REGISTERED NUMBER: 02954192 (ENGLAND AND WALES)

PINEAPPLE CORPORATION PLC

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

PINEAPPLE CORPORATION PLC

CONTENTS OF THE FINANCIAL STATEMENTS

Pineapple Corporation Plc

Company Information

For the Year Ended 31 March 2013

Directors:	T H Berglund A J Sperrin D C Farley
Secretaries:	A J Sperrin J Naish
Registered office:	12 Blacks Road London W6 9EU
Registered number:	02954192 (England and Wales)
Independent auditor:	Harmer Slater Limited Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Review of business and results

This has been a year where management has concentrated on maximising the returns and development potential of the investments acquired in recent years.

We have completed the redevelopment of two flats in North London, started the development of four new flats on the roof of an existing block in Hammersmith and are preparing to convert a semi derelict HMO investment into five new self contained flats in Hammersmith, following the successful planning applications which were approved last year for each of these projects. The benefit of all of these developments, both in terms of rental income and value will feed into the results of the group next year.

We have also acquired two new property investment companies during the year, Basechange Limited and Torasup Limited for a total consideration of £1,855,000. These companies were acquired at a fair value after allowing for the potential capital gains tax liability that existed in respect of their properties. However, because the Pineapple Corporation Group is a REIT this tax will not be payable and the resultant profit of approximately £429,000 has been realised in this year's accounts.

We are continuing to operate in a troubled economic environment. This has resulted in one of our commercial properties in Finland becoming vacant at short notice. Until such time as we have relet this property we have felt it prudent to make a substantial provision of some £675,000 against the valuation of this property. The directors are also looking at the possibilities for redevelopment or sale of this property.

Despite this conservative provision being made the Adjusted Net Asset Value per share in the company has risen by 1p, over and above the distributions of 13p per share which have been made during the year

UK gross rental income has risen by 6.7% and there is significantly more growth to feed through next year.

Pre-tax profits have increased by 60.6% year on year, reflecting the substantial profit made on the acquisitions referred to above.

The future

I anticipate the results of the developments and the acquisitions carried out this year to feed through into improved results for the Group next year, both in terms of earnings and net asset value per share.

The directors continue to actively search for further profitable acquisitions.

Board and management

I am pleased to report that the company has retained the services of its existing board of executive directors and will continue to benefit from their years of experience and diversity of background, hopefully for years to come.

The Board has considered the need to appoint non-executive directors but feel that it would not yet be appropriate or cost effective at this stage in the company's development.

I would like to take this opportunity to thank all of our directors, business partners and shareholders for their continued support of the business.

TH Berglund

T H Berglund
Chairman

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The Directors present their report and the audited financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITY

The principal activity of the Group, which comprises the Parent Company and its subsidiary undertakings, is property investment. A list of the Parent Company's principal subsidiary undertakings at 31 March 2013 is given on page 41.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Acquisition of subsidiary undertakings

During the year the Parent Company acquired interests in the share capital of the following:

Undertaking	Percentage acquired	Consideration £
Basechange Limited	100%	1,300,000
Torasup Limited	100%	555,000

The consideration for the acquisitions was settled by cash and the issue of shares in the Parent Company. Following the acquisitions all the subsidiary undertakings were wholly owned.

Property acquisitions

The Group's property portfolio value has increased to £41.4 million as detailed in note 12 to the consolidated financial statements.

Portfolio

The Group maintains a diverse portfolio consisting of both residential and commercial properties, the values of which can be summarised as follows:

	London	Rest of UK	Finland	Total
Residential investments	17.0m	1.4m	-	18.4m
Commercial investments	12.2m	3.1m	7.6m	22.9m
	£29.2m	£4.5m	£7.6m	£41.3m

Valuation

Over 25% of the Group's property portfolio was externally valued by Dunphy & Hayes as at 31 March 2013 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The balance of the Group's property portfolio valuation was updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2013 on the basis of market value.

At 31 March 2013 the valuation of properties was £41,371,977. After excluding the value of properties disposed of during the year, the valuation shows an overall increase in value of the UK portfolio of 10.1% and a decrease in value of the Finnish portfolio (in sterling terms) of 6.2%. Overall this results in a net increase in value of the portfolio 8.8%.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Rental Growth

Gross rental income was £2,244,384 for the year compared to £2,208,742 for the year ended 31 March 2012, representing an increase of 3% on an annualised basis.

Results

	2013	2012	% change
Gross rental income	2,244,384	2,208,742	1.6
Profit before tax	825,968	514,279	60.6
Profit before tax excluding gains on disposals and revaluations	427,970	458,984	(6.8)
Adjusted earnings per share	10.3p	8.0p	28.8
Earnings per share	20.5p	7.8p	162.8
Dividends and PID's per share	13.0p	13.8p	(5.8)

The increase in profit before tax and earnings per share are predominantly due to the favourable changes in the fair value of derivative financial instruments amounting to £421,028 coupled with the release of the deferred tax liabilities to the income statement amounting to £429,066 in relation to the acquisition of the Basechange Group and Torasup Limited following entry into the Group REIT.

Cash Flow

Net cash flow generated from operations was £1,030,759 for the year compared with £1,619,267 for the year ended 31 March 2012.

The net cash outflow from investing activities was £699,368 for the year compared with £999,095 for the year ended 31 March 2012. The movement reflects the acquisition of subsidiaries and the sale of investment properties (net of reinvestment) during the year.

Balance Sheet

	2013	2012	2011	2010
Adjusted Net Asset Value per share	322p	321p	329p	272p
Net debt/property	45%	45%	43%	52%
Net debt/equity	45%	46%	43%	53%

Note: Adjusted net asset value per share is a UK property industry measure which excludes deferred tax relating to the revaluation of investment properties and the fair value of derivative financial instruments net of attributable taxation. Details of the calculation are provided in note 21 to the consolidated financial statements.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

Finance

Net debt increased by £2.2 million to £18.6 million at 31 March 2013.

