



PINEAPPLE RESOURCES BERHAD

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

Condensed Consolidated Financial Statements
For the Third Quarter and Year-to-Date Ended
31 March 2023

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD FINANCIAL QUARTER
AND YEAR-TO-DATE ENDED 31 MARCH 2023**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023**

	Quarter Ended		Year-to-Date Ended	
	31/03/23 RM'000 (Unaudited)	31/03/22 RM'000 (Audited)	31/03/23 RM'000 (Unaudited)	31/03/22 RM'000 (Audited)
Revenue	11,949	13,175	37,454	38,010
Operating expenses	(12,812)	(13,154)	(38,242)	(37,344)
Other income	172	87	451	1,037
Operating profit	(691)	108	(337)	1,703
Depreciation and amortization	(190)	(217)	(629)	(625)
Depreciation right of use assets	(265)	(421)	(1,054)	(1,212)
Interest expenses	(35)	(50)	(118)	(154)
Interest income	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Foreign exchange loss	-	-	-	-
(Loss) / Profit before tax	(1,181)	(580)	(2,138)	(288)
Taxation	-	(189)	13	(153)
(Loss) / Profit for the period	(1,181)	(769)	(2,125)	(441)
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive (Loss) / Profit for the period	(1,181)	(769)	(2,125)	(441)
(Loss) / Profit attributable to:-				
Owner of the parent	(1,105)	(737)	(2,040)	(352)
Non-controlling interest	(76)	(32)	(85)	(89)
(Loss) / Profit for the period	(1,181)	(769)	(2,125)	(441)
Earnings per share (sen):-				
Basic (Loss) / Profit per share	(2.28)	(1.52)	(4.21)	(0.73)

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 31 MARCH 2023**

	As at 31/03/23 RM'000 (Unaudited)	As at 30/06/22 RM'000 (Audited)
Non-Current assets		
Plant and equipment	2,189	2,680
Right-of-use assets	2,529	4,025
Intangible assets	1,200	-
	5,918	6,705
Current assets		
Inventories	11,397	14,498
Trade and others receivables	3,713	5,800
Cash and bank balances	3,758	943
	18,868	21,241
TOTAL ASSETS	24,786	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	(6,061)	(4,021)
	19,067	21,107
Non- controlling interest	(416)	(332)
Total equity	18,651	20,775
Non-current liabilities		
Loan & borrowing	1,380	-
Lease liabilities	1,827	2,667
Deferred tax liabilities	121	134
	3,328	2,801
Current liabilities		
Trade and other payables	1,827	2,702
Loan & borrowing	111	-
Lease liabilities	869	1,668
	2,807	4,370
Total liabilities	6,135	7,171
TOTAL EQUITY AND LIABILITIES	24,786	27,946
Net assets per share attributable to ordinary Owner of the parent (RM)	0.39	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 31 MARCH 2023**

	← 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	-	-	(2,040)	(2,040)	(84)	(2,124)
At 31 March 2023	24,250	878	(6,061)	19,067	(416)	18,651
<u>Audited</u>						
At 1 July 2021	24,250	878	(3,175)	21,953	(186)	21,767
Total comprehensive profit/ (loss) for the financial period	-	-	(352)	(352)	(89)	(441)
At 31 March 2022	24,250	878	(3,527)	21,601	(275)	21,326

