THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. (Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus). If you have sold or transferred all your ordinary shares in Pensonic Holdings Berhad (300426-P) ("PHB" or "the Company"), you should at once hand this AP together with the NPA and the RSF ("collectively referred to as "**Documents**"), to the agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Warrants to the Share Registrar, Plantation Agencies Sdn. Bhd., (2603-D), 3rd Floor, Standard Chartered Bank Chambers, Lebuh Pantai, 10300 Penang.

These Documents relating to the Rights Issue of Warrants are only despatched to the shareholders whose names appear in the Record of Depositors at 5.00 p.m. on 20 December 2013 at their registered address in Malaysia or who have provided the Share Registrar with a registered address in Malaysia in writing by 20 December 2013. These Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Warrants and these Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and other professional advisers as to whether the acceptance, renunciation, sale or transfer of the Provisional Rights Warrants (as the case may be) would result in the contravention of any laws of such countries or jurisdictions. Neither PHB nor Inter-Pacific Securities Sdn Bhd (12738-U) ("IPS") shall accept any responsibility or liability in the event that acceptance, renunciation, sale or transfer of the Provisional Rights Warrants (as the case may be) made by the Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) (if applicable) are residents.

A copy of this AP has been registered with the Securities Commission Malaysia ("SC"). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of these Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents.

Approval for the Rights Issue of Warrants was obtained from the shareholders at the Extraordinary General Meeting held on 28 October 2013. Approval has also been obtained from Bursa Securities vide its letter dated 24 September 2013 for the admission of the Rights Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Warrants and the new PHB Shares to be issued upon exercise of the Rights Warrants on the Main Market of Bursa Securities. The admission of the Rights Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Warrants and the new PHB Shares to be issued upon exercise of the Rights Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System Accounts of Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. The admission of the Rights Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Warrants and the new PHB Shares to be issued upon exercise of the Rights Warrants are in no way reflective of the merits of the Rights Issue of Warrants.

The directors of the company have seen and approved all the documentation relating to the Rights Issue of Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false and misleading statements or other facts which, if omitted, would make the statements in these documents false and misleading.

IPS, being the Adviser and Underwriter for the Rights Issue of Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS AP.

PENSONIC
Your Enjoyment

PENSONIC HOLDINGS BERHAD
(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 64,834,000 WARRANTS IN PHB ("RIGHTS WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS WARRANT ON THE BASIS OF ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) ORDINARY SHARES OF RM0.50 EACH HELD AS AT 5.00 P.M. ON 20 DECEMBER 2013

Adviser and Underwriter

INTER-PACIFIC SECURITIES SDN. BHD.
(12738-U)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Friday, 20 December 2013 at 5.00 p.m.
LAST DATE AND TIME FOR:		
Sale of the provisional allotment of rights	:	Monday, 30 December 2013 at 5.00 p.m.
Transfer of the provisional allotment of rights	:	Friday, 3 January 2014 at 4.00 p.m.
Acceptance and payment	:	Wednesday, 8 January 2014 at 5.00 p.m.#
Excess Right Warrants application and payment	:	Wednesday, 8 January 2014 at 5.00 p.m.#

Or such later date and time as the Directors may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 20 December 2013

THE SC AND BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE CORPORATION AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS /INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

In this AP, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

"Act"	:	The Companies Act, 1965 as amended from time to time including any re-enactment thereof
"Abridged Prospectus" or "AP"	:	This Abridged Prospectus in relation to the Rights Issue of Warrants
"Board"	:	Board of Directors of PHB
"Bonus Issue"	:	Bonus issue of 37,048,000 new PHB Shares, on the basis of two (2) Bonus Shares for every five (5) existing ordinary shares of RM0.50 each held in PHB, which was completed on 21 November 2013
"Bonus Shares"	:	New PHB Shares issued pursuant to the Bonus Issue
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account(s)"	:	A securities account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
"Code"	:	Malaysian Code on Take-Overs and Mergers 2010, as amended from time to time and any re-enactment thereof
"CMSA"	:	Capital Markets & Services Act, 2007
"Corporate Exercises"	:	Bonus Issue and Rights Issue of Warrants, collectively
"Deed Poll"	:	The deed poll executed by PHB on 18 November 2013 constituting the Warrants
"Documents"	:	AP, NPA and RSF, collectively
"Director(s)"	:	Has the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	The shareholders of the Company whose names appear in the Record of Depositors on the Entitlement Date
"Entitlement Date"	:	5.00 p.m. on 20 December 2013, being the time and date on which the shareholders of PHB must be registered in the Record of Depositors in order to be entitled to participate in the Rights Issue of Warrants
"EPS"	:	Earnings per share
"Excess Rights Warrants"	:	Rights Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their renouncee(s)
"FPE"	:	Financial period ended
"FYE"	:	Financial year ending/ended, as the case may be

DEFINITIONS *(CONT'D)*

"Foreign Addressed Shareholders"	:	The foreign shareholders on the Entitlement Date who have not provided an address in Malaysia for the service of Documents to be issued for purposes of the Rights Issue of Warrants
"IPS" or "Underwriter"	:	Inter-Pacific Securities Sdn. Bhd. (12738-U)
"LPD"	:	21 November 2013, being the latest practicable date prior to the registration of this AP with the SC
"LBT"	:	Loss before tax
"LPS"	:	Loss per share
"M&A"	:	Memorandum and Articles of Association
"Main Market"	:	Main Market of Bursa Securities
"Market Day(s)"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MMLR"	:	Main Market Listing Requirements of Bursa Securities
"NA"	:	Net assets
"NTA"	:	Net tangible assets
"NPA"	:	Notice of provisional allotment in relation to the Rights Issue of Warrants
"PBT"	:	Profit before tax
"PHB" or the "Company"	:	Pensonic Holdings Berhad (300426-P)
"PHB Group" or "Group"	:	PHB and its subsidiary companies
"PHB Share(s)" or "Share(s)"	:	Ordinary shares of RM0.50 each in PHB
"Provisional Rights Warrants"	:	Rights Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
"Rights Issue of Warrants"	:	Renounceable rights issue of 64,834,000 Warrants at an issue price of RM0.10 per Warrant on the basis of one (1) Warrant for every two (2) PHB Shares held by the shareholders of PHB as at the Entitlement Date
"Rights Warrant(s)" or "Warrant(s)"	:	New warrants to be issued pursuant to the Rights Issue of Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights subscription form in relation to the Rights Issue of Warrants
"Rules of Bursa Depository"	:	The rules of Bursa Depository as issued pursuant to the SICDA including any amendments thereto that may be made from time to time
"SC"	:	Securities Commission of Malaysia

"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 including any amendments thereto that may be made from time to time
"TERP"	:	Theoretical ex-rights price
"VWAP"	:	Volume weighted average market price
"Undertaking Shareholders"	:	Certain shareholders of the Company, namely Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Jin, Chew Chuon Ghee, Chew Chuon Fang, Chew Weng Khak Realty Sdn Bhd and Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, who had provided their respective irrevocable written undertakings to PHB that they will subscribe in full for their entitlements under the Rights Issue of Warrants
"Underwriting Agreement"	:	The underwriting agreement dated 22 November 2013 between the Company and the Underwriter in relation to the Rights Issue of Warrants
"Underwritten Portion"	:	The remaining Rights Warrants not undertaken by the Undertaking Shareholders

All references to "**you**" and "**your**" in this AP are to the Entitled Shareholders.

Words denoting the singular number shall include the plural and vice versa, and words denoting the masculine gender shall include the feminine gender and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this AP shall be a reference to Malaysian time, unless otherwise stated.