The Group's gearing ratio has decreased from 46% to 45% as shown in note 21 to the financial statements.

Future developments

The Chairman's Statement set out on page 2 provides further detail on the performance of the Group together with an indication of future prospects.

DIVIDENDS

Dividends of £910,188 (including a property income distribution of £245,051) were distributed during the year ended 31 March 2013, decreased from £921,020 in the previous year.

DIRECTORS

The directors during the period under review were:

T H Berglund
A J Sperrin
D C Farley

GOING CONCERN

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget/forecast for 2013/2014, and cash generating capacity at least 12 months from the date of signing (underpinned by long term leases in place and historic results), have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and consider that there are no material uncertainties that lead to significant doubt upon the group's ability to continue as a going concern. For this reason they continue to adopt the going concern basis in preparing the financial statements.

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the Group's policy to settle all amounts due to creditors in accordance with agreed terms of supply and market practice in the relevant country.

The Group's average creditor payment period at 31 March 2013 was 33 days (2012: 32 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group does not make political or charitable donations.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

DIRECTORS' REMUNERATION

No directors' remuneration was paid during the year.

No directors' pension contributions were paid during the year.

No share option schemes or any other bonus arrangements were in place during the year.

None of the directors have service contracts.

POST BALANCE SHEET EVENTS

There are no post balance sheet events.

RISK MANAGEMENT

The Board is responsible for assessing, evaluating and managing the risks to its business. The key risks to the business and the actions taken to mitigate these risks are as follows:

a) Economic Risk - Any economic downturn is likely to have an adverse effect on the short term capital growth prospects of the Group's investment portfolio.

The Group maintains a diverse mixed portfolio of residential and commercial properties (including warehouse and retail investments), principally in good locations in London and Helsinki. The Group's exposure to a downturn in any one sector of the property market is minimised.

A substantial proportion of the residential investment portfolio is reversionary and its capital value increases even when the market is static.

The investment portfolio contains a number of substantial properties where significant value can still be added, either by development or change of use.

b) Economic Risk - Bad debts and voids are more likely to arise during an economic downturn.

All substantial commercial tenants have strong financial covenants.

Tenant lease payments are monitored closely and where problems arise the company works closely with the tenant to ensure that any exposure is minimised.

c) Financial Risk – If there is a significant fall in the value of the investment portfolio and the level of gearing is too high, this could result in breaches of banking covenants and calling in of loans.

The Group's current level of bank borrowing has been reduced to around 45% of the property valuation, well below the 55% loan to value ratio incorporated in the main banking facilities.

d) Financial Risk – Adverse interest rate movements.

The Group has taken out an interest rate swap in respect of the first £10 million of the outstanding loans, effectively fixing the base rate at 5.09% until September 2013.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013 (CONTINUED)

RISK MANAGEMENT (CONTINUED)

e) Financial Risk – Some of the Groups investment portfolio is located in Finland, exposing the Group to a potential currency risk should the euro fall in value. Euro loans have been taken out to finance these investments mitigating the Group's exposure to any such currency losses.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

AUDITOR

Harmer Slater Limited have expressed willingness to continue in office as auditor. A resolution to re-appoint Harmer Slater Limited and authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

The report of the directors was approved by the Board on 24 July 2013

ON BEHALF OF THE BOARD:

....
A J Sperrin
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the company and the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs and UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2013

In formulating the Company's corporate governance procedures the Board of Directors takes due regard of the principles of good management and transparency as set down in the Principles of Governance of the Luxembourg Stock Exchange.

The Board does not feel that the appointment of non-executive independent directors is currently an affordable or cost effective option for the company in its current stage of development, though this continues to be reviewed on a regular basis.

The Company has, throughout the year, been in full compliance with the ten principles set out in the Principles of Governance other than where the Principles recommend non-executive directors to fulfil certain roles (in which circumstances the full Board has adopted such a role).

The Board of Pineapple Corporation PLC is made up of three executive directors.

The Board meets in person on a quarterly basis and by teleconference whenever the need arises, providing effective leadership and overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting.

All directors have access to the advice and services of the company secretary, who is responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the Company's expense in the furtherance of his duties.

The Audit Committee which meets not less than quarterly and considers the Group's financial reporting (including accounting policies) and internal financial controls, consists of the Full Board and is chaired by A J Sperrin. The committee receives reports from management and from the Group's auditors. The Group has in place a series of procedures and controls designed to identify and prevent the risk of loss. These procedures are formally documented and are reported on regularly. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by T H Berglund and comprises the Full Board. No directors' remuneration is paid.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with the Luxembourg Stock Exchange rules. The Company's principal communication is through the Annual General Meeting and through the annual report and accounts.

Report of the Independent Auditors to the Members of Pineapple Corporation Plc

We have audited the consolidated financial statements of Pineapple Corporation Plc for the year ended 31 March 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Pineapple Corporation Plc for the year ended 31 March 2013.

