



PINEAPPLE RESOURCES BERHAD

Condensed Consolidated Financial Statements
For the Quarter and Six Months Ended
30 June 2014

Condensed Consolidated Statement of Comprehensive Income
For the quarter and six months ended 30 June 2014
(The figures below have not been audited)

	Individual quarter		Cumulative quarter	
	30/06/14	30/06/13	30/06/14	30/06/13
	RM'000	RM'000	RM'000	RM'000
Revenue	13,551	11,996	26,054	23,436
Operating expenses	(13,268)	(11,793)	(25,673)	(23,300)
Other income	195	187	388	649
Operating profit	478	390	769	785
Depreciation and amortization	(187)	(155)	(371)	(304)
Interest expenses	(9)	(7)	(19)	(14)
Interest income	27	39	50	62
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	(18)	(28)	(21)	(28)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Profit before tax	291	239	408	501
Taxation	(83)	(7)	(147)	(74)
Profit for the period	208	232	261	427
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	208	232	261	427
Profit attributable to:-				
Owner of the parent	208	229	261	426
Non-controlling interest	-	3	-	1
Profit for the period	208	232	261	427
Earning per share (sen):-				
Basic earning per share	0.43	0.47	0.54	0.88
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 Financial Position

As at 30 June 2014

(The figures below have not been audited)

	Unaudited	Audited
	As at	As at
	30-Jun-14	31-Dec-13
	RM'000	RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	3,248	3,442
	<u>3,248</u>	<u>3,442</u>
Current assets		
Inventories	9,701	9,544
Trade and others receivables	8,109	10,097
Fixed deposits with licensed banks	4,826	919
Cash and bank balances	3,927	6,893
	<u>26,563</u>	<u>27,453</u>
	<u>29,811</u>	<u>30,895</u>
TOTAL ASSETS	29,811	30,895
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	24,250	24,250
Capital Reserves	878	878
Retained earnings	1,524	1,263
	<u>26,652</u>	<u>26,391</u>
Non-controlling interest	-	-
Total equity	<u>26,652</u>	<u>26,391</u>
Non-current liabilities		
Deferred liabilities	485	596
Deferred tax liabilities	196	206
	<u>681</u>	<u>802</u>
Current liabilities		
Trade and other payables	2,474	3,702
Taxation	4	-
	<u>2,478</u>	<u>3,702</u>
Total liabilities	<u>3,159</u>	<u>4,504</u>
TOTAL EQUITY AND LIABILITIES	29,811	30,895
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 Changes in Equity
For the six months ended 30 June 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	-	-	261	261	-	261
At 30 June 2014	24,250	878	1,524	26,652	-	26,652
At 1 January 2013	24,250	878	409	25,537	416	25,953
Total comprehensive income for the financial period	-	-	426	426	1	427
Disposal of a subsidiary company			(1)	(1)	-	(1)
At 30 June 2013	24,250	878	834	25,962	417	26,379

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 six months ended 30 June 2014
(The figures below have not been audited)

	6 months ended	
	30-Jun-14	30-Jun-13
	RM'000	RM'000
Cash flows from operating activities		
Net profit before tax	408	501
<u>Adjustment for non-cash items :-</u>		
Depreciation and amortization	371	304
Interest expenses	19	14
Interest income	(50)	(63)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	21	28
Non-cash items	1	(103)
Operating profit before working capital changes	770	681
Increase in inventories	(178)	(1,818)
Decrease in receivables	1,931	(195)
Increase in payables	(1,220)	(859)
Net cash inflow/ (outflow) from operations	1,303	(2,191)
Tax paid	(97)	(150)
Net cash inflow/ (outflow) from operating activities	1,206	(2,341)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1	120
Purchase of property, plant and equipment	(179)	(311)
Net cash inflow from disposal of a subsidiary company	-	9
Interest received	50	62
Net cash outflow from investing activities	(128)	(120)
Cash flows from financing activities		
Repayment of finance lease liabilities	(119)	(82)
Interest paid	(19)	(14)
Increase in fixed deposit pledged	(6)	68
Net cash outflow from financing activities	(144)	(28)
Net increase/ (decrease) in cash and cash equivalents	934	(2,489)
Cash and cash equivalents at beginning of the financial year	7,593	13,179
Cash and cash equivalents at end of the financial period	8,527	10,690

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 SECOND QUARTER ENDED 30 JUNE 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

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 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127 - Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements for Investment Entities
- Amendments to MFRS 132 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Effective for annual periods beginning on or after 1 January 2015

- MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)
- Amendments to MFRS 7 - Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group plans to apply the abovementioned MFRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

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 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 30 June 2014.