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Company No. 300426-P

CORPORATE DIRECTORY

THE BOARD OF DIRECTORS

Name / Designation	Age	Address	Profession	Nationality
Dato' Seri Chew Weng Khak @ Chew Weng Kiak *(Executive Chairman)*	71	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Company Director	Malaysian
Chew Chuon Jin (*Chief Executive Officer)*	44	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Company Director	Malaysian
Chew Chuon Ghee *(Deputy Chief Executive Officer)*	41	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Company Director	Malaysian
Khairilanuar Bin Tun Abdul Rahman *(Independent Non-Executive Director)*	48	606, Permatang Rambai 13100 Penaga Penang	Company Director	Malaysian
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (*Non-Independent Non-Executive Director)*	58	14-N, Jalan Angsana 11500 Ayer Itam Penang	Company Director	Malaysian
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (*Independent Non-Executive Director)*	66	No. 14B Jalan Dato’ Syed Osman Idid Off Jalan Sungai Layar 08000 Sungai Petani Kedah	Company Director	Malaysian
Tahir Jalaluddin Bin Hussain (*Independent Non-Executive Director)*	50	No. 2 Pintasan Bahagia 13 11950 Bayan Baru Pulau Pinang	Company Director	Malaysian
Loh Eng Wee (*Independent Non-Executive Director)*	44	No. 2, Jalan Meranti 11200 Tanjong Bungah Pulau Pinang	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Loh Eng Wee	Chairman	Independent Non-Executive Director
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Member	Non-Independent Non-Executive Director
Khairilanuar Bin Tun Abdul Rahman	Member	Independent Non-Executive Director
Tahir Jalaluddin Bin Hussain	Member	Independent Non-Executive Director
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	Member	Independent Non-Executive Director

CORPORATE DIRECTORY *(CONT'D)*

COMPANY SECRETARY	**:**	Lee Hong Lim *(MIA No. 12949)* 11-10-07 Tingkat Paya Terubong 2 Taman Terubong Jaya 11060 Paya Terubong Pulau Pinang
REGISTERED OFFICE	**:**	87, Muntri Street 10200 Penang Tel : +604-2638 100/200 Fax: +604-2638 500
HEAD / MANAGEMENT OFFICE	**:**	Pensonic Holdings Berhad Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang Tel : +604-507 0393 Fax: +604-507 3825 Website : www.pensonic.com
SHARE REGISTRAR	**:**	Plantation Agencies Sdn. Bhd. (2603-D) 3rd Floor, Standard Chartered Bank Chambers Lebuh Pantai 10300 Penang Tel : +604-262 5333 Fax: +604-262 2018
AUDITORS AND REPORTING ACCOUNTANTS	**:**	KPMG (AF 0758) Chartered Accountants Level 18, Hunza Tower 163 E, Jalan Kelawei 10250 Penang Tel : +604-238 2288 Fax: +604 238 2222
SOLICITORS FOR THE RIGHTS ISSUE OF WARRANTS	**:**	Zaid Ibrahim & Co Advocates & Solicitors 51-22-B & C, Menara BHL Jalan Sultan Ahmad Shah 10050 Penang Tel : +604-227 0888 Fax: +604-228 6755
PRINCIPAL BANKER	**:**	Malayan Banking Berhad Suite 9-03, 9th Floor Plaza MWE Lebuh Farquhar 10200 Penang Tel : +604-261 1663 Fax: +604-261 1644
ADVISER AND UNDERWRITER	**:**	Inter-Pacific Securities Sdn. Bhd. (12738-U) West Wing, Level 13, Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel : +603-2117 1888 Fax: +603-2144 4910
STOCK EXCHANGE LISTING	**:**	Main Market of Bursa Securities

PENSONIC Your Enjoyment

PENSONIC HOLDINGS BERHAD
(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:
87, Muntri Street
10200 Penang

20 December 2013

Board of Directors

Dato' Seri Chew Weng Khak @ Chew Weng Kiak *(Executive Chairman)*
Chew Chuon Jin *(Chief Executive Officer)*
Chew Chuon Ghee *(Deputy Chief Executive Officer)*
Khairilanuar Bin Tun Abdul Rahman *(Independent Non-Executive Director)*
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai *(Non- Independent Non-Executive Director)*
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Independent Non-Executive Director)*
Tahir Jalaluddin Bin Hussain *(Independent Non-Executive Director)*
Loh Eng Wee *(Independent Non-Executive Director)*

To: The Shareholders of PHB

Dear Sirs/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 64,834,000 RIGHTS WARRANTS IN PHB AT AN ISSUE PRICE OF RM0.10 PER RIGHTS WARRANT ON THE BASIS OF ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) ORDINARY SHARES OF RM0.50 EACH HELD AS AT 5.00 P.M. ON 20 DECEMBER 2013

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1. INTRODUCTION

On 10 July 2013, IPS had on behalf of the Board announced that the Company is proposing to undertake the following:-

(i) a bonus issue of 37,048,000 new PHB Shares to be credited as fully paid-up on the basis of two (2) Bonus Shares for every five (5) existing ordinary shares of RM0.50 each held in PHB; and

(ii) a renounceable rights issue of 64,834,000 warrants in PHB at an indicative issue price of RM0.10 per Rights Warrant on the basis of one (1) Rights Warrant for every two (2) PHB Shares held by the shareholders of PHB after the proposed bonus issue.

On 26 September 2013, IPS had on behalf of the Board announced that Bursa Securities had vide its letter dated 24 September 2013, approved the following:-

(i) listing of 37,048,000 new PHB Shares to be issued pursuant to the Bonus Issue on the Main Market;

(ii) admission to the Official List of Bursa Securities and the listing and quotation of 64,834,000 Rights Warrants to be issued pursuant to the Rights Issue of Warrants on the Main Market; and

(iii) listing of 64,834,000 new PHB Shares to be issued pursuant to the exercise of the Rights Warrants on the Main Market, subject to, *inter-alia*, the following conditions:

	Conditions imposed	Status of compliance
(1)	PHB and IPS must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Bonus Issue and Rights Issue of Warrants;	To be complied
(2)	PHB and IPS to inform Bursa Securities upon completion of the Bonus Issue and Rights Issue of Warrants;	To be complied
(3)	PHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Bonus Issue and Rights Issue of Warrants are completed; and	To be complied
(4)	Payment of additional listing fees pertaining to the exercise of the Warrants. In this respect, PHB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The Board is pleased to inform you that at the EGM held on 28 October 2013, the shareholders of PHB had approved inter-alia, the Rights Issue of Warrants. A certified true extract of the ordinary resolution approving the Rights Issue of Warrants at the aforesaid EGM is set out in Appendix I of this AP.

On 4 November 2013, IPS on behalf of the Board, announced that the issue price of the Rights Warrants and exercise price of the Rights Warrants have been fixed at RM0.10 and RM0.60, respectively.

On 21 November 2013, the Bonus Issue was completed with the listing of 37,048,000 Bonus Shares on the Main Market of Bursa Securities.

On 6 December 2013, IPS on behalf of the Board, announced that the Entitlement Date for the Rights Issue of Warrants has been fixed at 5.00 p.m. on 20 December 2013.

The admission of the Rights Warrants to the Official List of Bursa Securities and the listing and quotation of the Rights Warrants and the new PHB Shares to be issued upon exercise of the Rights Warrants will commence after, among others, the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained in this AP in connection with the Rights Issue of Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or IPS.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. RIGHTS ISSUE OF WARRANTS

2.1 Details of the Rights Issue of Warrants

In accordance with the terms of the Rights Issue of Warrants as approved by the relevant authorities and the shareholders of PHB, and subject to the terms of this AP and the accompanying documents, the Company shall provisionally allot 64,834,000 Rights Warrants to the Entitled Shareholders on the basis of one (1) Rights Warrant for every two (2) existing PHB Shares held as at the Entitlement Date.

The issue price for the Rights Warrants of RM0.10 each is payable in full upon acceptance.

As Entitled Shareholders, you will find enclosed with this AP, a NPA setting out the number of Rights Warrants for which you are entitled to subscribe for under the terms of the Rights Issue of Warrants and a RSF, which is to be used for the acceptance of your Provisional Rights Warrants.

In determining the Entitled Shareholders' entitlements to the Rights Warrants under the Rights Issue of Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit or expedient or in the best interests of the Company.