....
Ransford Agyei-Boamah (Senior statutory auditor)
for and on behalf of
Harmer Slater Limited
Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey SM2 5DA

24 July 2013

PINEAPPLE CORPORATION PLC

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2013

	Note	2013 £	2012 £
Continuing operations			
Gross rental revenue		2,244,384	2,208,742
Property operating expenses		(547,100)	(444,997)
Net rental income		1,697,284	1,763,745
Administrative expenses		(547,479)	(352,005)
		1,149,805	1,411,740
Net valuation gains on investment properties		364,985	41,550
Profit on disposal of investment properties		33,013	13,745
Other operating income		6,740	-
Operating profit	6	1,554,543	1,467,035
Finance income		1,129	64
Finance expenses		(1,065,439)	(901,675)
Change in fair value of bank borrowings		(85,293)	(13,471)
Change in fair value of derivative financial instruments		421,028	(37,677)
Net financing costs		(728,575)	(952,759)
Profit before tax		825,968	514,279
Income tax credit	8	573,681	15,063
Profit for the year attributable to equity shareholders		1,399,649	529,339

Earnings per share

		2013	2012
Basic and diluted earnings per share	10	20.5p	7.8p

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2013

	2013 £	2012 £
Profit for the year	1,399,649	529,339
Exchange differences on translation of foreign operations	74,848	(154,374)
Other comprehensive profit/(loss) for the year	74,848	(154,374)
Total Comprehensive profit for the year	1,474,497	374,965

The accompanying notes form an integral part of these financial statements

PINEAPPLE CORPORATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Translation reserve	Total equity
	£	£	£	£	£
Balance at 1 April 2011	6,576,770	2,014,626	11,514,723	849,676	20,955,795
Comprehensive profit					
Profit for the year	-	-	529,339	-	529,339
Foreign exchange translation differences	-	-	-	(154,374)	(154,374)
Total comprehensive profit for the year	-	-	529,339	(154,374)	374,965
Transactions with owners					
Share issues	120,423	272,775	-	-	393,198
Dividends	-	-	(921,020)	-	(921,020)
Transactions with owners	120,423	272,775	(921,020)	-	(527,822)
Balance at 31 March 2012	6,697,193	2,287,401	11,123,042	695,302	20,802,938
Balance at 1 April 2012	6,697,193	2,287,401	11,123,042	695,302	20,802,938
Comprehensive profit					
Profit for the year	-	-	1,399,649	-	1,399,649
Foreign exchange translation differences	-	-	-	74,848	74,848
Total comprehensive profit for the year	-	-	1,399,649	74,848	1,474,497
Transactions with owners					
Share issues	304,255	696,746	-	-	1,001,001
Dividends	-	-	(910,188)	-	(910,188)
Transactions with owners	304,255	696,746	(910,188)	-	90,813
Balance at 31 March 2013	7,001,448	2,984,147	11,612,503	770,150	22,368,248

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries that have a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

Pineapple Corporation Plc

Consolidated Statement of Cash Flow

For the Year Ended 31 March 2013

	2013	2012
	£	£
Cash flows from operating activities		
Operating profit	1,554,543	1,467,038
Adjustments for non-cash items:		
Profit on disposal of investment property	(33,013)	(13,745)
Revaluation of investment property	(364,985)	(41,550)
Increase in inventories	(11,788)	-
(Increase)/ decrease in debtors	(102,968)	316,918
Decrease in creditors	(11,030)	(109,394)
Cash generated from operating activities	1,030,759	1,619,267
Interest paid	(1,073,068)	(916,883)
Tax paid	(21,833)	(4,861)
Net cash (utilised in)/from operating activities	(64,142)	697,523
Cash flows from investing activities		
Interest received	5	-
Acquisition of subsidiaries, net of cash acquired	(848,975)	-
Acquisition of investment properties	(187,538)	(1,079,445)
Sale of investment properties	337,140	80,350
Net cash outflow from investing activities	(699,368)	(999,095)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	393,087
Equity dividends paid	(886,855)	(866,420)
New bank borrowings	1,150,000	13,650,000
Other loans received	698,415	675,337
Other loans repaid	(427,954)	(635,346)
Bank borrowings repaid	(393,680)	(12,959,680)
Net cash inflow from financing activities	139,926	256,978
Net decrease in cash and cash equivalents	(623,584)	(44,594)
Cash and cash equivalents at beginning of year	607,899	386,963
Effect of exchange rate fluctuations on cash held	39,464	265,530
Cash and cash equivalents at end of year	23,779	607,899

The accompanying notes form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Nature of operation and going concern

Pineapple Corporation Plc (the "Company") is a company registered in England and Wales. The consolidated financial statements of the Company for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due. The Group's cash flow forecasts show that it has adequate resources available to continue in operational existence for the foreseeable future. In preparing these forecasts the Directors have taken into account the potential breaches of various financing covenants if there are reductions in property valuations and the due dates for repayment of significant loans in November 2014.

Having taken these matters into account the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations adopted by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for accounting periods beginning 1 April 2012. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Group.

The Group has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

3 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investment properties. The accounting policies set out below have been applied consistently by Group entities to the period presented in these consolidated financial statements.

These financial statements are presented in GB Pounds which is the currency of the primary economic environment in which the group operates.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements for the year ended 31 March 2013 incorporate the financial statements of Pineapple Corporation PLC (the Company) and all its subsidiary undertakings (the Group). Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3 Significant accounting policies (continued)

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to translation reserve. They are released into the income statement upon disposal.

(d) Investment properties

Investment properties are properties owned or leased under finance leases by the Group which are held either for long-term rental income or for capital appreciation or both. Investment properties are initially recognised at cost (including related transaction costs) and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. The basis of valuation of properties is described in note 12. Properties are treated as acquired at the point when the Group assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. This generally occurs on unconditional exchange, except where completion is expected to occur significantly after exchange. Additions to investment properties consist of costs of a capital nature. In accordance with IAS 40: Investment Property, investment property held under a finance lease is stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Additions to investment properties consist of costs of a capital nature.

When the Group redevelops an existing investment property for continued future use as an investment property, the property remains an investment property measured at fair value through the income statement.

3 Significant accounting policies (continued)

(e) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy 3(j)).

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(f) Inventories

Inventories comprise those properties held for sale or those being developed with a view to sell and are valued at the lower of cost and net realisable value.

