09/22 RM'000	30/09/21 RM'000
Profit/(Loss) attributable to the owners of the parent (RM'000)	(538)	279	(538)	279
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	(1.11)	0.58	(1.11)	0.58

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 30 September 2022.

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 November 2022