The entitlements for the Rights Warrants are renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Warrants in full or in part.

The Rights Warrants which are not taken up or not validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). The Board intends to allot the Excess Rights Warrants in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis to the Entitled Shareholders who have applied for the Excess Rights Warrants, calculated based on the quantum of their respective Excess Rights Warrants application; and

(iv) finally, on a pro-rata basis to the renouncee(s) who have applied for the Excess Rights Warrant, calculated based on the quantum of the Excess Rights Warrants applied for.

The Board reserves the right to allot any Excess Rights Warrants applied for under Part I (B) of the RSF in such manner as they in their absolute discretion deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 2.1 (i)-(iv) of this Abridged Prospectus are achieved. The Board also reserves the right not to accept or to accept any application for Excess Rights Warrants, in full or in part.

The Rights Issue of Warrants is not undertaken on a minimum subscription basis.

The Rights Warrants will, upon allotment and issue, be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renouncee(s) who have successfully subscribed for such Rights Warrants. No physical share certificate or warrant certificate will be issued to the Entitled Shareholders and/or their renouncee(s) for the Rights Warrants nor will any physical share certificate for the new PHB Shares to be issued upon exercise of the Rights Warrants.

2.2 Basis of determining the issue price and exercise price of the Rights Warrants

The issue price of the Rights Warrants is fixed at RM0.10 per Rights Warrant. The issue price is determined at the discretion of the Board after taking into consideration, inter-alia, the Rights Warrants being issued for a nominal consideration, the Company's financial performance as well as the future prospects and continuous growth of the Company.

The exercise price of the Rights Warrants is fixed at RM0.60 per Warrant, after taking into account:

(a) the 5-day VWAP of the PHB Shares up to 1 November 2013 of RM0.7773, being the last trading day preceding the price fixing date;

(b) the prevailing improving market sentiments at the point of fixing the exercise price of the Rights Warrants. The FBM KLCI Index rose from 1,645.30 points as at 1 January 2013 to 1,770.27 points as at 1 November 2013, being the last trading day preceding the price-fixing date; and

(c) the par value of the PHB Shares of RM0.50.

The exercise price of the Rights Warrants of RM0.60 is a premium of approximately 8.07% to the theoretical ex-bonus price of PHB Shares of RM0.5552 based on the five (5)-day VWAP of PHB Shares up to the last trading day preceding the price fixing date of RM0.7773.

2.3 Ranking of the new PHB Shares arising from exercise of the Rights Warrants

The holders of the Rights Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in PHB until and unless such holders of the Rights Warrants exercise their Rights Warrants to subscribe for new PHB Shares.

The new PHB Shares to be issued pursuant to the exercise of the Rights Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing PHB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the new PHB Shares to be issued pursuant to the exercise of the Rights Warrants.

2.4 Salient terms of the Rights Warrants

The principal terms of the Rights Warrants to be issued pursuant to the Rights Issue of Warrants are set out as follows:-

Issuer	:	PHB
Number of Warrants	:	64,834,000 Warrants to be issued in conjunction with the Rights Issue of Warrants to the Entitled Shareholders on the basis of one (1) Warrant for every two (2) PHB Shares held by the Entitled Shareholders.
Form and denomination	:	The Warrants will be issued in registered form and constituted by a Deed Poll.
Issue price of Warrants	:	The Warrants are to be issued at an issue price of RM0.10 per Warrant on the basis of one (1) Warrant for every two (2) PHB Shares held by the Entitled Shareholders.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants will be in 100 units, unless otherwise revised by the relevant authorities.
Listing	:	Bursa Securities has approved vide its letter dated 24 September 2013 for the admission of the Warrants to the Official List of Bursa Securities, and for the listing and quotation of the Warrants and the new PHB Shares to be issued upon the exercise of the Warrants.
Tenure of Warrants	:	Ten (10) years from the date of issuance of the Warrants.
Exercise Price	:	The exercise price of the Warrants has been fixed at RM0.60. The Exercise Price may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

Exercise Period	:	The Warrants shall be exercisable at any time within the period commencing on, and inclusive of, the date of issue of the Warrants and ending on the date preceding the tenth (10th) anniversary of the date of issue of the Warrants, or if such date is not a market day, then it shall be the market day immediately preceding the said non-market day, but excluding the five (5) clear market days prior to a books closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors and/or the Warrants Register is or are closed. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	:	The registered holder of the Warrants shall pay by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia for the Exercise Price when subscribing for new PHB Shares.
Exercise Rights	:	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new PHB Share at the Exercise Price, subject to adjustments in accordance with the provisions for the Deed Poll.
Rights of the Warrants	:	The Warrants holders are not entitled to any dividends, rights, allotments and/or other distributions in the Company that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the new PHB Shares upon the exercise of the Warrants. The Warrants holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrants holders exercise their Warrants into new PHB Shares.
Ranking of new PHB Shares to be issued arising from the exercise of the Warrants	:	The new PHB Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing PHB Shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new PHB Shares.
Rights in the event of winding up, liquidation, compromise and/or arrangement	:	If a resolution is passed for a members' voluntary winding up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:- (a) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrants holder (or some persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrants holders; and (b) in any other case, every Warrants holder shall be entitled upon and subject to the conditions set out in the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or the granting of the court order approving the winding-up, compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant Exercise Price to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights to the extent specified in the exercise form(s) and had on such date been the

holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Exercise Rights which have not been exercised within six (6) weeks of the passing of such resolution or the granting of the court order approving the winding-up, compromise or arrangement, shall lapse and the Warrants will cease to be valid for any purpose.

Transferability	:	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Deed Poll	:	The Warrants will be constituted by the Deed Poll.
Adjustments to Exercise Price and/or number of Warrants	:	The Exercise Price and number of Warrants in issue may be adjusted from time to time in accordance with the provisions of the Deed Poll
Governing law	:	The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

2.5 Shareholders' Undertakings and Underwriting

Certain substantial shareholders and certain shareholders have given irrevocable written undertakings that they will subscribe in full for their respective entitlements under the Rights Issue of Warrants as at the Entitlement Date.

The Undertaking Shareholders who have provided undertakings have respectively confirmed and IPS has verified, to the extent possible, that they have sufficient financial resources to take up the number of Warrants as specified in their respective undertakings. Details of the undertakings are as follows:-

Undertaking Shareholders	**Shareholdings as at the LPD**		**No. of Warrants to be subscribed for based on the entitlement under the Rights Issue of Warrants**	
	No. of PHB Shares	**%**	**No. of Warrants**	**%**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	20,454,000	15.77	10,227,000	15.77
Chew Chuon Jin	9,941,400	7.67	4,970,700	7.67
Chew Chuon Ghee	4,004,000	3.09	2,002,000	3.09
Chew Chuon Fang	2,100,000	1.62	1,050,000	1.62
Chew Weng Khak Realty Sdn Bhd	21,327,824	16.45	10,663,912	16.45
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,533,685	5.04	3,266,842	5.04
	64,360,909	49.64	32,180,454	49.64

Underwriting has been arranged for all the remaining Warrants to be issued which are not subject to the undertakings. The underwriting arrangement for the Underwritten Portion has been finalised and an Underwriting Agreement has been entered into. As a result of the abovementioned undertakings and the underwriting, the Rights Issue of Warrants will be undertaken on full subscription basis.

There will not be any immediate implication under the Code as the Warrants are not voting shares until they are exercised.

Depending on the level of subscription and the number of Warrants which are exercised in the future, in the event that any of its substantial shareholders triggers an obligation to undertake a mandatory offer under the Code pursuant to the exercise of Warrants, a separate announcement will be made. Consequently, an application to the SC may be made on behalf of the aforesaid substantial shareholder as well as parties acting in concert for an exemption to undertake the mandatory offer under paragraph 16.1 of Practice Note 9 of the Code.

2.6 Other corporate exercises

The Board has confirmed that as at the LPD, save for the Rights Issue of Warrants, the Company does not have any other corporate proposals which have been approved by the authorities that are pending completion.