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(h) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 3(j)(i)).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(l) Interest bearing borrowings

Overseas borrowings are recognised initially at fair value, net of transaction costs incurred. Overseas borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method.

3 Significant accounting policies (continued)

(l) Interest bearing borrowings (continued)

UK Borrowings are recognised at fair value, net of transaction costs incurred and are designated as fair value financial instruments through the income statement. Subsequent fair value adjustments are recognised in the income statement. No quoted market prices exist for the Group's bank borrowings, in consequence the fair values of these financial instruments are derived based on management's assumptions, the estimated amount and timing of future cash flows using interest rates approximating the current market interest rates for similar loans as adjusted to reflect the inherent credit risk and using estimated discount rates approximating to the Group's current cost of capital.

(m) Derivative financial instruments

The Group enters into derivative transactions such as interest rate swaps in order to manage risks arising from its activities as described in more detail in the Directors' Report and in note 17. Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent balance sheet dates. The Group does not apply hedge accounting to its derivative financial instruments and hence any change in fair value of such derivatives is recognised immediately in the income statement as a finance cost.

(n) Revenue recognition

The Group recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. Revenue comprises rental income and the sale of property development stock.

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised as the conditions are satisfied.

(o) Expenses

All expenses are recognised in the income statement on an accrual basis.

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(p) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The UK group is a Real Estate Investment Trust (REIT); in consequence corporation tax is not payable on the income and gains generated from the tax exempt property business in the UK.

3 Significant accounting policies (continued)

(p) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not provided on timing differences arising from revaluation of investment properties within the UK REIT regime as any gains realised would be exempt from taxation as long as the REIT conditions are met.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

4 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

Over 25% of the Group's property portfolio was externally valued by Dunphy & Hayes as at 31 March 2013 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The balance of the Group's property portfolio valuation was updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2013 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale. The investment property valuation is inherently subjective and contains a number of assumptions upon which Dunphy & Hayes and Willmotts Chartered Surveyors have based their valuation of the Group's properties as at 31 March 2013. The assumptions on which the Property Valuation Reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties and the structural condition of the properties.

Any variation in the valuations would have a material effect on the profit after tax and the net asset value of the Group.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Deferred tax

The deferred tax provision is based on the valuation of investment properties. Any variation in the valuations would affect the profit after tax and the net asset value.

Fair value of bank borrowings

The fair values of bank borrowings are derived based on management's assumptions, the estimated amount and timing of future cash flows using interest rates approximating the current market interest rates for similar loans as adjusted to reflect the inherent credit risk and using estimated discount rates approximating to the Group's current cost of capital. Any variation in these assumptions would affect the profit after tax and the net asset value.

5. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

All the Group's operations relate to property investment and as such the Group has only one segment. Additional information regarding geographical location is provided below:

	2013			2012		
	United Kingdom	Finland	Group	United Kingdom	Finland	Group
	£	£	£	£	£	£
Rental income	1,680,988	563,396	2,244,384	1,575,213	633,529	2,208,742
Property expenses	(353,204)	(193,896)	(547,100)	(256,405)	(188,592)	(444,997)
Net rental income	1,327,784	369,500	1,697,284	1,318,808	444,937	1,763,745
Property sales	337,140	-	337,140	80,350	-	80,350
Cost of sales	(304,127)	-	(304,127)	(66,605)	-	(66,605)
Profit on sale of properties	33,013	-	33,013	13,745	-	13,745
Operating profit/(loss)	1,755,809	(201,266)	1,554,543	1,022,098	444,937	1,467,035
Total assets	34,331,252	7,738,484	42,069,736	31,220,282	8,178,706	39,398,988
Segment liabilities	16,817,090	2,884,398	19,701,488	15,421,010	3,175,040	18,596,050
Total capital expenditure	275,556	-	275,556	1,079,451	-	1,079,451
Depreciation	-	-	-	-	-	-

6. Operating profit

The operating profit is after charging:

	2013	2012
	£	£
Auditor's remuneration:		
Audit fees - parent company and consolidated financial statements	24,000	24,000
Audit fees – subsidiary undertakings	8,040	2,160

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

7. Personnel expenses

The Group had no employees other than directors during the year (2012: none). No remuneration was paid to the directors during the year (2012: none).

8. Income tax expense

Recognised in the income statement	2012	2012
	£	£
Current tax expense		
Current income tax	114	25,547
Under provision in respect of previous years	-	-
Total income tax expense in income statement	114	25,547
Deferred tax expense		
Deferred tax on revaluation of investment properties	(573,795)	-
Changes in overseas tax rates	-	(40,610)
	(573,795)	(40,610)
Total tax credit	(573,681)	(15,063)

UK Corporation tax is calculated at 24% (2012: 26%) of the estimated taxable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the income statement as follows:

Reconciliation of effective tax rate	2013	2012
	£	£
Profit before tax	825,968	514,279
Income tax using the domestic corporation tax rate of 24% (2012: 26%)	198,232	133,713
Effect of lower tax rate in overseas jurisdictions	(17,877)	(1,375)
Exempt property gains	(10,122)	(3,574)
Exempt property rental profits and revaluations in the year	(170,347)	(103,217)
Total income tax expense in the income statement (as above)	114	25,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Income tax expense (continued)

Pineapple Corporation PLC has a group Real Estate Investment Trust (REIT) status. The Group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal.

