

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MAY 2014

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

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

	Note	Individual Quarter 3 months ended		Cumulative Period 12 months ended	
		31.05.14 RM'000	31.05.13 RM'000	31.05.14 RM'000	31.05.13 RM'000
Revenue	9	90,521	93,126	374,596	356,024
Cost of sales		(71,339)	(81,127)	(297,197)	(291,261)
Gross profit		19,182	11,999	77,399	64,763
Other operating income		272	1,241	1,248	3,657
Interest income		58	(11)	172	37
Operating expenses		(21,292)	(13,694)	(72,628)	(60,122)
Results from operating activities		(1,780)	(465)	6,191	8,335
Finance costs		(1,101)	(1,088)	(4,520)	(4,412)
Operating (loss)/profit		(2,881)	(1,553)	1,671	3,923
Share of profit of equity accounted associates		1	-	1	20
(Loss)/profit before tax		(2,880)	(1,553)	1,672	3,943
Tax Income/(expense)	21	1,063	(338)	1,027	(381)
(Loss)/profit for the period	29	(1,817)	(1,891)	2,699	3,562
Other comprehensive expense, net of tax					
Foreign currency translation differences		(19)	21	(12)	30
Total comprehensive (loss)/income for the period		(1,836)	(1,870)	2,687	3,592
(Loss)/profit attributable to:					
Shareholders of the Company		(1,721)	(1,958)	2,791	3,627
Non-controlling interests		(96)	67	(92)	(65)
		(1,817)	(1,891)	2,699	3,562
Total comprehensive (loss)/income attributable to:					
Shareholders of the Company		(1,740)	(1,937)	2,779	3,657
Non-controlling interests		(96)	67	(92)	(65)
		(1,836)	(1,870)	2,687	3,592
Basic earnings per ordinary share (sen)	28	(1.33)	(1.51)	2.15	2.80
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 2013 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 MAY 2014 (Unaudited)**

	Note	Unaudited 31-May-14 RM'000	Audited 31-May-13 RM'000
ASSETS			
Property, plant and equipment		81,106	65,475
Investment properties		498	506
Investments in associates		248	247
Intangible assets		1,034	1,024
Deferred tax assets		183	183
Total non-current assets		<u>83,069</u>	<u>67,435</u>
Trade and other receivables		60,896	71,114
Inventories		82,694	75,060
Current tax assets		2,408	1,812
Cash and cash equivalents		21,972	24,595
Total current assets		<u>167,970</u>	<u>172,581</u>
TOTAL ASSETS		<u>251,039</u>	<u>240,016</u>
EQUITY			
Share capital		64,834	46,310
Reserves		30,659	41,623
Total equity attributable to owners of the Company		<u>95,493</u>	<u>87,933</u>
Non-controlling interests		(229)	(137)
TOTAL EQUITY		<u>95,264</u>	<u>87,796</u>
LIABILITIES			
Loans and borrowings	25	8,098	13,114
Deferred tax liabilities		107	6
Total non-current liabilities		<u>8,205</u>	<u>13,120</u>
Loans and borrowings	25	89,180	83,564
Trade and other payables		58,226	55,536
Current tax liabilities		164	-
Total current liabilities		<u>147,570</u>	<u>139,100</u>
Total liabilities		<u>155,775</u>	<u>152,220</u>
TOTAL EQUITY AND LIABILITIES		<u>251,039</u>	<u>240,016</u>
Net assets per share attributable to equity holders (RM)		0.73	0.95

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2013 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 MAY 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 2012	46,310	21,361	363	4,488	-	12,970	85,492	(192)	85,300
Foreign currency translation differences	-	-	30	-	-	-	30	-	30
Profit for the year	-	-	-	-	-	3,627	3,627	(65)	3,562
Total comprehensive income/ (expense) for the year	-	-	30	-	-	3,627	3,657	(65)	3,592
Share issued to non-controlling interest	-	-	-	-	-	-	-	120	120
Dividend to owners of the Company	-	-	-	-	-	(1,216)	(1,216)	-	(1,216)
At 31 May 2013	46,310	21,361	393	4,488	-	15,381	87,933	(137)	87,796
At 1 June 2013	46,310	21,361	393	4,488	-	15,381	87,933	(137)	87,796
Foreign currency translation differences	-	-	(12)	-	-	-	(12)	-	(12)
Profit for the period	-	-	-	-	-	2,791	2,791	(92)	2,699
Total comprehensive income for the period	-	-	(12)	-	-	2,791	2,779	(92)	2,687
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	381	4,488	6,483	16,470	95,493	(229)	95,264