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 31 MARCH 2023**

	Year-to-Date Ended	
	31.03.2023 RM'000 (Unaudited)	31.03.2022 RM'000 (Unaudited)
Cash flows from operating activities		
Net (Loss) before tax	(2,138)	(288)
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	629	625
Depreciation right of use assets	1,054	1,212
Interest expenses	118	154
Provision for and write off of inventories	-	-
Non-cash items	(151)	(87)
Operating profit/(loss) before working capital changes	(488)	1,616
Decrease in inventories	3,101	(2,263)
Decrease in trade and other receivables	2,105	(864)
Increase/ (Decrease) in trade and other payables	(874)	398
Net cash inflow from operations	3,844	(1,113)
Tax paid	(46)	(123)
Tax refunded	-	34
Net cash inflow/ (outflow) from operating activities	3,798	(1,202)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	8	1
Purchase of plant and equipment	(138)	(378)
Purchase of intangible asset	(1,200)	-
Net cash outflow from investing activities	(1330)	(377)
Cash flows from financing activities		
Interest paid on term loan	(8)	-
Net drawdown/ (repayment) of term loan	1,491	-
Interest paid on lease liabilities	(110)	(154)
Payment of lease liabilities	(1,026)	(1,073)
Net cash outflow from financing activities	347	(1,227)
Net increase/ (decrease) in cash and cash equivalents	2,815	(2,806)
Cash and cash equivalents at beginning of the financial period	943	3,791
Cash and cash equivalents at end of the financial period	3,758	985

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 THIRD QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2023

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 nine months ended 31 March 2023.

6 Changes in estimates

There were no changes in estimates that have had a material effect during the quarter and nine months ended 31 March 2023.

7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter and nine months ended 31 March 2023.

8 Dividends paid

No dividend has been paid during the quarter and nine months ended 31 March 2023.

9 Segmental information

	Individual Quarter Current year quarter 3 months 31/03/23 RM'000	Individual Quarter Preceding year quarter 3 months 31/03/22 RM'000	Cumulative Quarter Current year to date 9 months 31/03/23 RM'000	Cumulative Quarter Preceding year to date 9 months 31/03/22 RM'000
Revenue				
Trading of IT related products	9,470	10,436	28,693	32,151
Food & beverage	2,479	2,739	8,761	5,859
	<u>11,949</u>	<u>13,175</u>	<u>37,454</u>	<u>38,010</u>
Profit/(Loss) before taxation				
Trading of IT related products	(1,008)	(460)	(2,108)	364
Food & beverage	(173)	(120)	(30)	(652)
	<u>(1,181)</u>	<u>(580)</u>	<u>(2,138)</u>	<u>(288)</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 nine months ended 31 March 2023 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 March 2023.

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 31/03/23 RM'000	Preceding year to date 3 months 31/03/22 RM'000	Current year to date 9 months 31/03/23 RM'000	Preceding year to date 9 months 31/03/22 RM'000
<u>Related Parties Transactions</u>				
Rental of premises paid to CHRB Group	60	60	180	180
Water & electricity charged to CHRB Group	7	6	19	12

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's revenue for the third quarter declined by RM1.2 million or 9% as compared to the corresponding period of the preceding year, whilst for the 9-months period decreased by RM556,000 or 1.5% respectively.

As for the bottom line for the current quarter, it registered a loss of RM1.1 million as compared to a loss of RM580,000 in the preceding year quarter. For the 9 months period ending 31 March 2023, the Group registered a loss before tax of RM2.1 million as compared to a loss of RM288,000 during the preceding year respectively.

	Current year quarter 31/03/23 RM'000	Preceding year quarter 31/03/22 RM'000	Change %	Current year to date 9 months 31/03/23 RM'000	Preceding year to date 9 months 31/03/22 RM'000	Change %
Revenue						
Trading of IT related products	9,470	10,436	-9.3	28,693	32,151	-10.8
Food & beverage	2,479	2,739	-9.5	8,761	5,859	49.5
	<u>11,949</u>	<u>13,175</u>	-9.3	<u>37,454</u>	<u>38,010</u>	-1.5
Profit/(Loss) before taxation						
Trading of IT related products	(1,008)	(460)	-119.1	(2,108)	364	-679.1
Food & beverage	(173)	(120)	-44.2	(30)	(652)	95.4
	<u>(1,181)</u>	<u>(580)</u>	-103.6	<u>(2,138)</u>	<u>(288)</u>	-642.4

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

i) Trading of IT related products

Current quarter against preceding quarter (3 months)

