

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 AUGUST 2014

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2014 (Unaudited)**

	Note	Individual Quarter		Cumulative Period	
		3 months ended 31.08.14 RM'000	3 months ended 31.08.13 RM'000	3 months ended 31.08.14 RM'000	3 months ended 31.08.13 RM'000
Revenue	9	106,029	102,899	106,029	102,899
Cost of sales		(86,462)	(80,075)	(86,462)	(80,075)
Gross profit		19,567	22,824	19,567	22,824
Other operating income		198	693	198	693
Interest income		51	12	51	12
Operating expenses		(16,654)	(18,510)	(16,654)	(18,510)
Results from operating activities		3,162	5,019	3,162	5,019
Finance costs		(1,229)	(1,102)	(1,229)	(1,102)
Operating profit		1,933	3,917	1,933	3,917
Share of profit of equity accounted associates		-	-	-	-
Profit before tax		1,933	3,917	1,933	3,917
Tax (expense) / Income	21	(27)	3	(27)	3
Profit for the period	29	1,906	3,920	1,906	3,920
Other comprehensive expense, net of tax					
Foreign currency translation differences		(5)	(66)	(5)	(66)
Total comprehensive income for the period		1,901	3,854	2,687	3,854
Profit attributable to:					
Shareholders of the Company		2,198	3,886	2,198	3,886
Non-controlling interests		(292)	34	(292)	34
		1,906	3,920	1,906	3,920
Total comprehensive income attributable to:					
Shareholders of the Company		2,193	3,820	2,193	3,820
Non-controlling interests		(292)	34	(292)	34
		1,901	3,854	1,901	3,854
Basic earnings per ordinary share (sen)	28	1.70	3.00	1.70	3.00
Diluted earnings per ordinary share (sen)	28	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2014 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2014 (Unaudited)**

	Note	Unaudited 31-Aug-14 RM'000	Audited 31-May-14 RM'000
ASSETS			
Property, plant and equipment		85,089	81,106
Investment properties		496	498
Investments in associates		248	248
Intangible assets		1,034	1,034
Deferred tax assets		37	59
Total non-current assets		<u>86,904</u>	<u>82,945</u>
Inventories		82,242	81,073
Trade and other receivables		59,636	68,309
Current tax assets		3,251	2,141
Cash and cash equivalents		23,532	20,263
Total current assets		<u>168,661</u>	<u>171,786</u>
TOTAL ASSETS		<u>255,565</u>	<u>254,731</u>
EQUITY			
Share capital		64,834	64,834
Reserves		32,931	30,738
Total equity attributable to owners of the Company		<u>97,765</u>	<u>95,572</u>
Non-controlling interests		(592)	(300)
TOTAL EQUITY		<u>97,173</u>	<u>95,272</u>
LIABILITIES			
Loans and borrowings	25	15,801	8,090
Deferred tax liabilities		166	44
Total non-current liabilities		<u>15,967</u>	<u>8,134</u>
Loans and borrowings	25	93,635	89,788
Trade and other payables		47,876	61,536
Current tax liabilities		914	1
Total current liabilities		<u>142,425</u>	<u>151,325</u>
Total liabilities		<u>158,392</u>	<u>159,459</u>
TOTAL EQUITY AND LIABILITIES		<u>255,565</u>	<u>254,731</u>
Net assets per share attributable to equity holders (RM)		0.75	0.74

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 2014 (Unaudited)