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2013 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 MAY 2014 (Unaudited)**

	Note	12 months ended	
		31 May	
		2014 RM'000	2013 RM'000
Cash flows from operating activities			
Profit before taxation		1,672	3,943
Adjustments for:			
Depreciation of property, plant and equipment		4,817	4,600
Depreciation of investment properties		8	8
Interest expense		4,520	4,412
Interest income		(172)	(37)
Excess of fair value of net assets acquired over purchase consideration	12	(36)	-
Plant and equipment written off		452	94
Gain on disposal of a subsidiary		-	(57)
Gain on disposal of non-current assets held for sale		-	(1,638)
Gain on disposal of plant and equipment		(31)	(23)
Share of profit of equity accounted associates, net of tax		(1)	(20)
Operating profit before changes in working capital		11,229	11,282
Changes in working capital:			
Inventories		(4,029)	13,742
Trade and other receivables		14,440	(1,005)
Trade and other payables		(3,900)	7,023
Cash generated from operations		17,740	31,042
Income tax refunded/ (paid)		696	(673)
Net cash generated from operating activities		18,436	30,369
Cash flows used in investing activities			
Interest received		172	37
Net outflow on acquisition of shares in subsidiary company	12	(2,476)	-
Purchase of property, plant and equipment		(18,353)	(12,965)
Proceeds from disposal of non-current assets held for sales		-	2,290
Proceeds from disposal of plant and equipment		59	23
Proceeds from issuance of shares to non-controlling interests		-	120
Net cash used in investing activities		(20,598)	(10,495)
Cash flows from financing activities			
Drawdown of term loans		5,162	3,180
Repayment of borrowings, net		(6,591)	(10,387)
Interest paid		(4,729)	(4,442)
Dividend paid		(1,702)	(1,216)
Repayment of finance lease liabilities		(203)	(208)
Withdrawal of pledged fixed deposits		1,067	59
Proceeds from warrants issue		6,483	-
Net cash used in financing activities		(513)	(13,014)
Net (decrease) / increase in cash and cash equivalents		(2,675)	6,860
Cash and cash equivalents at beginning of period		12,047	5,284
Effect of exchange differences on cash and cash equivalents		64	(97)
Cash and cash equivalents at end of period		9,436	12,047

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

	12 months ended 31 May	
	2014	2013
	RM'000	RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	18,510	21,362
Bank overdrafts	(10,513)	(9,636)
Short term deposits with licensed banks	3,462	3,233
	<u>11,459</u>	<u>14,959</u>
Fixed deposits pledged to bank	<u>(2,023)</u>	<u>(2,912)</u>
	<u>9,436</u>	<u>12,047</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2013 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 MAY 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 2013. 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 2013.

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 2013 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 2013.

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- Amendments to MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income
- Annual Improvements to MFRS 2009 – 2011 Cycle
- Amendments to MFRS 10, 11 and 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance Amendments to MFRS 134 Interim Financial Reporting

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.

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”):

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2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to 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)*

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.

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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 May 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.

7. Debt and Equity Securities

During the financial period, the Company issued the following additional ordinary shares and warrants:

- (a) Bonus issue of 37,048,000 new ordinary shares of RM0.50 each in the Company credited as fully paid-up on the basis of two (2) bonus shares for every five (5) existing ordinary shares of RM0.50 each ("Bonus Issue"). The Bonus Issue was capitalised entirely from the share premium account of the Company.

The Bonus Issue has been completed with the listing of and quotation of the 37,048,000 Bonus Shares on the Main Market of Bursa Securities on 21 November 2013.

- (b) Renounceable rights issue of 64,834,000 warrants in the Company at an issue price of RM0.10 per warrant on the basis of one (1) warrant for every two (2) ordinary shares held by the shareholders after the Bonus Issue ("Rights Issue of Warrants").

The Rights Issue of Warrants has been completed with the listing of and quotation of the 64,834,000 Rights Warrants on the Main Market of Bursa Securities on 23 January 2014.

Accordingly, the issued and paid-up share capital of the Company increased to RM64,834,000 comprising of 129,668,000 ordinary shares of RM0.50 each.

Other than the above, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares by the Company during the financial period under review.