3. RATIONALE FOR THE RIGHTS ISSUE OF WARRANTS

The Company is undertaking the Rights Issue of Warrants primarily to allow equal participation by the shareholders of PHB in raising funds for the purposes set out in Section 4 of this AP and reducing the strain on its cashflow after taking into consideration the following advantages and benefits attributable to both the Company and its shareholders:-

(i) the issuance of the Warrants will not result in an immediate dilution effect on the EPS of the Group, which would otherwise arise from a full issue of PHB Shares;

(ii) upon exercise of the Warrants, the Rights Issue of Warrants will enable the Company to raise additional funds to finance PHB Group’s working capital and to repay the Group's bank borrowings;

(iii) an opportunity for the shareholders of PHB to maintain their equity participation in the Company upon conversion of the Warrants into PHB Shares; and

(iv) any conversion of the Warrants will further strengthen the Company’s capital base and hence improve its gearing level as well as to potentially increase the liquidity of PHB Shares.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Warrant, the gross proceeds of RM6,483,400 will be raised from the Rights Issue of Warrants (excluding any proceeds from any exercise of Warrants) and the expected utilisation of the proceeds is as follows:-

	Notes	Gross proceeds received	Expected timeframe for utilisation of proceeds from date of listing of the Rights Warrants
		RM'000	
Working capital	(i)	5,883	Within twelve (12) months
Estimated expenses pursuant to the Corporate Exercises	(ii)	600	Within three (3) months
Total gross proceeds to be raised		6,483	

Notes:-

(i) The Company intends to utilise the gross proceeds arising from the issuance of the Warrants to meet its working capital requirements, mainly to as follows:

		Estimated amount (RM'000)
(a)	finance its purchases of raw materials such as motors and plastic parts	1,500
(b)	purchases of trading products	4,383

The Group proposes to utilise part of the proceeds of approximately RM1.5 million to finance the purchase of raw materials such as motors and plastic parts for the manufacturing of its own PENSONIC brand range of electrical appliances and its Original Design Manufacturer ("ODM") customers' electrical appliances and products.

The Group purchases finished products from its Original Equipment Manufacturer ("OEM") for its own brand of products which it has outsourced and also products that it has distributorship rights. Other than PENSONIC, the Group also currently distributes three (3) other of its own brands of electric appliances, i.e. LEBENSSTIL KOLLEKTION, CORNELL and 310 KELVIN and distributes other brands such as GE APPLIANCES of USA, PRINCESS of Netherlands, GAGGIA MILANO of Italy and INDESIT of Italy. The distributorship for INDESIT was obtained in March 2013. The Group intends to utilise part of the proceeds of approximately RM4.4 million for the purchases of these trading products.

The Group designs and develops new products. New products launched in 2013 are such as the PENSONIC new fan, the new PENSONIC PAPA BLEND nutri blender and a new series of LEBENSSTIL KOLLEKTION premium built-in kitchen appliances. The Group expects that with the recent introduction of these new products that it manufactures and distributes, revenue will increase together with its intended expansion of its global distribution networks into overseas markets such as Vietnam, Myanmar, Indonesia, Sri Lanka and countries in the Middle-East. In view thereof, the Group expects production, outsourcing and purchase of trading stocks will increase and additional working capital will be required to support the expected increase in these business activities.

(ii) An estimated RM600,000 will be utilised to defray expenses (comprising professional fees, fees payable to the relevant authorities, expenses in convening the EGM, printing, despatch and advertising expenses and other miscellaneous charges) relating to the Corporate Exercises. If the actual expenses are higher than budgeted, the deficit will be funded from the portion allocated for working capital. Conversely, any surplus following utilisation for expenses will be channelled to the Group's working capital requirements.

Any proceeds arising from any exercise of the Warrants in the future are dependent on the total number of the Warrants exercised during the tenure of the Warrants. Such proceeds to be raised from the exercise of Warrants, if any, will also be utilised as working capital and repayment of bank borrowings of PHB Group. The breakdown of utilisation of proceeds from the exercise of Warrants, if any, between working capital and repayment of bank borrowings, which is yet to be determined at this juncture, shall depend on the scale of PHB Group's operations and future plans over the tenure of the Warrants.

Based on the exercise price of RM0.60 per Warrant, the Company will raise gross proceeds of up to RM38.90 million assuming full exercise of the Warrants.

5. RISK FACTORS

In addition to the other information in this AP, you should carefully consider the following risk factors (which may not be exhaustive) before subscribing for or investing in the Warrants:

5.1 Risk relating to the Rights Issue of Warrants

(i) Capital market risk

The performance of the local bourse is influenced by external factors such as the performance of the regional and world bourses, flows of foreign funds and prices of certain commodities. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country, interest rates, foreign exchange policies as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of the Warrants. No assurance can be given that the market price of the Warrants upon or subsequent to listing of the Warrants will be at a level that meets the specific investment objectives of any holder of the Warrants. Notwithstanding this, it should be noted that the financial performance of PHB is not dependent on and has no direct correlation with the performance of the local as well as other bourses.

(ii) Investment risk

The market price of PHB Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of PHB Shares, the outlook of electronic and electrical ("E&E") sector, changes in regulatory requirements or market conditions, the financial performance and fluctuations in the Group's operating results and revenue levels, announcements of developments relating to the Group's business, potential payments of dividends and disposal of a significant number of PHB Shares in the open market. As at the LPD, the last transacted share price of PHB Shares was RM0.54 while the issue price of the Warrants has been fixed at RM0.60 per Warrant. Shareholders should be aware of the risk of capital loss should they subscribe for and exercise the Warrants at a premium to the market price. Shareholders are advised to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser for investment advice in relation to the Rights Issue of Warrants.

On the other hand, the market price of the Warrants may be influenced by, amongst others, the market price of PHB Shares, the remaining exercise period of the Warrants and the volatility of PHB Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants.

As the Warrants are new securities to be issued by the Company, there can be no assurance that an active market for the Warrants will develop upon the listing of the Warrants on the Main Market of Bursa Securities, or if developed, will be sustained.

(iii) Delay in or failure of the Rights Issue of Warrants

There may be a delay in or abortion of the listing of the Warrants on the occurrence of, amongst others, the following events:-

(a) force majeure events or circumstances including acts of government, acts of God (including the occurrence of a tsunami and/or earthquakes and/or volcanic eruptions), acts of terrorism, strikes, national disorder, declaration of a state of emergency or diseases, which are beyond the control of our Company, arising prior to the completion of the Rights Issue of Warrants; or

(b) the Undertaking Shareholders who have given the Undertakings fail to or do not fulfil their obligations pursuant to the Undertakings.

Although we will endeavour to secure the listing of the Warrants and ensure that the Group complies with the relevant MMLR for the successful listing of the Warrants, there can be no assurance that the above events will not occur and cause a delay in or abortion of the listing of the Warrants. If the listing of the Warrants does not take place, all monies paid in respect of all applications will be returned in full without any interest and if such monies are not repaid within 14 days after we become liable, we will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

(iv) Written irrevocable undertaking by Undertaking Shareholders

Pursuant to the Rights Issue of Warrants, the Company has procured written irrevocable undertakings from the Undertaking Shareholders, to subscribe in full for their respective entitlements to the Rights Warrants in respect of their direct shareholdings in the Company. As at the LPD, the aggregate shareholdings of the Undertaking Shareholders represent 49.64% of the total issued and paid-up capital of the Company.

Shareholders should be aware that the ability of the Undertaking Shareholders to fulfil their Undertakings would inevitably be subject to their financial capabilities. There can be no assurance that the Undertaking Shareholders will be able to fulfil their Undertakings. Any non-fulfilment may jeopardise the successful implementation of the Rights Issue of Warrants.

However, the Board is of the view that this risk is mitigated to a certain extent as the Undertaking Shareholders have provided written confirmation that they have sufficient financial resources to subscribe in full for their entitlements under the Rights Issue of Warrants.