	← Attributable to owners of the Company →						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	← Non- Distributable Reserve →			Distributable					
	Share capital RM'000	Share premium RM'000	Exchange translation Reserve RM'000	Capital reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000			
At 1 June 2013	46,310	21,361	393	4,488	-	15,381	87,933	(137)	87,796
Foreign currency translation differences	-	-	(13)	-	-	-	(13)	-	(13)
Profit for the period	-	-	-	-	-	2,871	2,871	(163)	2,708
Total comprehensive income for the period	-	-	(13)	-	-	2,871	2,858	(163)	2,695
Issuance of bonus shares	18,524	(18,524)	-	-	-	-	-	-	-
Issuance of warrants	-	-	-	-	6,483	-	6,483	-	6,483
Dividend to owners of the Company	-	-	-	-	-	(1,702)	(1,702)	-	(1,702)
At 31 May 2014	64,834	2,837	380	4,488	6,483	16,550	95,572	(300)	95,272
At 1 June 2014	64,834	2,837	380	4,488	6,483	16,550	95,572	(300)	95,272
Foreign currency translation differences	-	-	(5)	-	-	-	(5)	-	(5)
Profit for the period	-	-	-	-	-	2,198	2,198	(292)	1,906
Total comprehensive income for the period	-	-	(5)	-	-	2,198	2,193	(292)	1,901
At 31 August 2014	64,834	2,837	375	4,488	6,483	18,748	97,765	(592)	97,173

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 AUGUST 2014 (Unaudited)**

	Note	3 months ended	
		31 August	
		2014 RM'000	2013 RM'000
Cash flows from operating activities			
Profit before taxation		1,933	3,917
Adjustments for:			
Depreciation of property, plant and equipment		1,202	1,156
Depreciation of investment properties		2	2
Interest expense		1,229	1,102
Interest income		(51)	(12)
Gain on disposal of plant and equipment		(15)	-
Operating profit before changes in working capital		4,300	6,165
Changes in working capital:			
Inventories		(1,169)	(10,850)
Trade and other receivables		8,674	1,632
Trade and other payables		(13,660)	2,355
Cash generated from operations		(1,855)	(698)
Income tax (paid) / refunded		(80)	71
Net cash used in operating activities		(1,935)	(627)
Cash flows used in investing activities			
Interest received		51	12
Purchase of property, plant and equipment		(5,116)	(932)
Proceeds from disposal of plant and equipment		15	-
Net cash used in investing activities		(5,050)	(920)
Cash flows from financing activities			
Drawdown of term loans		11,241	889
Repayment of term loans		(1,739)	(570)
Repayment of finance lease liabilities		(68)	(50)
Drawdown of borrowings, net		2,430	2,515
Interest paid		(1,229)	(1,102)
Withdrawal of pledged fixed deposits		6	(1)
Net cash generated from financing activities		10,641	1,681
Net increase in cash and cash equivalents		3,656	134
Cash and cash equivalents at beginning of period		6,458	12,047
Effect of exchange differences on cash and cash equivalents		(5)	49
Cash and cash equivalents at end of period		10,109	12,230

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE QUARTER ENDED 31 AUGUST 2014 (Unaudited)**

	3 months ended	
	31 August	
	2014	2013
	RM'000	RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	18,586	21,407
Bank overdrafts	(11,427)	(10,286)
Short term deposits with licensed banks	4,946	4,176
	<u>12,105</u>	<u>15,297</u>
Fixed deposits pledged to bank	<u>(1,996)</u>	<u>(3,067)</u>
	<u>10,109</u>	<u>12,230</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2014 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2014 (Unaudited)

PART A: EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2014. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2014.

2. Significant Accounting Policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 31 May 2014 except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC Interpretations by the Group with effect from 1 June 2014.

- MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations did not have any material impact on the financial statements of the Group.

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2. Significant Accounting Policies (cont'd)

At the date of authorization of these interim financial statements, The Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”):

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 116, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

3. Audit Qualification

There were no audit qualifications on the annual financial statements of the Company for the year ended 31 May 2014.

4. Seasonality of Operations

The Group’s business operations are generally affected by festive seasons, school holidays and carnival sales in Malaysia.

5. Unusual and Material Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current period ended 31 August 2014.

6. Significant Estimates and Changes in Estimates

There were no changes in estimates of amounts reported in the prior quarter and/ or financial period that have a material effect on the Group in the current period under review.

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7. Debt and Equity Securities

There were no issuance and repayment of debts and equity security, share buy-backs, share cancellation, share held as treasury shares by the Company during the financial period under review.

8. Dividend Paid

No dividend has been paid during the period under review.