6. Changes in Estimates

There were no changes in estimates that have had a material effect during the quarter and six months ended 30 June 2014.

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 30 June 2014.

8. Dividends Paid

No dividend has been paid during the quarter and six months ended 30 June 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 six months ended 30 June 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:

Related companies being subsidiary companies of Pineapple Resources Berhad ("PRB"):

- i) Pineapple Computer Systems Sdn Bhd ("PCS"), a wholly-owned subsidiary company on **18 December 2013**;
- 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");

The significant related party transactions are as follows:

	6 months ended 30/06/14 RM'000	6 months ended 30/06/13 RM'000
a) Sales of goods to		
i) <u>Subsidiaries</u>		
PCS	-	5,871
PCA	-	3,617
PST	-	2,635
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	72	90
Rental of premises received from CHRB Group	18	36
Water & electricity received from CHRB Group	12	12
ii) <u>Subsidiaries</u>		
Rental income received from subsidiary companies	-	36
Management fees received from subsidiary companies	-	68

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

	6 months ended	
	30/06/14 RM'000	30/06/13 RM'000
Fixed deposit with a licensed bank	4,826	5,922
Cash and bank balances	3,927	4,989
	<u>8,753</u>	<u>10,911</u>
Less : Fixed Deposits pledged	(226)	(221)
	<u>8,527</u>	<u>10,690</u>

17. Review of Performance

The Group's revenue for the second quarter ended 30 June 2014 increased by approximately 13.0% to RM13.551 million and for the six (6) months financial period ended 30 June 2014, it also increased by 11.2% to RM26.054 million as compared to the corresponding period of the preceding financial year. The increase in revenue was largely due to the increase in sales of the higher value products viz. notebooks during the periods under review.

	3months ended			6months ended		
	30/06/14 RM'000	30/06/13 RM'000	Change %	30/06/14 RM'000	30/06/13 RM'000	Change %
Revenue	<u>13,551</u>	<u>11,996</u>	13.0%	<u>26,054</u>	<u>23,436</u>	11.2%
Profit before taxation	<u>291</u>	<u>239</u>	21.8%	<u>408</u>	<u>501</u>	-18.6%

The Group achieved a higher profit before tax of RM291,000 for the second quarter ended 30 June 2014 as compared to the corresponding period of the preceding financial year. This was mainly contributed by the increase in sales revenue.

However, the Group recorded a lower profit before tax of RM408,000 for the six months period ended 30 June 2014 as compared to RM501,000 in the corresponding financial period despite an increase in the Group's revenue during the current period under review. This was mainly due to the reduced profit margin as a result of competitive pricing and 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 has increased by 148.7% as compared to the previous quarter ended 31 March 2014. This was mainly due to the additional "AEON" members' day special offers and promotions during the quarter under review.

	30/06/14 RM'000	31/03/14 RM'000	Change %
Revenue	<u>13,551</u>	<u>12,503</u>	8.4%
Profit/(loss) before taxation	<u>291</u>	<u>117</u>	148.7%

19. Commentary on Prospects

The current ICT market remains challenging but the Group will continue with its aggressive product promotions and participations in all major IT/PC fairs and road shows. Barring any unforeseen circumstances the Board expects the current financial performance to be maintained.

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		6 months ended	
	30/06/14	30/06/13	30/06/14	30/06/13
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax				
-current year	92	21	157	77
-under/(over) provision in prior years	-	-	-	-
	<u>92</u>	<u>21</u>	<u>157</u>	<u>77</u>
Deferred taxation	(9)	(14)	(10)	(3)
TOTAL	<u>83</u>	<u>7</u>	<u>147</u>	<u>74</u>

The effective tax rate for the financial period ended 30 June 2014 and 30 June 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 30 June 2014.

24. Realised and Unrealised Profits/(Losses)

	As At 30/06/2014 RM'000	As At 31/12/2013 RM'000
Total retained profits of the Company and its subsidiaries:		
-Realised	1,766	1,423
-Unrealised	58	140
	1,824	1,563
Less: Consolidation adjustments	(300)	(300)
Total Group retained profits as per statements of financial position.	1,524	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 six months ended 30 June 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		6 months ended	
	30/06/14	30/06/13	30/06/14	30/06/13
Profit attributable to the owners of the parent (RM'000)	208	229	261	426
Total number of ordinary Shares in issue ('000)	48,500	48,500	48,500	48,500
Basic earnings per share (sen)	0.43	0.47	0.54	0.88

There were no potential dilutive components in the shareholdings of Pineapple Resources Berhad as at 30 June 2014 and 30 June 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: 28 August 2014