(v) Termination of Underwriting Agreement

The underwriting agreement dated 22 November 2013 relating to the Rights Issue of Warrants allows for the Underwriter to terminate the Underwriting Agreement if the Underwriter is of the reasonable opinion that the success of the Rights Issue of Warrants is likely to be materially and adversely affected by certain events.

No assurance can be given that the Underwriter will not terminate the Underwriting Agreement if in the reasonable opinion of the Underwriter that these certain events occur. In such situation where the Rights Issue of Warrants could not be completed, all monies paid in respect of all applications will be returned.

5.2 Risk relating to the consumer electronics industry

(i) Technological advances and changes in market demands

The consumer electronics end-market is characterised by technological advances, intense competition, frequent introduction of new products and consumer demand for greater functionality, lower costs and better performance. The Group constantly seeks out new products and develop new solutions to maintain its products portfolio. It is expected that customers' demands for improvements in product performance to increase, as such the Group will continue to improve its design solutions and develop new solutions to remain competitive and grow its business.

(ii) Seasonal / cyclical demand

Demand for consumer electronics are seasonal and often in connection with declines in general economic conditions. The demand for consumer electronics peaks for a period prior to festive seasons and taper off to lower demand. The impact of slowing end-customer demand may be compounded by higher than normal levels of equipment and inventories among our customers and our customers' adjustments in their order levels, which may result in increased pricing pressure.

The stagnation or reduction in overall demand for consumer electronics would materially affect the Group's results of operations and financial condition.

5.3 Risk relating to the Group

(i) Business risk

The principal business activities of the Company as set out in Section 2 of Appendix II of this AP are subject to certain risks inherent in the consumer electronics industry. These risks include but are not limited to supply of labour and raw materials, changes in costs of labour and raw materials, changes in general economics, business and credit conditions, changes in government policies and regulations.

The Group seeks to manage and/or limit these risks through, amongst others, having prudent management policies and expansion to both domestic and regional markets. However, there can be no assurance that any changes to these factors will not have a material adverse effect on the business and operations of the Group.

(ii) Financial risks

The Group's total outstanding interest-bearing borrowings as at FYE 31 May 2013 amounted to approximately RM94.18 million. Any increase in interest rates will increase the burden of the Group with respect to interest payments on the borrowings depending on the total outstanding borrowings as at this point of time. The Board seeks to reduce the interest-bearing borrowings by utilising the proceeds to be raised from the exercise of Warrants, if any, to pare down the Group's total outstanding interest-bearing borrowings.

(iii) Foreign exchange risks

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily U.S. Dollar and Hong Kong Dollar. There is no assurance that fluctuations in currency will not be detrimental to the Group. However, for the export sales, as the purchase of raw materials and sales is denominated in USD, this will provide a natural hedging to the Group.

(iv) Cost escalation

Cost escalation from acquiring raw material, processes, labour and equipment is another concern, resulting in rising overall cost of production. In this respect, the Group hopes to minimise the impact with economies of scale gained through its expanding network of suppliers and increase in expertise. However, there can be no assurance that the expanding network of suppliers will contribute to immediate economies of scale to the Group.

(v) Political, economic and regulatory risks

The developments in political, economic and regulatory conditions in Malaysia and other countries where the Group has a business presence could materially affect the business and financial prospects of the Group. The risks include the changes in interest rates, methods of taxation, currency exchange rules and controls, inflation, introduction of new regulations, civil unrest, expropriation and riots. Whilst the Group continues to take measures to mitigate these risks including close monitoring of the Government's master plan in respect of long-term economic and development policies so that the Group can stay ahead as well as capitalise on any regulatory changes in the industry in which the Group operates, there is no assurance that the adverse political, economic and regulatory conditions will not materially affect the Group.

(vi) Competition

The Group faces competition from various competitors which include other private and public listed companies. Players in the industry compete on the basis of product pricing, range of products, marketing strength and financial backing. The Group is one of the key players in the electronic industry and the "Pensonic" brand is one of the leading local brand. To maintain its current market share as one of the leading local manufacturer, the Group places strong emphasis and efforts to develop new and innovative products at competitive prices and also emphasis to increase the overseas market share through engaging new business partner or mergers and acquisitions strategy. There is no assurance given that the Company can maintain the current market share.

(vii) Emergency risks and security and system disruptions

Every business faces the risk of losses arising from emergencies such as breakout of fire, energy crisis, flood and other natural disasters. The Group has taken note of such risks and has taken the necessary precautions to reduce such risks by having proper emergency systems and carrying out periodical review on its security and maintenance. The Group has in place a system of educating its employees in fire safety. Further, every business is generally exposed to security and system disruptions. Security risks would include entry to premises and other areas by unauthorised persons, while system disruptions can be a result of water and power failure, as well as, breakdown in computer systems.

The Group has taken several steps in order to mitigate these risks, including among others, hiring of security personnel and installation of security systems, frequent checks of machineries and other equipments as well as, installation of generators to support machineries and operations areas. In the event that the Group is affected by the abovementioned factors, the financial performance and operations of the Group may be adversely affected. While the Group has taken appropriate insurance cover to mitigate these risks and the operations of the Group have not experienced such events in the past, there can no assurance that this will not happen in the future.

(viii) Dependence on key personnel

The success of the Group is believed to depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. To a certain extent, the loss of any key Directors and key members of the senior management may adversely affect the Group’s continued ability to compete effectively in the industry concerned. In addition, the Group’s future success will also depend upon its ability to attract and retained skilled personnel. Therefore, appropriate measures are taken which include the provision of on-going training programmes and the offering of attractive remuneration packages as well as grooming talents for succession. In addition, the Group's future success will also depend upon the ability to attract and retain skilled personnel within the Group.

5.4 Forward-looking statements

Certain information in the AP is based on the historical experience of the Group and may not be reflective of future results. Whilst these information may be forward-looking, the subjective contingencies and inherent uncertainties underlying these information should be carefully considered by investors and should not be regarded as a representation or warranty by the Company and its advisers that the objectives and future plans of the Group will be achieved.

Further, and save as required by law or relevant rules and regulations, none of the Directors and the advisers are under any obligation to update any forward looking statements included in this AP, or to publicly announce any revision to those forward looking statements for any reason, even if new information becomes available or other events occur in the future.

6. INDUSTRY OVERVIEW AND PROSPECTS OF THE GROUP

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy recorded a stronger growth of 5.0% in the third quarter (2Q 2013: 4.4%). Domestic demand remained the key driver of growth, expanding by 8.3% (2Q 2013: 7.4%), while exports turned around to grow by 1.7% (2Q 2013: -5.2%). On the supply side, most major sectors expanded further in the third quarter, supported by the continued strength in domestic demand and the improvement in trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy expanded by 1.7% (2Q 2013: 1.4%).

Private consumption expanded by 8.2% (2Q 2013: 7.2%), supported by sustained employment conditions and wage growth. Growth in public consumption moderated in the third quarter to 7.8% (2Q 2013: 11.8%), reflecting mainly lower Government spending on supplies and services.

Growth in gross fixed capital formation improved to 8.6% (2Q 2013: 6.0%), underpinned by capital spending in the private sector. Private investment grew by 15.2% (2Q 2013: 12.7%), driven by capital spending in the services and manufacturing sectors as well as the on-going implementation of projects in the oil and gas sector. Meanwhile, public investment growth improved but remained weak at -1.3% (2Q 2013: -6.4%). Public investment was driven mainly by public enterprises investing in the transportation, oil and gas and utilities sectors.

On the supply side, growth in most economic sectors improved in the third quarter. The services and manufacturing sectors expanded further, supported by domestic demand and the improvement in trade activity. Growth of the agriculture sector was higher, supported mainly by the production of food crops, while the moderation in growth of the mining sector reflected the lower production of natural gas and crude oil. In the construction sector, growth was sustained, driven mainly by the residential sub-sector. Growth was further supported by the non-residential and civil engineering sub-sectors.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), was higher at 2.2% in the third quarter (2Q 2013: 1.8%). The increase was mainly attributed to higher inflation in the transport and food and non-alcoholic beverages categories.