9. Segmental Information

(i) Operating Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategic. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

Manufacturing - manufacture, assembly and sales of electrical and electronic appliances

Trading - sales and distribution of electrical and electronic appliances

Other non-reportable segments represents investment holding activities and provision of management services to the Group.

	For the 3 month ending 31 Aug 2014					
	Manufacturing	Trading	Others	Total	Elimination	Profit before tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	366	105,663	-	106,029	-	106,029
Inter-segment revenue	24,657	3,140	1,250	29,047	(29,047)	-
	<u>25,023</u>	<u>108,803</u>	<u>1,250</u>	<u>135,076</u>	<u>(29,047)</u>	<u>106,029</u>
Segment profit	<u>196</u>	<u>2,708</u>	<u>(1,011)</u>	<u>1,893</u>	<u>40</u>	<u>1,933</u>
<i>Included in the measure of segment profit are:</i>						
Depreciation and amortisation	(787)	(371)	(46)	(1,204)	-	(1,204)
Interest income	-	46	5	51	-	51
Net gain / (loss) on foreign exchange	191	(324)	-	(133)	-	(133)
Inventories written down	-	(1,989)	-	(1,989)	-	(1,989)
Bad debts written off	-	(5)	-	(5)	-	(5)

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9. Segmental Information (cont'd)

(i) Operating Segments (cont'd)

	For the 3 month ending 31 Aug 2014					
	Manufacturing	Trading	Others	Total	Elimination	Profit before tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Not included in the measure of segment profit but provided to Group Managing Director:</i>						
Finance costs	(216)	(726)	(287)	(1,229)	-	(1,229)
Segment assets	83,404	180,432	108,722	372,558	(120,693)	251,865

*Included in the
measure of segment
assets are:*

Additions to non-current assets others than financial instruments and deferred tax assets	65	416	4,705	5,186	-	5,186
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	For the 3 month ending 31 Aug 2013					
	Manufacturing	Trading	Others	Total	Elimination	Profit before tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	2,954	99,945	-	102,899	-	102,899
Inter-segment revenue	28,637	2,258	-	30,895	(30,895)	-
	31,591	102,203	-	133,794	(30,895)	102,899
Segment profit	310	5,459	(1,732)	4,037	(120)	3,917

*Included in the
measure of segment
profit are:*

Depreciation and amortisation	(759)	(353)	(46)	(1,158)	-	(1,158)
Interest income	-	8	4	12	-	12
Net gain on foreign exchange	91	303	-	394	-	394
Bad debts written off	-	(88)	-	(88)	-	(88)

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9. Segmental Information (cont'd)

(i) Operating Segments (cont'd)

	For the 3 month ending 31 Aug 2013					
	Manufacturing	Trading	Others	Total	Elimination	Profit before tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Not included in the measure of segment profit but provided to Group Managing Director:</i>						
Finance costs	(254)	(674)	(174)	(1,102)	-	(1,102)
Segment assets	89,965	192,162	84,937	367,064	(118,956)	248,108
<i>Included in the measure of segment assets are:</i>						
Additions to non- current assets others than financial instruments and deferred tax assets	26	226	680	932	-	932

(ii) Geographical Segments

The business segment of the Group is managed principally in Malaysia, China (including Hong Kong), Indonesia, Sri Lanka, Brunei, Middle East, Thailand, Myanmar, Singapore etc. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of the assets. The amounts of segment assets do not include instruments (including investment in associates) and deferred tax assets.

