



PINEAPPLE RESOURCES BERHAD
(55420-P)

Condensed Consolidated Financial Statements
For the Quarter and Three Months Ended
31 March 2014

Condensed Consolidated Statement of Financial Position

As at 31 March 2014

(The figures below have not been audited)

	Unaudited	Audited
	As at	As at
	31-Mar-14	31-Dec-13
	RM'000	RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	3,335	3,442
	<u>3,335</u>	<u>3,442</u>
Current assets		
Inventories	10,333	9,544
Trade and others receivables	6,428	10,097
Fixed deposits with licensed banks	4,526	919
Cash and bank balances	5,276	6,893
	<u>26,563</u>	<u>27,453</u>
	<u><u>29,898</u></u>	<u><u>30,895</u></u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	1,316	1,263
	<u>26,444</u>	<u>26,391</u>
Non-controlling interest	-	-
Total equity	<u>26,444</u>	<u>26,391</u>
Non-current liabilities		
Deferred liabilities	536	596
Deferred tax liabilities	205	206
	<u>741</u>	<u>802</u>
Current liabilities		
Trade and other payables	2,713	3,702
Taxation	-	-
	<u>2,713</u>	<u>3,702</u>
Total liabilities	<u>3,454</u>	<u>4,504</u>
TOTAL EQUITY AND LIABILITIES	<u><u>29,898</u></u>	<u><u>30,895</u></u>
Net assets per share attributable to ordinary Owner of the parent (RM)	0.55	0.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income
For the quarter and three months ended 31 March 2014

(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	31/03/14	31/03/13	31/03/14	31/03/13
	RM'000	RM'000	RM'000	RM'000
Revenue	12,503	11,440	12,503	11,440
Operating expenses	(12,405)	(11,507)	(12,405)	(11,507)
Other income	193	462	193	462
Operating profit	291	395	291	395
Depreciation and amortization	(184)	(149)	(184)	(149)
Interest expenses	(10)	(7)	(10)	(7)
Interest income	23	23	23	23
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	(3)	-	(3)	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Profit before tax	117	262	117	262
Taxation	(64)	(67)	(64)	(67)
Profit for the period	53	195	53	195
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	53	195	53	195
Profit attributable to:-				
Owner of the parent	53	197	53	197
Non-controlling interest	-	(2)	-	(2)
Profit for the period	53	195	53	195
Earning per share (sen):-				
Basic earning per share	0.11	0.41	0.11	0.41
Diluted earning per share	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the three months ended 31 March 2014
(The figures below have not been audited)

	← 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
At 1 January 2014	24,250	878	1,263	26,391	-	26,391
Total comprehensive income for the financial period	-	-	53	53	-	53
At 31 March 2014	24,250	878	1,316	26,444	-	26,444
At 1 January 2013	24,250	878	409	25,537	416	25,953
Total comprehensive income for the financial period	-	-	197	197	(2)	195
Disposal of a subsidiary company			(1)	(1)	-	(1)
At 31 March 2013	24,250	878	605	25,733	414	26,147

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2014

(The figures below have not been audited)

	3 months ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Cash flows from operating activities		
Net profit before tax	117	262
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	184	149
Interest expenses	10	7
Interest income	(23)	(23)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	3	-
Non-cash items	1	(107)
Operating profit before working capital changes	292	288
Increase in inventories	(792)	(1,812)
Decrease in receivables	3,649	291
Increase in payables	(988)	(135)
Net cash inflow/ (outflow) from operations	2,161	(1,368)
Tax paid	(46)	(92)
Net cash inflow/ (outflow) from operating activities	2,115	(1,460)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	88
Purchase of property, plant and equipment	(78)	(218)
Net cash inflow from disposal of a subsidiary company	-	9
Interest received	23	23
Net cash outflow from investing activities	(55)	(98)
Cash flows from financing activities		
Repayment of finance lease liabilities	(61)	(38)
Interest paid	(10)	(7)
Increase in fixed deposit pledged	(6)	-
Net cash outflow from financing activities	(77)	(45)
Net increase/ (decrease) in cash and cash equivalents	1,983	(1,603)
Cash and cash equivalents at beginning of the financial year	7,593	13,179
Cash and cash equivalents at end of the financial period	9,576	11,576

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and accompanying explanatory notes attached to the interim financial statements

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

1. Basis of Preparation

These interim financial statements of the Group are not audited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134 – *Interim Financial Reporting* and the applicable disclosure provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013 which were prepared under the Financial Reporting Standards ("FRS").

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 31 December 2013.

2. Significant Accounting Policies

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the preparation of the Group's recent audited financial statements for the FYE 31 December 2013, except for the adoption of the following MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs and IC Interpretations during the current financial period :-

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities
Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136 - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 - Levies

As at the date of authorisation of these interim financial statements, the Group have not made early adoption of the following MFRSs, IC Interpretations 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 July 2014

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

Effective for a date yet to be confirmed

MFRS 9 - Financial Instruments (IFRS 9 issued in November 2009)
MFRS 9 - Financial Instruments (IFRS 9 issued in October 2010)
Amendments to MFRS 7 and MFRS 9 - Mandatory Effective Date of MFRS 9 and Transition Disclosures
MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

The Group will apply the above MFRSs and amendments to MFRSs once they become effective. The above standards and amendments are not expected to have any material financial impact on the financial statements of the Group on initial adoption

3. Auditors' Report in respect of the 2013 Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

4. Seasonality or Cyclical nature 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 31 March 2014.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and three months ended 31 March 2014.