For the Malaysian economy, the gradual recovery in the external sector will support growth. Domestic demand from the private sector will remain supportive of economic activity amid the continued consolidation of the public sector. The economy is therefore expected to remain on its steady growth trajectory.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2013, Bank Negara Malaysia)

The Malaysian economy registered a moderate growth of 4.3% in the second quarter of 2013 (1Q 2013: 4.1%), which was clearly below the trend and potential output growth, following sharp contraction in the external sector and weakening private consumption. On the contrary, public consumption resumed its double digit growth in the second quarter of 2013, boosted by higher spending on emoluments of civil servants and on supplies and services. Private investment, which has been decelerating since the peak of 25.6% in the second quarter of 2012, improved moderately by 12.7% (1Q 2013: 10.8%), providing the required support for continued expansion in aggregate domestic demand. However, public investment contracted by 6.4%, on the back of largely lower Federal Government development expenditure. While lower Federal development spending would somehow helps in fiscal consolidation process, continued cutback in development spending will definitely affect the stock of productive assets of the economy, resulting in cost overruns and higher maintenance costs in the medium and long-term. The brunt of reduction in expenditure should be borne more by discretionary and "non-essentials" spending under operating expenditure, avoiding to a large extent wastages, over-spending, and weak expenditure control and management. The so-called "locked-in" expenditures also need to be carefully reviewed and assessed so that the society get greater value for money in public expenditure and budgeting. Of significance, debt management requires greater focus for long term fiscal sustainability, as nominal stock of outstanding public debt represents net present value of future surpluses, which would otherwise fall back on taxpayers or in the worst case scenario government bondholders, of which foreign creditors presently represent a significant proportion. Fiscal prudence, accountability and transparency are the attributes of good management of public finances, not only in the minds of foreign creditors, but more importantly society as a whole.

Although global growth remains weak and forecasts have been downgraded for 2013, there are now emerging signs that the world economy is getting stronger, especially in major advanced economies. Growth in the United States is forecast to climb higher to 2.6% in 2014 (2013: 1.6%), while growth in the euro area will be in positive territory, expanding by 1.0% in 2014, after two consecutive years in recession. Growth in emerging market and developing economies is also expected to improve in 2014, with India and ASEAN-5 registering growth of 5.1% and 5.4%, respectively. Nonetheless, growth in China continues to decelerate, but at 7.3% in 2014, it is still a respectable growth, providing support for other emerging market and developing economies, including Malaysia. As a whole, global growth is projected higher at 3.6% in 2014 (2013: 2.9%), which is 0.6 percentage point above global long-term potential output growth of approximately 3% per annum, indicating stronger world economy next year.

While market volatilities as experienced in the past few months have receded, the political standoff in the US on discretionary public spending, deadline on debt ceiling and the US Fed tapering of its quantitative easing (QE) remain as potential risks. The end of US QE could result in tightening of global financial conditions, affecting the emerging market and developing economies. While on the economic front, US house prices are on the rise and property market is improving, US output gap remains in the negative territory and unemployment rate is well above their minimum target of 6.5%, indicating that downside risks are diminishing at least temporarily. Nonetheless, the prospect of monetary tightening in key advanced economies and weakening economic fundamentals on domestic front require that these downside risks need to be managed carefully. Malaysia needs to be extra vigilant, minimizing potential downside risks to growth and employment, while adopting new plans and strategies to avoid financial instability, especially with a likelihood of rising interest rates and continuing volatility in the financial asset markets.

More importantly, headline inflation is creeping up, rising persistently from the lowest of 1.2% in December 2012 to 1.9% in August 2013, attributed mainly to higher food and energy prices. Core inflation is also rearing its ugly head, moving up to slightly above 1%, indicating that demand pull-inflation is flexing its muscle, especially with enhanced inflation expectations and sustained disposable incomes. Cost push factors are also playing their part with significant markup in costs, triggered by fuel subsidy adjustments in early September and continued rising world crude oil prices. While selective price controls, price standardization through subsidies and strong enforcement during the festive seasons helped to dampen price increases, inflationary pressures are clearly on the rise. Despite that, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.0% at its Monetary Policy Committee Meeting on 5 September 2013, representing a record 14th straight meeting since July 2011. While the move is in line with the need to support growth of the economy, concrete measures for short-term stabilization are urgently required, as depreciating ringgit and weakening terms of trade affect domestic consumer prices and inflation. Moreover, the flat OPR has been there for so long and growth is expected to improve in the second half of 2013 and further strengthened in 2014.

The results of Malaysian Institute of Economic Research ("MIER")'s third quarter Consumer Sentiments Survey and Business Conditions Survey show that consumer and business confidence indices move in tandem, reflecting some synchronization in consumer and business sentiments. The third quarter 2013 Consumer Sentiments Index (CSI) declined by 7.7 points quarter-on-quarter to settle lower at 102.0 points, the lowest since the first quarter 2009. The Business Conditions Index (BCI), which gained strongly by 21.6 points to settle above the 100-point threshold at 114.2 points in the second quarter of 2013, has also declined in the third quarter of 2013 to settle at 98.6 points, extending its earlier downtrend. With both indices currently hovering about the 100-point threshold, MIER broadly conclude that consumers remain cautious in their spending and that business confidence is generally weak in the third quarter of 2013.

Taking into account the weak growth performance in the first half of 2013, and emerging weakness in MIER's CSI, especially private spending and generally weak performance of Malaysia's other key macroeconomic indicators, domestic demand is expected to moderate slightly in 2013. While domestic demand will continue powering growth of the Malaysian economy, improving external demand and a slightly better performance of private investment will help to ensure that 2013 Budget's growth estimate at 4.5 - 5.5% will be met. MIER is maintaining their 2013 growth forecast of previously 4.8% for 2013, taking into account factors such as rising inflation and prospect of higher interest rate, amid improving global market environment. Growth outlook for 2014 is projected to be between 5.0 - 5.5%, on account of expected fiscal strategies and measures to rein in budget deficit, generally tight financial conditions and enhanced downside risks. Fiscal policy manoeuvring requires strong "political will" to deal with not only fiscal deficit, but also other tough politico-economic issues, such as income inequality and growing disparities across state and race in Malaysia, among other things.

(Source: Malaysian Economic Outlook Third Quarter 2013, MIER)

6.2 Overview and prospects on the consumer electronics industry

The sharp rise in investments in high value-add sector such as medical devices, biotechnology and the services sector is offsetting the gradual decline of investments into labour-intensive industries. As Malaysia moves towards becoming a high income nation, its share of investments in high value-added activities and knowledge industries will rise while investments in lower-value activities such as assembly and basic manufacturing will fall. This is a strong indicator of the country’s economic prosperity as it comes to be measured by the health and wealth of the community rather than its GDP.

Today, multinational corporations in the E&E sector are concentrating on expanding their research and development (“R&D”) capabilities in Malaysia, creating higher income jobs from higher value-added activities. Malaysian companies are following suit and are developing their competencies in research, design and development to support the MNC activities. A total of 112 E&E projects with investments of RM3.9 billion were approved in 2012, most of which came from foreign investors (RM3.2 billion or 82.1%) while domestic investments made up the rest (RM734.6 million or 17.9%). The major sources of foreign investments were United States of America (“USA”) (industrial electronics and consumer electronics), Japan (electronic components and electrical products) and Canada (electronic components).

In 2012, a total of 31 projects were approved in the electronic components sub-sector with investments of RM1 billion, while a total of eight projects were approved in the consumer electronics sub-sector with investments of RM768.7 million. The industrial electronics sub-sector attracted a total of 18 projects with approved investments of RM325.3 million.

In the electrical sub-sector, investments in 2012 amounted to RM1.8 billion with 55 projects contributing 46.1 per cent of the total approved investments in the E&E industry. The sub-sector was driven largely by foreign approved investments of RM1.3 billion (72.2%). The sub-sector encompasses three segments – industrial goods, consumer goods and electrical components – and the approved projects are expected to generate 4,463 employment opportunities.

