



PINEAPPLE RESOURCES BERHAD

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

Unaudited Condensed Consolidated Financial Statements
For the Second Quarter and Year-to-Date Ended
31 December 2023

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

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

| | Quarter Ended | | Year-to-Date Ended | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 31/12/23 RM'000 (Unaudited) | 31/12/22 RM'000 (Audited) | 31/12/23 RM'000 (Unaudited) | 31/12/22 RM'000 (Audited) |
| Revenue | 10,632 | 12,344 | 21,209 | 25,505 |
| Operating expenses | (10,873) | (12,302) | (21,333) | (25,430) |
| Other income | 218 | 151 | 467 | 279 |
| Operating profit | (23) | 193 | 343 | 354 |
| Depreciation and amortization | (206) | (218) | (392) | (439) |
| Depreciation right of use assets | (341) | (347) | (619) | (789) |
| Interest expenses | (69) | (37) | (119) | (83) |
| Interest income | - | - | - | - |
| Provision for and write off of receivables | - | - | - | - |
| Provision for and write off of inventories | - | - | - | - |
| Foreign exchange loss | - | - | - | - |
| (Loss) / Profit before tax | (639) | (409) | (787) | (957) |
| Taxation | - | - | 16 | 13 |
| (Loss) / Profit for the period | (639) | (409) | (771) | (944) |
| Other Comprehensive Income net of tax | - | - | - | - |
| Total Comprehensive (Loss) / Profit for the period | (639) | (409) | (771) | (944) |
| (Loss) / Profit attributable to:- | | | | |
| Owner of the parent | (638) | (397) | (827) | (935) |
| Non-controlling interest | (1) | (12) | 56 | (9) |
| (Loss) / Profit for the period | (639) | (409) | (771) | (944) |
| Earnings per share (sen):- | | | | |
| Basic (Loss) / Profit per share | (1.32) | (0.82) | (1.71) | (1.93) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

| | As at 31/12/23 RM'000 (Unaudited) | As at 30/06/23 RM'000 (Audited) |
|---|--|--|
| Non-Current assets | | |
| Plant and equipment | 2,688 | 2,001 |
| Right-of-use assets | 3,484 | 2,759 |
| Intangible assets | 1,200 | 1,200 |
| | 7,372 | 5,960 |
| Current assets | | |
| Inventories | 10,201 | 10,647 |
| Trade and others receivables | 4,090 | 3,531 |
| Cash and bank balances | 2,064 | 3,864 |
| | 16,355 | 18,042 |
| TOTAL ASSETS | 23,727 | 24,002 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share Capital | 24,250 | 24,250 |
| Capital Reserves | 28 | 28 |
| Retained earnings | (6,786) | (5,959) |
| | 17,492 | 18,319 |
| Non- controlling interest | (364) | (420) |
| Total equity | 17,128 | 17,899 |
| Non-current liabilities | | |
| Loan & borrowing | 1,307 | 1,351 |
| Lease liabilities | 2,203 | 1,988 |
| | 3,510 | 3,339 |
| Current liabilities | | |
| Trade and other payables | 1,530 | 1,706 |
| Loan & borrowing | 117 | 113 |
| Lease liabilities | 1,326 | 945 |
| Contract liabilities | 116 | - |
| | 3,089 | 2,764 |
| Total liabilities | 6,599 | 6,103 |
| TOTAL EQUITY AND LIABILITIES | 23,727 | 24,002 |
| Net assets per share attributable to ordinary Owner of the parent (RM) | 0.36 | 0.38 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 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 2023 | 24,250 | 28 | (5,959) | 18,319 | (420) | 17,899 |
| Total comprehensive profit/(loss) for the financial period | - | - | (827) | (827) | 56 | (771) |
| At 31 December 2023 | 24,250 | 28 | (6,786) | 17,492 | (364) | 17,128 |
| <u>Audited</u> | | | | | | |
| At 1 July 2022 | 24,250 | 878 | (4,021) | 21,107 | (332) | 20,775 |
| Total comprehensive profit/ (loss) for the financial period | - | - | (935) | (935) | (9) | (944) |
| At 31 December 2022 | 24,250 | 878 | (4,956) | 20,172 | (341) | 19,831 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2023**