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 31 March 2014.

8. Dividends Paid

No dividend has been paid during the quarter and three months ended 31 March 2014.

9. Segmental Information

As the Group is principally involved in the trading and distribution of full range of computer peripherals and accessories within Malaysia, therefore there is no segment information has been presented.

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 31 March 2014 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 2013.

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 and of the Company comprise the following:

The following subsidiary companies of Pineapple Resources Berhad ("PRB") have effectively become wholly-owned subsidiaries subsequent to the acquisition of the remaining 7.84% of the issued and paid-up share capital of Pineapple Computer System Sdn Bhd ("PCS") on 18 December 2013. As provided by the ACE Market Listing Requirement, Chapter 10.02 (J) (iii), transactions between wholly-owned subsidiaries are excluded from related party transactions. Therefore, no related party transactions from these subsidiaries were recorded effective from the quarter ended 31 March 2014.

- :
- i) Pineapple Computer Systems Sdn Bhd ("PCS"), a wholly-owned subsidiary of the Company.
 - ii) Pineapple Computers & Accessories Sdn Bhd ("PCA"), a wholly-owned subsidiary company of PCS;
 - iii) Pine System Technology Sdn Bhd ("PST"), a wholly-owned subsidiary company of PCS;

Other related parties included:

- i) Chuan Huat Resources Berhad ("CHRB") group of companies ("CHRB Group");

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The significant related party transactions are as follows:

	3 months ended 31/03/14 RM'000	3 months ended 31/03/13 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	-	2,938
PCA	-	1,815
PST	-	1,487
b) Purchase of goods from		
i) <u>Subsidiaries</u>		
PCA	-	9
c) Others		
i) <u>Related Parties</u>		
Rental of premises paid to CHRB Group	45	45
Rental of premises received from CHRB Group	18	18
Water & electricity received from CHRB Group	6	6
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	-	18
Management fees received from subsidiary companies	-	34

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 have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

16. Cash and Cash Equivalents

	3 months ended	
	31/03/14 RM'000	31/03/13 RM'000
Fixed deposit with a licensed bank	4,526	8,389
Cash and bank balances	5,276	3,476
	9,802	11,865
Less : Fixed Deposits pledged	(226)	(289)
	9,576	11,576

17. Review of Performance

The Group's revenue for the three months financial period ended 31 March 2014 increased by approximately 9.3% to RM12.503 million compared to the corresponding period of the preceding financial year. The increase in revenue was mainly due to the increase in sales of higher value products viz. notebooks during the periods under review.

	3months ended		Change %
	31/03/14 RM'000	31/03/13 RM'000	
Revenue			
Trading & distribution	12,503	11,440	9.3%
Profit before taxation			
Trading & distribution	117	262	-55.3%

Despite the increase in the Group's revenue, it achieved a lower profit before tax of RM117,000 for the three months period ended 31 March 2014 compared to RM262,000 in the corresponding financial period respectively. This was mainly due to lower other income received during the financial period.

18. Material changes in Profit/(Loss) Before Taxation ("PBT/LBT") against preceding quarter

The PBT for the current quarter under review decreased by 39.4% as compared to the previous quarter ended 31 December 2013. This was mainly due to the lesser AEON members' day special offers and promotions during the quarter under review.

	31/03/14	31/12/13	Change %
	RM'000	RM'000	
Revenue			
Trading and distribution	12,503	15,863	-21.2%
Profit/(loss) before taxation			
Trading and distribution	117	193	-39.4%

19. Commentary on Prospects

It will be a challenging market ahead with the stiff competition and fast changing product cycle. The Group will be focusing on improving the manpower productivity and product knowledge to cope with the situation.

The prospect for e-commerce is showing a lot of potential and more efforts will be focused in this area.

20. Profit Forecast and Profit Guarantee

The Group did not announce any profit forecast or profit guarantee for the financial year ending 31 December 2014.

21. Income Tax Expenses

	3 months ended	
	31/03/14 RM'000	31/03/13 RM'000
Malaysia income tax		
-current year	65	56
-under/(over) provision in prior years	-	-
	<hr/>	<hr/>
Deferred taxation	65 (1)	56 11
	<hr/>	<hr/>
TOTAL	64	67

The effective tax rate for the financial period ended 31 March 2014 and 31 March 2013 are 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.

22. Corporate Proposals

The Group does not have any corporate proposals announced but not completed as at the date of this report.

23. Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 March 2014.

24. Realised and Unrealised Profits/(Losses)

	As At	As At
	31/03/2014 RM'000	31/12/2013 RM'000
Total retained profits of the Company and its subsidiaries:		
-Realised	1,441	1,423
-Unrealised	175	140
	<hr/>	<hr/>
Less: Consolidation adjustments	(300)	(300)
	<hr/>	<hr/>
Total Group retained profits as per statements of financial position.	1,316	1,263

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 31 March 2014.

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:

	3 months ended	
	31/03/14	31/03/13
Profit attributable to the owners of the parent (RM'000)	53	197
Total number of ordinary Shares in issue ('000)	48,500	48,500
Basic earnings per share (sen)	0.11	0.41

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 31 March 2014 and 31 March 2013.

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: 27 May 2014