8. Dividend Paid

On 27 November 2013, shareholders of the Company has approved the final dividend of 1.75 sen per share less 25% tax amounting to approximately RM1,701,893 in respect of the financial year ended 31 May 2013. The dividend was paid on 31 December 2013.

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9. Segmental Information

(i) Operating Segments

The Group has one reportable segment, which is principally engaged in the manufacture, assembly, sales and distribution of electrical and electronic appliances. The management reviews internal management reports on the segment at least on a quarterly basis.

(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		12 months ended	
	31.05.2014	31.05.2013	31.05.2014	31.05.2013
	Segment Revenue			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	68,886	65,354	269,043	263,645
Other Asian countries	16,972	21,956	80,723	70,443
Others	4,663	5,816	24,830	21,936
	<u>90,521</u>	<u>93,126</u>	<u>374,596</u>	<u>356,024</u>
	Cumulative Period			
	12 months ended			
	<u>31.05.2014</u>		<u>31.05.2013</u>	
	Segment Assets			
	<u>RM'000</u>		<u>RM'000</u>	
Malaysia	221,569		216,394	
Other Asian countries	25,915		22,361	
Others	552		863	
	<u>248,036</u>		<u>239,618</u>	

10. Property, Plant and Equipment

During the current financial period ended 31 May 2014, the Group has acquired assets at a cost of RM18.9 million (31 May 2013: RM13.0 million)

11. Events after the Reporting Period

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.

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12. Changes in Composition of the Group

On 27 September 2013, Keat Radio Co Sdn Bhd (“KRC”), a subsidiary of the Company had completed the acquisition of 100% equity interest in Pensia Plastic Industries Sdn Bhd (“PPISB”). Upon the completion of the acquisition, PPISB became a subsidiary of the Company. PPISB is involved in plastic injection and moulding.

The fair values of the identifiable assets and liabilities of PPISB as at the date of acquisition were:

Identifiable assets and liabilities	Acquiree's Carrying Value RM'000	Fair value RM'000
Plant and Equipment	2,004	2,004
Current Assets	7,200	7,071
Current Liabilities	(7,039)	(7,039)
Identifiable net assets acquired	<u>2,165</u>	<u>2,036</u>
Excess of fair value of net assets acquired over purchase consideration		(36)
Purchase consideration		<u>2,000</u>

Details of cash flow arising from the acquisition are as follows:

	As of acquisition date RM'000
Total purchase consideration	2,000
Add: Bank overdraft of subsidiary company acquired	476
Cash outflow to the Group on acquisition	<u>2,476</u>

During the financial period, Pensonic (H.K) Corporation Limited (“PHK”), a 100% own dormant subsidiary Pensonic Trading (ShenZhen) Co Ltd had been struck off. The struck off of the investment in subsidiary does not have any significant financial impact.

Save as disclosed in above, there were no other 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 RM11.3 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-May-2014 RM'000	Audited 31-May-2013 RM'000
Purchase of raw materials from -Pensia Plastic Industries Sdn. Bhd.*	2,866	8,562
Subcon and service charge income from -Pensia Plastic Industries Sdn. Bhd.*	212	611
Sale of goods to an associate -Pensonic (B) Sdn Bhd	1,286	1,314
Rental income charged for sub-letting of factory premises -Pensia Plastic Industries Sdn. Bhd.*	72	216
Rental expenses charged by - Directors of the Group	119	144

* 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-May-2014 RM'000	Audited 31-May-2013 RM'000
- realised	18,417	17,118
- unrealised	839	363
	<u>19,256</u>	<u>17,481</u>
Total retained earnings of associates		
- realised	44	43
Less: Consolidation adjustments	(2,830)	(2,143)
Total retained earnings	<u>16,470</u>	<u>15,381</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 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 RM90.5 million for the current quarter as compared to RM93.1 million reported in the corresponding quarter last year, representing a slight decrease in sales of RM2.6 million or 2.8%.

The Group posted a pre-tax loss of RM2.9 million as compared to a pre-tax loss of RM1.6 million in the previous corresponding period last year. The loss during the current quarter mainly resulted from write off of fixed assets, impairment of receivables and inventories written down.

For the 12 months ended

As for the 12-month period ended 31 May 2014, the Group's revenue and pre-tax profit were RM374.5 million and RM1.7 million as compared to a revenue and pre-tax profit of RM356.0 million and RM3.9 million respectively in the previous year corresponding period. Last year's pre-tax profit included RM 1.7 million gain from on sale of investment properties.