9. Dividends

Amounts recognised as distributions to equity shareholders in the year are as follows:

	2013	2012
	£	£
Ordinary dividend paid on 15 August 2012 (2 April 2011)	420,086	465,612
Property income distribution paid on 15 January 2013 (1 March 2012)	245,051	221,007
Ordinary dividend paid on 15 January 2013 (1 March 2012)	245,051	234,401
	910,188	921,020

10. Earnings per share

Basic earnings per share

Earnings per share and adjusted earnings per share have been calculated using the weighted average number of shares in issue during the year of 6,843,248 (2012: 6,630,269) as follows:

	2013 Profit after tax	2013 Earnings per share	2012 Profit after tax	2012 Earnings per share
	£	Pence	£	Pence
Basic and diluted	1,399,649	20.5	529,339	7.8
Gain on revaluation of investment properties	(364,985)	(5.3)	(41,550)	(1.6)
Change in fair value of derivative instruments	(421,028)	(6.2)	37,677	0.6
Change in fair value of bank borrowings	85,293	1.3	13,471	0.2
Adjusted	698,929	10.3	538,937	8.0

Diluted earnings per share are the same as basic earnings per share.

11. Result of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £477,491 (2012: £198,762).

12. Tangible fixed assets

	Investment Properties £
Cost	
Balance at 1 April 2011	37,061,348
Acquisitions	1,079,445
Disposals	(66,605)
Revaluation	41,550
Foreign exchange differences	(437,470)
Balance at 31 March 2012	37,678,268
Balance at 1 April 2012	37,678,268
Acquisitions	275,556
On acquisition of subsidiaries	2,733,176
Appropriation from trading stock	550,963
Disposals	(304,127)
Revaluation	364,985
Foreign exchange differences	73,156
Balance at 31 March 2013	41,371,977
Depreciation and impairment losses	
Balance at 1 April 2011	-
Released on disposals	-
Balance at 31 March 2012	-
Balance at 1 April 2012	-
Released on disposals	-
Balance at 31 March 2013	-
Carrying amounts	
At 31 March 2012	37,678,268
At 31 March 2013	41,371,977

Over 25% of the Group's property portfolio was externally valued by Dunphy & Hayes as at 31 March 2013 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The balance of the Group's property portfolio valuation was updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2013 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2013 was £32,172,759 (31 March 2012: £30,776,661). The historical cost of leasehold properties included within the above amounted to £5,346,465 (31 March 2012: £4,798,953).

13. Inventories

	2013	2012
	£	£
Property trading stock	3,500	542,675

14. Trade and other receivables

	2013	2012
	£	£
Rent receivable	174,100	97,095
Other receivables	238,771	181,474
Prepayments and accrued income	170,135	209,659
	583,006	488,228

Rent receivables are all considered past due as they relate to rents receivable from tenants all of which are payable in advance. In accordance with IFRS 7, the amounts shown as past due represent the total credit exposure.

15. Cash and cash equivalents

	2013	2012
	£	£
Bank balances	111,253	689,817
Cash and cash equivalents	111,253	689,817

16. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 21.

	2013	2012
	£	£
Current liabilities		
Bank overdraft	87,474	81,918
Bank loans	385,288	269,722
	472,762	351,640
Non-current liabilities		
Bank loans	17,883,737	16,479,127
Total borrowings	18,356,499	16,830,767

16. Interest-bearing loans and borrowings (continued)

Repayment analysis

	2013	2012
	£	£
Total borrowings		
Within one year	472,762	351,640
One to two years	15,542,952	274,070
Two to three years	284,235	13,996,202
Three to four years	409,182	272,549
Four to five years	280,310	277,122
Over five years	1,367,058	1,659,184
	18,356,499	16,830,767

The bank loans are secured by fixed and floating charges over the Group's assets. Interest is payable at 2.5%, 3% and 4% over LIBOR on sterling denominated loans of £13,650,000, £1,150,000 and £400,000 respectively. In addition, interest is payable at 1.25% above EURIBOR on Euro loans of Euros 3,226,329. The loans mature on various dates between 2014 and 2021. The Group has taken out an interest rate swap in respect of the first £10 million of borrowings at a base rate of 5.09% from 15 October 2010 until 20 September 2013.

17. Derivative financial instruments - liabilities

	2013	2012
	£	£
Fair value of interest rate swaps	222,982	644,010

Fair values have been calculated by using market values at the balance sheet date.

The company's strategy in respect of the use of financial instruments to manage risk is detailed in the Director's Report. At 31 March 2013 the fair value of fixed interest rate receivable swap was a liability of £222,982 and comprised a fixed interest rate receivable swap entered into in October 2010 in order to swap the first £10,000,000 of the bank loan to a fixed base rate of 5.09% until 20 September 2013.

18. Trade and other payables

	2013	2012
	£	£
Trade payables	90,364	26,200
Other payables	362,244	338,892
Other taxes	75,601	46,761
Accruals and deferred income	450,986	430,151
	979,195	837,004

19. Deferred tax provision

	2013 £	2012 £
Deferred tax		
Opening balance	284,269	342,442
Effect of changes in overseas tax rates	-	(40,610)
Exchange differences	3,272	(17,563)
On acquisition of subsidiaries	429,066	-
Reversal of temporary differences:		
Revaluation of overseas based investment properties	(144,729)	-
Effects of acquired subsidiaries joining Group REIT	(429,066)	-
Closing balance	142,812	284,269

The deferred tax liability at 31 March 2013 arises from revaluation gains in respect of the Group's Finnish investment properties which are not within the UK REIT regime. The deferred tax liability arising has been provided using the Finnish capital gains tax rate of 24.5% (2012: 24.5%).

The deferred tax liability arising from the revaluation gains from investment properties held by the acquired subsidiaries is extinguished upon the subsidiaries joining the Group REIT.

20. Capital and reserves

Share capital

	Number
In issue at 1 April 2011	6,576,770
Issued for cash	120,423
In issue at 31 March 2012	6,697,193
In issue at 1 April 2012	6,697,193
Issued for shares	304,255
In issue at 31 March 2013	7,001,448

Issue of ordinary shares

On 20 July 2012 the company issued 304,255 ordinary shares of £1 each at a premium of £2.29. The share issue was to facilitate a share for share exchange of 77 Ordinary shares of £1 each in Basechange Limited at a fair value of £1,001,000.