| | Year-to-Date Ended | |
|---|-------------------------------------|-----------------------------------|
| | 31/12/2023 RM'000 (Unaudited) | 31/12/2022 RM'000 (Audited) |
| Cash flows from operating activities | | |
| Net (Loss) before tax | (787) | (957) |
| <u>Adjustment for non-cash items :-</u> | | |
| Depreciation and amortization | 392 | 439 |
| Depreciation right of use assets | 619 | 789 |
| Interest expenses | 119 | 83 |
| Provision for and write off of inventories | - | - |
| Non-cash items | (60) | (62) |
| Operating profit/(loss) before working capital changes | 283 | 292 |
| Decrease in inventories | 446 | 1,885 |
| Decrease in trade and other receivables | (609) | 1,261 |
| Increase/ (Decrease) in trade and other payables | (59) | (746) |
| Net cash inflow from operations | 61 | 2,692 |
| Tax paid | - | (46) |
| Tax refunded | 44 | - |
| Net cash inflow/ (outflow) from operating activities | 105 | 2,646 |
| Cash flows from investing activities | | |
| Proceeds from disposal of plant and equipment | 59 | - |
| Purchase of plant and equipment | (1,060) | (10) |
| Purchase of intangible asset | - | - |
| Interest received | 3 | - |
| Net cash outflow from investing activities | (998) | (10) |
| Cash flows from financing activities | | |
| Interest paid on term loan | (61) | - |
| Interest paid on lease liabilities | (41) | (83) |
| Repayment of term loan | (58) | - |
| Payment of lease liabilities | (747) | (762) |
| Net cash outflow from financing activities | (907) | (845) |
| Net increase/ (decrease) in cash and cash equivalents | (1,800) | 1,791 |
| Cash and cash equivalents at beginning of the financial period | 3,864 | 943 |
| Cash and cash equivalents at end of the financial period | 2,064 | 2,734 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2023 and accompanying explanatory notes attached to the interim financial statements

**REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND YEAR-TO-DATE
ENDED 31 DECEMBER 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 2023 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 2023.

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 2023, except for the adoption of the following new MFRSs which are effective for annual periods beginning on or after 1 January 2023.

Amendments to MFRS 101 – Presentation of Financial Statements - Disclosure of Accounting Policies

Amendments to MFRS 108 – Definition of Accounting Estimates

Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption the above amendments to MFRSs are not expected to have any significant impact on the financial statements of the Group.

The Group will adopt the following amendments to MFRSs that are applicable when they become effective. The initial application of the amendments is not expected to have any significant impact on the financial statements of the Group.

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 – Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 – Non- current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7- Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 – Lack of Exchangeability

Effective for annual periods beginning on or after a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

3 Auditors' report in respect of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2023 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 2023.

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 2023.

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 2023.

8 Dividends paid

No dividend has been paid during the quarter and six months ended 31 December 2023.

9 Segmental information

| | Individual Quarter Current year quarter 3 months 31/12/23 RM'000 | Individual Quarter Preceding year quarter 3 months 31/12/22 RM'000 | Cumulative Quarter Current year to date 6 months 31/12/23 RM'000 | Cumulative Quarter Preceding year to date 6 months 31/12/22 RM'000 |
|--------------------------------------|--|--|--|--|
| Revenue | | | | |
| Trading of IT related products | 7,644 | 9,501 | 15,229 | 19,223 |
| Food & beverage | 2,988 | 2,843 | 5,980 | 6,282 |
| | <u>10,632</u> | <u>12,344</u> | <u>21,209</u> | <u>25,505</u> |
| Profit/(Loss) before taxation | | | | |
| Trading of IT related products | (548) | (440) | (1,080) | (1,100) |
| Food & beverage | (91) | 31 | 293 | 143 |
| | <u>(639)</u> | <u>(409)</u> | <u>(787)</u> | <u>(957)</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 30 September 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 December 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 31/12/23 RM'000 | Preceding year to date 3 months 31/12/22 RM'000 | Current year to date 6 months 31/12/23 RM'000 | Preceding year to date 6 months 31/12/22 RM'000 |
|---|--|--|--|--|
| <u>Related Parties Transactions</u> | | | | |
| Rental of premises paid to CHRB Group | 60 | 60 | 120 | 120 |
| Utility charges received from CHRB Group | 9 | 6 | 18 | 12 |
| Advertising fee income received from CHRB Group | 49 | 49 | 99 | 99 |

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.

16 Review of performance

The Group's revenue for Quarter 2 was lower by RM1.7 million as compared to the corresponding period of the preceding year, whilst revenue for the 6 months period has decreased by RM4.3 million.

As for the bottom line, the Group reported a loss of RM639,000 as compared to a loss of RM409,000 in the preceding year quarter. As for the 6 months period, it reported a loss before tax of RM787,000 as compared to loss before tax of RM957,000 for the preceding year.

| | Current year quarter 31/12/23 RM'000 | Preceding year quarter 31/12/22 RM'000 | Change % | Current year to date 6 months 31/12/23 RM'000 | Preceding year to date 6 months 31/12/22 RM'000 | Change % |
|--------------------------------------|--|--|--------------|---|---|--------------|
| Revenue | | | | | | |
| Trading of IT related products | 7,644 | 9,501 | -19.6 | 15,229 | 19,223 | -20.8 |
| Food & beverage | 2,988 | 2,843 | 5.1 | 5,980 | 6,282 | -4.8 |
| | <u>10,632</u> | <u>12,344</u> | <u>-13.9</u> | <u>21,209</u> | <u>25,505</u> | <u>-16.8</u> |
| Profit/(Loss) before taxation | | | | | | |
| Trading of IT related products | (548) | (440) | -24.6 | (1,080) | (1,100) | 1.8 |
| Food & beverage | (91) | 31 | -393.6 | 293 | 143 | 104.9 |
| | <u>(639)</u> | <u>(409)</u> | <u>-56.2</u> | <u>(787)</u> | <u>(957)</u> | <u>17.8</u> |

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

i) Trading of IT related products

Current quarter against preceding year quarter (3 months)

The lower revenue was mainly due to closure of few more outlets in Aeon and regional outlets in the north. The overall demand for IT products also slow down not only in physical stores but also for the online platform. The bottom line recorded a loss before tax of RM548,000 mainly due to lower revenue and lower gross profit margin.