Group's revenue increased by 5.2% or RM18.6 million mainly contributed by overseas sales especially in Vietnam and Middle-East countries, showing growth of 14.3% or RM13.2 million to RM105.5 million which accounted for 27.4% of the Group's revenue for the 12-month period. However, the Group pre-tax profit has decreased by RM2.3 million mainly resulted from inventories written down and impairment of receivables.

18. Variation of results Against Preceding Quarter

	Current Quarter 31-May-2014 RM'000	Immediate Preceding Quarter 28-Feb-2014 RM'000	Variance (decreased) %
- Revenue	90,521	94,626	(4.3)
- (Loss) / Profit Before Tax	(2,880)	1,808	>100

Revenue for the fourth quarter is lower by 4.3% or RM4.1 million from RM94.6 million in the preceding quarter of the Group's financial year due to lower overseas market demand during the non-festive season. However aggressive marketing and promotion activities will be carried out for new fiscal year.

The Group recorded a pre-tax loss of RM2.9 million as compared to pre-tax profit of RM1.8 million and partly due to inventories written down and impairment of receivables.

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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:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31.05.2014</u>	<u>31.05.2013</u>	<u>31.05.2014</u>	<u>31.05.2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax (income) / expense	(1,063)	338	(1,027)	381
	<u>(1,063)</u>	<u>338</u>	<u>(1,027)</u>	<u>381</u>

The tax credit in the current quarter is due to overprovision of tax in previous years where the Group has receive the refund of RM1.1 million.

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2013: 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. (31 May 2013: Cost RM 0.6 million and Gain RM1.7 million).

23. Investment in Quoted Securities

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

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24. Status of Corporate Proposal

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

25. Borrowings and Debts Securities

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

	Unaudited 31-May-14 RM'000	Audited 31-May-13 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	8,114	3,909
Bankers' acceptance	60,797	61,028
Term loans	51	761
	<u>68,962</u>	<u>65,698</u>
Secured		
Bank overdraft	2,399	5,727
Bankers' acceptance	7,645	8,979
Trust receipts	1,126	-
Term loans	8,778	2,957
Finance lease liabilities	270	203
	<u>20,218</u>	<u>17,866</u>
	<u>89,180</u>	<u>83,564</u>
<u>Non – current</u>		
Unsecured		
Term loans	-	2,045
Secured		
Term loans	7,599	10,659
Finance lease liabilities	499	410
	<u>8,098</u>	<u>11,069</u>
	<u>8,098</u>	<u>13,114</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia ("MYR")	95,462	96,124
Singapore Dollar ("SGD")	690	554
Hong Kong Dollar ("HKD")	1,126	-
	<u>97,278</u>	<u>96,678</u>

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

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

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26. Material Litigation

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

27. Proposed Dividend

The Board recommends a first and final dividend of 2.0 sen per share amounting to RM2,593,360 in respect of the financial year ended 31 May 2014, which is subject to the approval of the shareholders of the Company 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>12 months ended</u>	
	<u>31.05.14</u>	<u>31.05.13</u>	<u>31.05.14</u>	<u>31.05.13</u>
Net profit for the period attributable to owners of the Company (RM'000)	(1,721)	(1,958)	2,791	3,627
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic earnings per share (sen)	<u>(1.33)</u>	<u>(1.51)</u>	<u>2.15</u>	<u>2.80</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 as referred to in Note 7(a).

(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. (Loss)/ Profit for the period

(Loss) / Profit for the period has been arrived at:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31.05.14</u>	<u>31.05.13</u>	<u>31.05.14</u>	<u>31.05.13</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
After charging:-				
Depreciation & amortization	1,225	1,267	4,825	4,608
Inventories written down	1,606	127	2,800	127
Inventories written off	-	638	-	638
Bad debts written off	1,612	9	1,785	440
Impairment loss on receivables	2,116	-	2,881	62
Plant & equipment written off	453	-	453	94

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29. (Loss)/ Profit for the period (con't)

(Loss)/ Profit for the period has been arrived at:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31.05.14</u>	<u>31.05.13</u>	<u>31.05.14</u>	<u>31.05.13</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
After crediting:				
Gain on disposal of non-current assets held for sale	-	-	-	1,638
Gain on disposal of plant & equipment	31	-	31	23
Net (loss) / gain on foreign exchange	400	(170)	178	-
Government grants	142	39	437	39

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 31 July 2014.

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary
Date: 31 July 2014