21. Risk and financial instruments

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk, credit risk and liquidity risk each of which is discussed below.

Foreign currency risk

The Group has a subsidiary undertaking located in Finland. The Finnish subsidiary receives income, incurs expenses and holds net assets in Euros. The Group's principal exchange rate exposure is therefore related to movements between the Euro and Sterling. The Group's cash resources and bank loans are denominated in Sterling and Euros. The Group has a downside exposure to any weakening of the Euro as this would decrease the value of the Finnish investment property in Sterling terms. Any strengthening of the Euro would however result in an increase in the value of the Finnish investment property. Any such movements would affect the Consolidated Balance Sheet when the net assets of the Finnish Subsidiary are translated into Sterling. The policy in relation to the translation of foreign currency assets and liabilities is set out in note 1, 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

At 31 March 2013 the Group had Euro denominated bank loans and overdraft of £2,807,412 (Euros 3,326,712) (2012: £3,081,736 (Euros 3,693,798)).

Liquidity risk

The Group relies on a mix of shareholder funding and bank loans to finance its operations. The main liquidity risk arises from loan covenants and renewal/repayment of loans when they are due for renewal/repayment. The Group regularly monitors its financial ratios to ensure that it complies with the loan covenants.

Interest rate risk

The Group uses bank loans to finance its operations. Details of the Group's borrowings are included in note 16. The Group maintains an appropriate balance of fixed and floating rate debt based on existing and forecast market conditions utilising interest rate swaps as detailed in note 17.

Credit risk

The Group's principal exposure to credit risk arises from rent and other receivables as detailed in note 14. The Group's bank deposits are held with high quality financial institutions in order to minimise credit risk. The maximum credit risk to which the Group was exposed at 31 March 2013 was £694,259 (2012: £1,178,045).

The Group's credit risk is primarily attributable to its rent and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management, based on prior experience and their assessment of the current economic environment.

Financial assets

The Group holds floating rate financial assets which comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. The Group has no fixed rate deposits. The fair value of short term deposits is assumed to approximate to their book values.

Financial liabilities

Details of the Group's financial liabilities are included in note 16. The fair values of the Group's borrowings are calculated by discounting expected future cash flows at prevailing interest rates. The Group's obligation is to repay its bank loans at par value on the maturity dates.

The average interest rate for the fixed rate bank loans outstanding at 31 March 2013 was 3.3% (2012: 3.17%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Risk and financial instruments (continued)

Fair values

The classes of financial instruments are the same as the line items included on the face of the balance sheet and have been analysed in more detail in the notes to the accounts. All the group's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

Capital risk management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of shareholders.

Consistent with others in the industry the Group monitors capital on the basis of the net asset value per share and the gearing ratio.

Net asset value

The net asset values and adjusted net asset values per share at 31 March 2013 and 2012 were as follows:

	2013	2012
	£	£
Net assets	22,368,248	20,802,938
Adjustment to net assets relating to deferred tax on investment properties	142,812	324,879
Fair value of derivative financial instruments	222,982	644,010
Fair value adjustment on bank borrowings	(166,008)	(251,301)
Adjusted net assets	22,568,034	21,520,526
Number of shares in issue	7,001,448	6,697,193
Net asset value per share (pence)	319	311
Adjusted net asset value per share (pence)	322	321

Gearing

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013	2012
	£	£
Total borrowings	18,679,163	17,111,304
Less: cash and cash equivalents	(111,253)	(689,817)
Net debt	18,567,910	16,421,487
Total equity	22,368,248	20,802,938
Total capital	40,936,158	37,224,425
Gearing ratio	45%	46%

22. Acquisitions of subsidiary undertakings

On 20 July 2012, the Group obtained control of the Basechange Group by acquiring 100 per cent of the shares and voting interests in Basechange Limited (holding company) and its principal subsidiaries Finlaw Thirty-Six Limited (intermediate holding company), Awarddeal Limited (property investment company) and Wingdawn Limited (property investment company). In addition, the Group obtained control of Torasup Limited on 26 October by acquiring 100 per cent of the shares and voting.

The directors are of the opinion that these acquisitions are a natural fit and are in line with the Group's investment strategy.

Details of the subsidiary undertakings acquired during the year are as follows:

	Basechange Group	Torasup Limited	Total
	£	£	£
Purchase consideration:			
Cash paid	299,000	555,000	854,000
Fair value of equity instruments (304,255 ordinary shares)	1,001,000	-	1,001,000
Total purchase consideration	1,300,000	555,000	1,855,000
Fair value of net assets acquired	1,300,000	555,000	1,855,000
	-	-	-

The assets and liabilities arising from the acquisitions are as follows:

	Basechange Group	Torasup Limited	Total
	£	£	£
Cash and cash equivalents	4,779	244	5,023
Investment property	2,189,594	543,582	2,733,176
Trade and other receivables	41,097	201,929	243,026
Trade and other payables	(50,272)	(2,840)	(53,112)
Borrowings	(466,668)	(177,379)	(644,047)
Deferred tax liabilities	(418,530)	(10,536)	(429,066)
Fair value of net assets acquired	1,300,000	555,000	1,855,000
Revenue contributed	82,489	11,417	93,261
Profit after tax contributed	659,931	82,753	742,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Capital commitments

There were no capital commitments at 31 March 2013 or at 31 March 2012.

24. Contingent liabilities

There were no contingent liabilities at 31 March 2013 or at 31 March 2012.

25. Related parties

Subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

The key management personnel are the directors of the group. Directors of the group and their immediate relatives control 23.73% (2012: 24.81%) of the voting shares of the group.