Current 6 months year to date against preceding year 6 months year to date

For the same reasons as stated above, revenue was lower by 20% whilst bottom line was almost unchanged as in preceding quarter reporting a loss of RM1.1 million, mainly due to lower gross profit margin and obsolete stock written off.

ii) Food & Beverage Division

Current quarter against preceding year quarter (3 months)

There was a slight increase in revenue due to the opening of new outlet in D'pulze mall, Cyberjaya in December 2023. The bottom line reported a loss before tax of RM91,000 as compared to profit before tax of RM31,000 mainly due to higher set up cost for opening of new outlet.

Current 6 months year to date against preceding year 6 months year to date

Despite lower revenue during this period, there was an improvement on the bottom line by 104% due to PAPPARICH franchising income received.

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

| | Current year quarter ended 31/12/23 RM'000 | Immediate preceding quarter ended 30/09/23 RM'000 | Change % |
|--------------------------------------|--|--|-------------|
| Revenue | | | |
| Trading of IT related products | 7,644 | 7,585 | 0.8 |
| Food & beverage | 2,988 | 2,992 | 0.1 |
| | <u>10,632</u> | <u>10,577</u> | 0.5 |
| Profit/(loss) before taxation | | | |
| Trading of IT related products | (548) | (532) | -3.0 |
| Food & beverage | (91) | 384 | -123.7 |
| | <u>(639)</u> | <u>(148)</u> | -331.8 |

i) Trading of IT related products

Despite revenue increased by 0.8%, the bottom line recorded a loss of RM548,000 as compared to a loss of RM532,000 for the preceding quarter. This was mainly due to stiff competition in the selling margin.

ii) Food & Beverage Division

The division registered a loss before tax of RM91,000 as compared to a profit before tax RM384,000 for the preceding quarter. This was mainly due to higher set up cost for the new outlets during the quarter under review.

18 Commentary on prospects

The current challenging environment of slower than expected economic recovery, depreciation of the ringgit and rising costs of food ingredients have led to reduced consumer spending power and diminished demand in the domestic market for IT products and F&B. Despite the challenges, the Group will continue to focus on the F&B sector following the acquisition of the PappaRich brand into it's F&B division which is in line with the Group's determined strategy of business diversification to improve the Group's prospects and financial growth for the sustainable long term.

With the consolidation and streamlining of the resources for the IT products trading business, the Group's IT focus will be on increasing and scaling the business on the online platform.

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 31/12/23 RM'000 | Preceding year quarter ended 31/12/22 RM'000 | Current Year-to- date ended 31/12/23 RM'000 | Preceding Year-to- date ended 31/12/22 RM'000 |
|--|---|---|--|--|
| Malaysia income tax | | | | |
| -current year | - | -- | - | - |
| -under/(over) provision in prior years | - | - | (16) | - |
| Deferred taxation | - | - | - | (13) |
| TOTAL | - | - | (16) | (13) |

The effective tax rate for the financial period ended 31 December 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 December 2023 are as follows:-

| | Current Year-to- date ended 31/12/23 RM'000 | Preceding Year-to- date ended 31/12/22 RM'000 |
|--------------------|--|--|
| Term Loan- secured | | |
| -short term | 117 | - |
| -long term | 1,307 | - |
| | 1,424 | - |

Term loan of the Group is secured by way of a corporate guarantee executed by Pineapple Resources Berhad and carries interest rate of 6.4% per annum.

23 Realised and unrealised losses

| | As At 31/12/2023 RM'000 Unaudited | As At 30/06/2023 RM'000 Audited |
|--|--|--|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | (6,786) | (5,959) |
| - Unrealised | - | - |
| Total Group retained losses as per statements of financial position. | (6,786) | (5,959) |

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 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 31/12/23 RM'000 | Preceding year quarter ended 31/12/22 RM'000 | Current Year-to- date ended 31/12/23 RM'000 | Preceding Year-to- date ended 31/12/22 RM'000 |
|---|---|---|--|--|
| Profit/(Loss) attributable to the owners of the parent (RM'000) | (638) | (397) | (827) | (935) |
| Total number of ordinary Shares in issue ('000) | 48,500 | 48,500 | 48,500 | 48,500 |
| Basic earnings per share (sen) | (1.32) | (0.82) | (1.71) | (1.93) |

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 31 December 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: 23 February 2023