Whilst the sales from online were not affected, the reduction in revenue was mainly due to lower sales from the physical stores in Aeon and Lotus. The higher operating costs of the physical stores coupled with the stores reduced revenue and further margin erosion attributed to the bottom line's higher loss for the quarter

Current 9 months year to date against preceding year 9 months year to date

As per the same reasons above, the revenue decreased by 10% over the period while the bottom line was further impacted with a higher loss of RM2.1 million due to lower sales, further margin erosion and higher operating cost of physical stores and write down of obsolete stocks.

ii) Food & Beverage Division

Current quarter against preceding quarter (3 months)

The decrease in revenue and bottom line was mainly attributed to the closure of the Thai Hou Sek outlet in MidValley in October 2022

Current 9 months year to date against preceding year 9-months year to date.

The increase in revenue was due to the return of dine in customers and increased patronage of our F&B outlets following the relaxation of the Covid-19 MCO during the current 9 months compared to the preceding year 9 months when the MCO was in force. The increased revenue contributed to the improvement in the bottom line from the previous loss of RM625,000 to a loss of RM30,000 for the current 9 months to date.

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

	Current year quarter ended 31/03/23 RM'000	Immediate preceding quarter ended 31/12/22 RM'000	Change %
Revenue			
Trading of IT related products	9,470	9,501	-0.3
Food & beverage	2,479	2,843	-12.8
	<u>11,949</u>	<u>12,344</u>	-3.2
Profit/(loss) before taxation			
Trading of IT related products	(1,008)	(440)	-129.1
Food & beverage	(173)	31	-658.1
	<u>(1,181)</u>	<u>(409)</u>	-188.8

i) Trading of IT related products

The bottom line recorded a loss of RM1.0 million as compared to a loss of RM440,000 for the preceding quarter mainly due to the lower revenue and stiff competition in the selling margin from the online sales.

ii) Food & Beverage Division

The division registered a loss before tax of RM173,000 compared to a profit before tax of RM31,000 which was mainly due to closure of Thai Hou Sek restaurant in Mid Valley Mall during the quarter under review.

18 Commentary on prospects

With the country gradually returning to normalcy following the formation of the unity government in November 2022 and the Ministry of Health impending review of the country's Covid-19 status in June 2023 which will boost the country's economic and tourism revival, the Company remains cautiously optimistic of improved prospects for the rest of the year.

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 31/03/23 RM'000	Preceding year quarter ended 31/03/22 RM'000	Current Year-to- date ended 31/03/23 RM'000	Preceding Year-to- date ended 31/03/22 RM'000
Malaysia income tax				
-current year	-	30	-	159
-under/(over) provision in prior years	-	41	-	41
	-	71	-	200
Deferred taxation	-	118	(13)	(47)
TOTAL	-	189	(13)	153

The effective tax rate for the financial period ended 31 March 2023 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 details of the Group's borrowings as at 31 March 2023 are as follows:-

	Current year quarter ended 31/03/23 RM'000	Preceding year quarter ended 31/03/22 RM'000	Current Year-to- date ended 31/03/23 RM'000	Preceding Year-to- date ended 31/03/22 RM'000
Term Loan				
-short term	111	-	111	-
-long term	1,380	-	1,380	-
	1,491	-	1,491	-

23 Realised and unrealised losses

	As At 31/03/2023 RM'000	As At 30/06/2022 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	(5,940)	(3,887)
- Unrealised	(121)	(134)
Total Group retained losses as per statements of financial position.	(6,061)	(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 nine months ended 31 March 2023.

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 31/03/23 RM'000	Preceding year quarter ended 31/03/22 RM'000	Current Year-to- date ended 31/03/23 RM'000	Preceding Year-to- date ended 31/03/22 RM'000
Profit/(Loss) attributable to the owners of the parent (RM'000)	(1,105)	(737)	(2,040)	(352)
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	(2.28)	(1.52)	(4.21)	(0.73)

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 31 March 2023.

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: 24 May 2023