(Source: Malaysia Investment Performance 2012, Malaysian Investment Development Authority)

On the supply side, growth in 2013 is expected to be broad-based supported by expansion in all sectors of the economy. Of significance, external trade-related industries are envisaged to benefit from stronger global growth, particularly during the second half of 2013. The services and manufacturing sectors are expected to contribute 4.2 percentage points to the gross domestic product growth. Growth in the manufacturing sector is expected to strengthen in tandem with the recovery in E&E demand from the USA and euro area. The services sector is expected to benefit from the recovery in external trade-related activities while strong domestic economic activity will provide further impetus for wholesale and retail trade, and financial activities to grow.

Value-added of the manufacturing sector is expected to grow 4.9% (2012: 4.2%). Export oriented-industries are expected to benefit from the higher growth of global trade, while domestic-oriented industries expand in line with the better consumer sentiment and business confidence. The E&E subsector is expected to grow further driven by higher demand for electronic equipment and parts as well as semiconductors in line with the economic recovery in advanced economies. The resource-based industries are envisaged to grow steadily attributed to improved demand for petroleum, chemical, rubber and plastic products. With better job prospects and higher disposable income, the transportation equipment subsector, in particular, the passenger car segment is expected to expand. In addition, strong construction activities with continued expansion in the housing sector and civil engineering activities will augur well for the iron and steel as well as cement segments.

Malaysia's external position is expected to remain strong in tandem with improved prospects for the global economy in 2013, coupled with the expansion in global trade and investment activities. The balance of payments position is projected to remain favourable with the current account continuing to record a higher surplus to RM71.9 billion or 7.3% of gross national income (2012: RM68.5 billion; 7.5%). The surplus in the goods account is projected to expand to RM126.5 billion (2012: RM128.8 billion). In 2013, exports are estimated to grow 3.9% (2012:2.4%) supported by higher commodity exports and improving global E&E demand. In line with increased domestic activity as well as to meet increased inputs for the manufacturing sector, imports are projected to grow at a faster rate of 5.2% (2012: 6.5%).

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

6.3 Prospects of PHB Group

The principal activities of our Company is investment holding whilst its subsidiaries and associated companies are principally involved in the manufacturing, assembling, marketing, sales and distribution of electrical and electronic home appliances; trading and service of parts for electrical and electronic appliances; and plastics injection and moulding.

The Group's manufacturing facilities in Penang manufacture its own brand of products such as Pensonic and Cornell as well as original equipment manufacturer ("OEM") and original design manufacturer ("ODM") products for leading international electrical appliance brands which are distributed by the Group's distribution companies in various parts of the world namely Malaysia, Singapore, Brunei and Hong Kong.

Following the Economic Transformation Programme ("ETP") announced by the Government of Malaysia on 25 September 2010, the Group has taken the lead to establish a Manufacturing Hub and International Distribution Network of Electrical Home Appliances ("EHA") which seeks to leverage Malaysia's position as the base for several local home appliance manufacturers by strengthening their international distribution network. The Government of Malaysia has also given certain incentives and grants to assist the Group's expansion plan under the ETP which the Group intends to implement its growth strategies by:

(i) *Setting up of a new headquarter with design and development centre cum international distribution hub*. The Group has always looked into the R&D segment to increase its products range and provide consumers with quality products at affordable prices. The new headquarter will be located on a piece of land measuring about 1.85 acres and will be fitted out with a better-equipped R&D centre to act as a centralised centre to develop innovative, eco-friendly and energy-saving household appliances with comparable quality to other foreign brands at affordable pricing and to control the international distribution activities of the Group. The new headquarter is scheduled to commence operation by year 2014. The Group will continue to carry out R&D activities to increase its products range and/or to develop innovative higher profit margin products. It is the intention of the Group not to compete with competitors that manufacture and/or sell low margin products.

(ii) *Expansion into overseas market. Presently, export sales accounted for 26% of the Group's total rev*enue for the FYE 31 May 2013. Going forward, the Group will focus on the global market rather than limiting only to a few markets around the local region. In recent years, the Group has moved into developing countries in the ASEAN region, Asia and Middle-East such as Vietnam, Myanmar, Sri Lanka, Indonesia and countries in Middle-East. These developing countries offer significant growth and expansion opportunities with their increasing demand for new appliances as a result of rapid economic growth and continuous growth in housing, factory and infrastructure construction. The Group will continue to explore potential expansion plans and engaging new business partners to maintain strong branding and presence in these geographical locations.

(iii) *Creating a multi-brand platform, diversification via mergers and acquisitions.* Presently, the Group adopts a multi-brand platform to tap the full spectrum of the market for electrical home appliances to broaden its revenue base. The Group owns four (4) brands under its brand portfolio, namely PENSONIC, LEBENSSTIL KOLLEKTION, CORNELL and 310 KELVIN. Meanwhile the Group also distributes a number of products from well-known brands such as such as GE APPLIANCES of USA, PRINCESS of Netherlands, GAGGIA MILANO of Italy and INDESIT of Italy. Moving forward, the Group will be constantly seeking for mergers and acquisitions and other business partnership opportunities to penetrate the markets in ASEAN and the Middle East that will provide a synergistic effect to the overall business of the Group in terms of revenue, profitability, market channels and operational efficiencies. The Group has equipped itself with experience in merger and acquisition activities and post-acquisition consolidation following its successful integration of the CORNELL brand in 2006. As such, the Group strongly believes that it can expand its success to a greater scale.

(iv) *Sharing of brand strengths and distribution network with small and medium enterprises ("SMEs").* In order to create new revenue base, the Group also plans to share its brand strength and distribution network with other SMEs that have strong innovative products to market. Some of these new products will be developed under the Pensonic brand while others will be marketed under different brands. The ability to commercialize these innovative products in the future will provide the opportunity for higher business growth for the Group.

In view of the above and despite the challenging market in the E&E sector, the Board is optimistic that the Group will continue to improve its business results and deliver greater value to the shareholders of PHB.

7. EFFECTS OF THE RIGHTS ISSUE OF WARRANTS

For illustration purposes, the effects of the Corporate Exercises have been shown based on the following:-

(i) issued and paid-up share capital of PHB as at LPD of RM64,834,000 comprising 129,668,000 PHB Shares;

(ii) issue price of RM0.10 per Rights Warrant; and

(iii) exercise price of RM0.60 per Rights Warrant.

The effects of the Corporate Exercises on the issued share capital, earnings, NA, and gearing are as follows:-

7.1 Share Capital

	No. of Shares	Share Capital RM
Existing issued and paid-up share capital as at LPD	129,668,000	64,834,000
To be issued pursuant to the Rights Issue of Warrants	-	-
After the Issuance of Rights Warrants	**129,668,000**	**64,834,000**
To be issued assuming full exercise of the Warrants	64,834,000	32,417,000
Enlarged issued and paid-up share capital	**194,502,000**	**97,251,000**

7.2 Earnings and EPS

The consolidated EPS of PHB is expected to be diluted as a result of the increase in the number of PHB Shares in issue pursuant to the Bonus Issue.

The Rights Issue of Warrants is not expected to have an immediate material effect on the earnings and EPS of the Company until such time when the Warrants are exercised. The potential effect of the exercise of the Warrants on the future earnings and EPS of the Company will depend upon, amongst others, the number of Warrants exercised at any point in time.

Although the EPS shall be correspondingly diluted as a result of the increase in the number of PHB Shares upon exercise of the Warrants pursuant to the Rights Issue of the Warrants, the Rights Issue of Warrants is expected to contribute positively to the Company’s earnings thereafter through the utilisation of the proceeds for working capital purposes. The level of return to be generated from the utilisation of proceeds raised from the exercise of Warrants would determine the eventual impact of the dilution.