The directors' compensations were as follows:

	2013	2012
	£	£
Directors' remuneration	-	-

The following directors and their immediate family members received dividends and property income distributions during the year in respect of their shareholdings as follows:

	2013	2012
	£	£
D C Farley	53,318	57,482
T H Berglund	47,111	50,010
M P Farley (Immediate family member of D C Farley)	20,784	20,203

At 31 March 2013 the following amounts were owed to the directors or their immediate family members:

	2013	2012
	£	£
M P Farley	10,433	7,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Related parties (continued)

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Corporation Limited. The transactions between the group and Willmotts Corporation Limited or its subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2013	2012
	£	£
Property and other management fees charged to the group	433,891	307,874
Administrative and secretarial fees charged by the group	15,000	-
Property income distribution or dividend paid by the group	56,616	44,520
Amount owed to group at the year end	25,154	-

D C Farley and family control Pointexport Limited. The transactions between this company and the group were as follows:

	Pointexport
	£
Annual rent payable to the group	63,500
Design services fees charged to the group	75,000
Dividends paid by the group	5,424
Amounts owed by the group at the year end	117,768

The amounts owed to or by the group are unsecured, interest free and have no fixed repayment date or repayment schedule.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PINEAPPLE CORPORATION PLC

We have audited the parent Company financial statements of Pineapple Corporation Plc for the year ended 31 March 2013 which comprise the parent Company Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Significant accounting policies

(a) Basis of preparation

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of certain assets and have been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

In accordance with Financial Reporting Standard No 18 "Accounting Policies" the company's directors have reviewed the company's accounting policies and confirm that they continue to be the most appropriate to the company's circumstance.

A summary of the significant accounting policies which have been consistently applied in the current and the preceding period is set out below.

(b) Estimates

Financial statements prepared in accordance with UK GAAP require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The company makes estimates and assumptions concerning the future and other key sources of estimation uncertainty. Actual results could differ materially from those estimates. The company makes significant assumptions in its determination of a number of assets and liabilities including investment properties, deferred income and interest rate swaps.

(c) Investment properties

Investment properties are properties owned by the company which are held for long-term rental income or for capital appreciation or both and are included in fixed assets at their latest valuation plus subsequent additions at cost. Surpluses and deficits arising on valuation are taken direct to the revaluation reserve.

The company’s property portfolio is valued annually. At least 25 per cent of the properties held at the previous year end together with any additions during the year will be valued by an external valuation agent and the remainder by the directors so that within every four year period all properties would have been subject to an external valuation.

Depreciation is not provided in respect of freehold properties. This treatment may be a departure from the Companies Act 2006 concerning the depreciation of fixed assets in respect of certain of these properties. However such properties are not held for consumption but for investment and the directors consider annual depreciation would be inappropriate and that this policy is necessary to give a true and fair view. Depreciation is only but one of many factors reflected in the valuation and the amount which might have been shown cannot be separately identified or quantified. Any permanent diminution in value of properties is charged to the profit and loss account.

(d) Investments

Fixed asset investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

The carrying value of investments in subsidiary undertakings and associated undertakings are reviewed as necessary for impairment. Impairment is calculated as the difference between the carrying value and the estimated value-in-use or disposal value if higher. Value-in-use represents the present value of future expected cash flows discounted on a pre-tax basis. The net book amount of the investment is written down where impairment is identified.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

1 Significant accounting policies (continued)

(e) Derivative financial instruments

The company enters into derivative transactions such as interest rate swaps in order to manage the risks arising from its activities as described in more detail in the Risk Management section in the Report of the Directors. Derivatives are initially recorded at cost and are subsequently remeasured to fair value based on market prices. The company does not apply hedge accounting to its derivative financial instruments and hence any change in the fair value of such derivatives is recognised immediately in the profit and loss account as a finance cost or income.

(f) Property development inventory

Property development inventory is valued at the lower of cost and net realisable value.

(g) Taxation

Current tax represents the expected tax payable (or recoverable) on the taxable profits for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 19 "deferred tax".

As all of the company's investment properties are held as long term investments and the company has been converted into a Real Estate Investment Trust (REIT), deferred tax is not provided on timing differences arising from revaluation of those assets as any gains realised would be exempt from taxation as long as the REIT conditions are met.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted or substantially enacted at the balance sheet date.

2. Profit and loss account

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The profit attributable to shareholders dealt with in the company’s accounts for the financial year was £477,491 (2012: profit £198,762).

3. Cash flow statement

The Company has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) ‘Cash flow statements’.

4. Tangible fixed assets

	Investment Property £
Cost	
Balance at 1 April 2012	28,121,718
Additions	251,010
Disposals	(113,117)
Revaluation	584,477
Balance at 31 March 2013	28,844,088
Depreciation	
Balance at 1 April 2012	-
Depreciation charge for the year	-
Released on disposals	-
Balance at 31 March 2013	-
Carrying amounts	
At 31 March 2013	28,844,088
At 31 March 2012	28,121,718

Over 25% of the Group's property portfolio was externally valued by Dunphy & Hayes as at 31 March 2013 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The balance of the Group's property portfolio valuation was updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2013 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2013 was £23,901,318 (2012: £23,732,910). The historical cost of leasehold properties included within the above amounted to £3,438,984 (2012: £3,438,953).

5. Investments held in subsidiaries

	Shares in subsidiary undertakings
	£
Cost	
Balance at 1 April 2012	4,603,018
Additions	1,945,522
Disposals	(1)
Balance at 31 March 2013	6,548,539
Provision	
Balance at 1 April 2012	3,640,748
Elimination on disposal	-
Balance at 31 March 2013	3,640,748
Carrying amounts	
At 31 March 2013	2,907,791
At 31 March 2012	962,270

The company's principal subsidiary undertakings (listed below) are property investments undertakings and are 100% owned by the company. As permitted by Section 409 of the Companies Act 2006, a complete listing of all subsidiary undertakings has not been provided. A complete list of the Group's undertakings will be filed with the Annual return.