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31.08.2014	31.08.2013	31.08.2014	31.08.2013
	Segment Revenue			
	RM'000	RM'000	RM'000	RM'000
Malaysia	72,109	74,792	72,109	74,792
Other Asian countries	24,585	19,561	24,585	19,561
Others	9,335	8,546	9,335	8,546
	106,029	102,899	106,029	102,899

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9. Segmental Information (cont'd)

(ii) Geographical Segments (cont'd)

	Cumulative Period	
	3 months ended	
	31.08.2014	31.08.2013
	Segment Assets	
	RM'000	RM'000
Malaysia	231,860	221,416
Other Asian countries	18,419	26,140
Others	1,586	552
	<u>251,865</u>	<u>248,108</u>

10. Property, Plant and Equipment

During the current financial period ended 31 August 2014, the Group has acquired assets at a cost of RM5.1 million (31 August 2013: RM0.9 million)

11. Events after the Reporting Period

On 30 September 2014, a wholly-owned subsidiary, Keat Radio Co Sdn. Bhd. ("KRC") entered into a Sale and Purchase Agreement ("the SPA") to disposal of property erected for a sale consideration of RM9.25 million and on such terms and conditions as stated in the SPA. The mentioned transaction had been announced in Bursa Securities on 2 October 2014.

Save as disclosed above, there were no other material events subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter under review.

12. Changes in Composition of the Group

There were no changes in the composition of the Group as at the date of this report.

13. Changes in Contingent Liabilities

There were no changes in contingent liabilities or contingent assets of a material nature since the last annual reporting period.

14. Commitments

Capital expenditure contracted but not provided for property, plant and equipment at the reporting date amounted to RM7.0 million.

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15. Significant Related Party Transactions

The significant transactions with companies in which certain Directors and persons connected to Directors have substantial financial interests are as follows:

	Unaudited 31-Aug-2014 RM'000	Audited 31-May-2014 RM'000
Purchase of raw materials from -Pensia Plastic Industries Sdn. Bhd.*	-	2,850
Subcon and service charge income from -Pensia Plastic Industries Sdn. Bhd.*	-	212
Sale of goods to an associate -Pensonic (B) Sdn Bhd	158	1,286
Rental income charged for sub-letting of factory premises -Pensia Plastic Industries Sdn. Bhd.*	-	72
Rental expenses charged by - Directors of the Group	21	119

* As of 27 September 2013, Pensia Plastic Industries Sdn. Bhd. became a wholly-owned subsidiary of the Group through its wholly-owned subsidiary, Keat Radio Co Sdn. Bhd.

16. Disclosure of Realised and Unrealised Retained Earnings

	Unaudited 31-Aug-2014 RM'000	Audited 31-May-2014 RM'000
- realised	20,791	18,175
- unrealised	362	955
	<u>21,153</u>	<u>19,130</u>
Total retained earnings of associates		
- realised	44	44
Less: Consolidation adjustments	(2,449)	(2,624)
Total retained earnings	<u>18,748</u>	<u>16,550</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2014 (Unaudited)

PART B : ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

17. Review of Performance

For the Quarter

The Group registered revenue of RM106.0 million for the current quarter as compared to RM102.9 million reported in the corresponding quarter last year, representing a slight increase in sales of RM3.1 million or 3%. The increase in sales mainly come from oversea demand of 20.7%.

The Group posted a profit before tax of RM1.9 million as compared to a profit before tax of RM3.9 million in the corresponding period last year. The drop during the current quarter mainly resulted from inventories written down.

18. Variation of results Against Preceding Quarter

	Current Quarter 31-Aug-2014 RM'000	Immediate Preceding Quarter 31-May-2014 RM'000	Variance (decreased) %
- Revenue	106,029	89,651	18.3
- Profit / (Loss) Before Tax	1,933	(2,705)	>100

Revenue for the first quarter is higher by 18.3% or RM16.4 million from RM89.6 million in the preceding quarter of the Group's financial year due to higher local and overseas market demand during the festive season. Overall local demand increased by 6%, while oversea demand increase by 56.8%.

The Group recorded a pre-tax profit of RM1.9 million as compared to pre-tax loss of RM2.7 million. The loss in preceding quarter mainly resulted from write off of fixed assets, impairment of receivables and inventories written down.

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19. Commentary on Prospect

Looking ahead, the Group anticipates that competition will remain intense. The Group will continue growing existing markets, placing emphasis in cost control and restructuring initiatives i.e. phasing out of low margin products, reduction in corporate costs.