Subsidiary undertaking	Country of Incorporation	Direct or Indirect Holding
Fastbulb Limited	England	Direct
Cranswick Builders Limited	England	Direct
Tammberg OY	Finland	Direct
Maplebutton Limited	England	Direct
Torasup Limited	England	Direct
Basechange Limited	England	Direct
Finlaw Thirty-Six Limited	England	Indirect
Awarddeal Limited	England	Indirect
Wingdawn Property Co Limited	England	Indirect

6. Inventories

	2013	2012
	£	£
Property trading stock	3,500	3,500

7. Trade and other receivables

	2013	2012
	£	£
Rent receivable	111,232	80,800
Other receivables	77,914	93,952
Amounts due from subsidiary undertakings	4,020,150	3,749,172
Prepayments and accrued income	133,125	208,332
	4,342,421	4,132,256

8. Trade and other payables (including derivative financial instruments)

	2013	2012
	£	£
Trade payables	74,490	12,990
Derivative financial instruments	222,982	644,010
Other payables	178,388	187,315
Amount owed to subsidiary undertaking	349,928	97,253
Other taxes	51,889	46,761
Accruals and deferred income	372,755	361,530
	1,250,432	1,349,859

9. Interest-bearing loans and borrowings

	2013	2012
	£	£
Non-current liabilities		
Bank loan	14,633,992	13,398,699

The bank loan has been measured at fair value which is based on management's assumptions, the estimated amount and timing of future cash flows using interest rates approximating to the current market interest rates for similar loans as adjusted to reflect the inherent credit risk and using estimated discount rates approximating to the company's current cost of capital. The fair value adjustment of £85,293 has been charged to the profit and loss account.

The bank loans are secured by fixed and floating charges over the Group's assets. Interest is payable at 2.5% and 3% over LIBOR on sterling denominated loans of £13,650,000 and £1,150,000 respectively. The loans mature on various dates between 2014 and 2021. The Company has taken out an interest rate swap in respect of the first £10 million of borrowings at a base rate of 5.09% from 15 October 2010 until 20 September 2013.

9. Interest-bearing loans and borrowings (continued)

The bank loans are repayable as follows:

	2013	2012
	£	£
Bank loans		
Within one year	-	-
Between one and two years	14,633,992	-
Between two and five years	-	13,398,699
	14,633,992	13,398,699

10. Financial instruments

The company has taken advantage of the disclosure requirements set out within FRS 29 'Financial Instruments: Disclosures' on the grounds that it qualifies as a parent company whose individual financial statements are included in its consolidated financial statements which comply with this standard.

11. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
Equity		
7,001,448 (2012: 6,697,193) ordinary shares of £1 each	7,001,448	6,697,193

Issue of ordinary shares

On 20 July 2012 the company issued 304,255 ordinary shares of £1 each at a premium of £2.29. The share issue was to facilitate a share for share exchange of 77 Ordinary shares of £1 each in Basechange Limited at a fair value of £1,001,000.

12. Reserves

	Share premium account	Revaluation reserve	Profit and loss reserve	Total
	£	£	£	£
Balance at 1 April 2012	2,287,401	4,400,686	5,766,559	12,454,646
Premium on issue of shares	696,746	-	-	696,746
Profit for the year	-	-	477,491	477,491
Transfer of realised profits	-	(42,392)	42,392	-
Arising on revaluations in the year	-	584,477	-	584,477
Dividends	-	-	(910,188)	(910,188)
Balance at 31 March 2013	2,984,147	4,942,771	5,376,254	13,303,172

13. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit attributable to the members of the company	477,491	198,762
Dividends	(910,188)	(921,020)
	(432,697)	(722,258)
Other recognised gains/(losses) for the year	584,477	(35,228)
New share capital subscribed	1,001,001	393,197
Net addition/(reduction) to shareholders' funds	1,152,781	(364,289)
Opening equity shareholders' funds	19,151,839	19,516,128
Closing equity shareholders' funds	20,304,620	19,151,839

14. Capital commitments

There were no capital commitments at 31 March 2013 or at 31 March 2012.

15. Contingent liabilities

There were no contingent liabilities at 31 March 2013 or at 31 March 2012.

16. Related party transactions

The company reports the following transactions with related parties:

Transactions with key management personnel

The key management personnel are the directors of the company. Directors of the company and their immediate relatives control 23.73% (2012: 24.81%) of the voting shares of the company.

The directors' compensations were as follows:

	2013	2012
	£	£
Directors' remuneration	-	-

The following directors received dividends and property income distributions during the year in respect of their shareholdings:

	2013	2012
	£	£
D C Farley	53,318	57,482
T H Berglund	47,111	50,010
M P Farley	20,784	22,203

At 31 March 2013 the following amounts were owed to the directors or their immediate relatives:

	2013	2012
	£	£
M P Farley	10,433	7,360

16. Related party transactions (continued)

Subsidiary undertakings

The company has taken advantage of the provisions of the Financial Reporting Standard Number 8 which exempts wholly owned subsidiary undertakings from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties.

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Corporation Limited. The transactions between the company and Willmotts Corporation Limited or its subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2013	2012
	£	£
Property and other management fees charged to the company	403,960	307,874
Administrative and secretarial fees charged by the company	15,000	-
Property income distribution or dividend paid by the company	56,616	44,520
Amount owed to the company at the year end	2,154	-

D C Farley and family control Pointexport Limited. The transactions with this company were as follows:

	Pointexport
	£
Design services fees charged to the company	75,000
Dividends paid by the company	5,424

The amounts owed to or by the company are unsecured, interest free and have no fixed repayment date or repayment schedule.