In line with the Group's effort in expanding emerging markets, the Group carries on to promote and sell its products to overseas customers through engaging more overseas distributors and business partners, expanding overseas market footprint through acquisitions where necessary. Besides, the Group continues to devote efforts in research and development of new products in order to keep up with the ever-changing needs of the electrical appliances markets.

Given our extensive experience in the industry, the Board believes that the Group can overcome the temporary challenges in the market and remain competitive for the coming period.

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

Taxation comprises the following:

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31.08.2014	31.08.2013	31.08.2014	31.08.2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense / (income)	27	(3)	27	(3)
	<u>27</u>	<u>(3)</u>	<u>27</u>	<u>(3)</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the quarter and period were lower than the statutory rate due to the tax exemption status was granted to certain subsidiaries of the Company.

22. Sales of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the current quarter.

23. Investment in Quoted Securities

There was no purchase or disposal of quoted securities as of date of this report.

24. Status of Corporate Proposal

As at the date of this report, there are no other corporate proposals that are pending for completion.

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25. Borrowings and Debts Securities

Details of the Group's borrowings as at the end of this financial period are as follows:

	Unaudited 31-Aug-14 RM'000	Audited 31-May-14 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	9,025	7,149
Bankers' acceptance	65,246	61,753
Term loans	31	2,050
	<u>74,302</u>	<u>70,952</u>
Secured		
Bank overdraft	2,402	4,654
Bankers' acceptance	6,060	5,997
Trust receipts	-	1,126
Term loans	10,608	6,789
Finance lease liabilities	263	270
	<u>19,333</u>	<u>18,836</u>
	<u><u>93,635</u></u>	<u><u>89,788</u></u>
<u>Non – current</u>		
Secured		
Term loans	15,292	7,590
Finance lease liabilities	509	500
	<u>15,801</u>	<u>8,090</u>
	<u><u>15,801</u></u>	<u><u>8,090</u></u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	109,436	96,062
Singapore Dollar (“SGD”)	-	690
Hong Kong Dollar (“HKD”)	-	1,126
	<u>109,436</u>	<u>97,878</u>

The bank borrowings and term loans are secured by the following:

- i) Legal charges over certain properties belonging to the Company and subsidiary companies;
- ii) Lien on fixed deposits belonging to the subsidiary companies; and
- iii) Corporate guarantee by the Company.

26. Material Litigation

The Group is not engaged in any material litigation for the current financial period ended 31 August 2014.

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27. Proposed Dividend

The board is recommending a first and final single-tier dividend of 2.0 sen per ordinary share amounting to RM2,593,360 in respect of the financial year ended 31 May 2014 and subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The payment date for the recommend final dividend shall be determined by the Directors and to be announced at a later date.

28. Earnings per Share (“EPS”)**(i) Basic EPS**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31.08.14</u>	<u>31.08.13</u>	<u>31.08.14</u>	<u>31.08.13</u>
Net profit for the period attributable to owners of the Company (RM'000)	2,198	3,886	2,198	2,886
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic earnings per share (sen)	<u>1.70</u>	<u>3.00</u>	<u>1.70</u>	<u>3.00</u>

The number of ordinary shares in issue for the preceding year corresponding quarter and period have been restated to reflect the retrospective adjustments arising from the bonus issue which was completed on 21 November 2013.

(ii) Diluted EPS

The diluted earnings per ordinary share is not presented as the market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and any exercise of warrants would result in anti-dilution.

29. Profit for the period

Profit for the period has been arrived at:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31.08.14</u>	<u>31.08.13</u>	<u>31.08.14</u>	<u>31.08.13</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
After charging:-				
Depreciation & amortization	1,204	1,158	1,204	1,158
Inventories written down	1,989	-	1,989	-
Bad debts written off	5	88	5	88
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
After crediting:				
Gain on disposal of plant & equipment	15	-	15	-
Net (loss) / gain on foreign exchange	(133)	394	(133)	394
Government grants	94	84	94	84
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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30. Authorization for Issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 27 October 2014.

BY ORDER OF THE BOARD

Yeong Ah Lek
Secretary
Date: 27 October 2014