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7.3 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effects of the Corporate Exercises on the shareholdings of the substantial shareholders as at LPD in PHB are as follows:-

	Existing shareholdings as at the LPD				(I) After Rights Issue of Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	20,454,000	15.77	38,213,224 *(i)*	29.48	20,454,000	15.77	38,213,224 *(i)*	29.48
Chew Weng Khak Realty Sdn. Bhd.	21,327,824	16.45	-	-	21,327,824	16.45	-	-
Chew Chuon Jin	9,941,400	7.67	21,344,624 *(ii)*	16.46	9,941,400	7.67	21,344,624 *(ii)*	16.46
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,533,685	5.04	1,500,800 *(iii)*	1.16	6,533,685	5.04	1,500,800 *(iii)*	1.16

	(II) After (I) and assuming full exercise of the Warrants *(iv)*			
	Direct		Indirect	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	30,681,000	15.77	57,319,836 *(i)*	29.48
Chew Weng Khak Realty Sdn. Bhd.	31,991,736	16.45	-	-
Chew Chuon Jin	14,912,100	7.67	32,016,936 *(ii)*	16.46
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	9,800,527	5.04	2,251,200 *(iii)*	1.16

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Notes:-

(i) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and sons as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Datin Seri Tan Ah Nya @ Tan Bee Tiang (Wife)	840,000	0.65	1,260,000	0.65
Chew Chuon Jin (Son)	9,941,400	7.67	14,912,100	7.67
Chew Chuon Ghee (Son)	4,004,000	3.09	6,006,000	3.09
Chew Chuon Fang (Son)	2,100,000	1.62	3,150,000	1.62

(ii) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Tan Guat See (Wife)	16,800	0.01	25,200	0.01

(iii) Deemed interested by virtue of his interest in Tan Khoon Hai Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and daughter as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Puan Sri Datin Seri Chan Mei Cheng (Wife)	821,660	0.63	1,232,490	0.63
Tan Hui Lun (Daughter)	673,540	0.52	1,010,310	0.52
Tan Khoon Hai Sdn Bhd	5,600	0.004	8,400	0.004

(iv) Assuming all Shareholders take up their entitlements under the Rights Issue of Warrants and fully exercise their Warrants.

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7.4 NA and gearing

Based on the latest audited consolidated statement of financial position of PHB as at 31 May 2013 and on the assumption that the Corporate Exercises had been effected on that date, the proforma effects of the Corporate Exercises on the Company's consolidated NA per share and gearing are as follows:-

	Audited as at 31 May 2013 RM'000	(I) After adjustment pursuant to the Bonus Issue RM'000	(II) After (I) and assuming After the Rights Issue of Warrants RM'000	(III) After (II) and assuming full exercise of the Warrants RM'000
Share capital	46,310	64,834	64,834	97,251
Share premium	21,361	2,837	2,837	15,804[iii]
Translation reserve	393	393	393	393
Capital reserve	4,488	4,488	4,488	4,488
Retained earnings	15,381	15,381	14,781[i]	14,781
Warrants reserve	-	-	6,483 [ii]	-
Shareholders' funds/NA	**87,933**	**87,933**	**93,816**	**132,717**
No. of shares	92,620	129,668	129,668	194,502
NA per share (RM)	0.95	0.68	0.72	0.68
Total borrowings (RM'000)	96,678	96,678	96,678	96,678
Gearing ratio (times)	1.10	1.10	1.03	0.73

Notes:-

(i) After deducting estimated expenses of RM600,000 incurred in relation to the Bonus Issue and Rights Issue of Warrants;

(ii) Computed based on the issue price of the Warrants of RM0.10 per Warrant; and

(iii) Computed based on the exercise price of RM0.60 per Warrant and the transfer of RM6.483 million from the warrants reserve.

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7.5 Dividends

For the FYE 31 May 2012, the Company paid a dividend of 1.75 sen per PHB Share less tax of 25%. For the FYE 31 May 2013, PHB has proposed a first and final dividend of 1.75 sen per PHB Share less tax of 25%, which were approved by PHB's shareholders' at the annual general meeting held on 27 November 2013. The Corporate Exercises are not expected to have any material impact on the policy of the Board in recommending dividends, if any, to shareholders of PHB.

The level of dividends to be declared for future financial years would be determined by the Board after taking into consideration the performance, cash flow position and financial requirements of PHB Group as well as prevailing economic conditions.

7.6 Convertible securities

As at the LPD, the Company does not have any existing convertible securities.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

The Board is of the opinion that, after taking into account the proceeds to be raised from the Rights Issue of Warrants, funds to be generated from its operations and the banking facilities currently available, the Group would have adequate working capital for a period of twelve (12) months from the date of issue of this AP.

8.2 Borrowings

As at 30 November 2013, the Group's total outstanding borrowings (all of which are interest bearing) are as set out below:

	Borrowings		
	Current RM'000	**Non-Current RM'000**	**Total RM'000**
Unsecured			
Bank overdraft	6,561	-	6,561
Bankers' acceptance	74,962	-	74,962
Term loans	2,536	50	2,586
Secured			
Bank overdraft	5,067	-	5,067
Bankers' acceptance	2,735	-	2,735
Term loans	2,134	11,333	13,467
Finance lease liabilities	100	411	511
Total	94,095	11,794	105,889

The range of interest rates for the above interest bearing borrowings are between 2.46% to 8.35% per annum. As at 30 November 2013, the Group's total outstanding borrowings are denominated in RM.

As at 30 November 2013, the Group has RM2.50 million of non-interest bearing borrowings.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past FYE 31 May 2013 and the subsequent financial period up to 30 November 2013.

8.3 Contingent liabilities

As at the LPD, the contingent liabilities of PHB is as follows:-

	RM'000
Corporate guarantees given by PHB to:-	
Certain subsidiaries of the Company	156,909
	156,909

8.4 Material commitments

As at the LPD, the material commitment consists of capital expenditure contracted but not provided for property, plant and equipment amounting to RM15,952,212.

9. SHAREHOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENTS

9.1 Shareholders' undertaking

Undertaking Shareholders, holding in aggregate directly 64,360,909 PHB Shares representing approximately 49.64% of the total issued and paid-up capital of the Company as at the LPD, have provided undertakings to subscribe in full their entitlements under the Rights Issue of Warrants as follows:-

Undertaking Shareholders	Shareholdings as at the LPD		No. of Warrants to be subscribed for based on the entitlement under the Rights Issue of Warrants	
	No. of PHB Shares	%	No. of Warrants	%
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	20,454,000	15.77	10,227,000	15.77
Chew Chuon Jin	9,941,400	7.67	4,970,700	7.67
Chew Chuon Ghee	4,004,000	3.09	2,002,000	3.09
Chew Chuon Fang	2,100,000	1.62	1,050,000	1.62
Chew Weng Khak Realty Sdn Bhd	21,327,824	16.45	10,663,912	16.45
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,533,685	5.04	3,266,842	5.04
	64,360,909	49.64	32,180,454	49.64

The Undertaking Shareholders have provided written confirmation that they have sufficient financial resources to subscribe in full for their entitlements under the Rights Issue of Warrants. The said confirmations have been verified by IPS. Based on the above undertakings by the Undertaking Shareholders, there will be no take-over implications pursuant to Part II of the Code.

9.2 Underwriting arrangement

On 22 November 2013, the Underwriter and the Company have entered into an underwriting agreement, whereby the Underwriter has agreed to underwrite 32,653,546 Rights Warrants, representing approximately 50.36% of the total Rights Warrants to be issued under the Rights Issue of Warrants ("**Underwritten Warrants**").

The Underwriter has agreed to underwrite the Underwritten Warrants that are not taken up or duly applied for by 5.00 p.m. on 8 January 2014.

The underwriting commission of 2.0% of the total value of the Underwritten Warrants based on an issue price of RM0.10 per Underwritten Warrant will be payable by the Company to the Underwriter, subject to the terms of the said Underwriting Agreement.

10. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Rights Warrants into your CDS Account and the RSF to enable you to subscribe for such Rights Warrants that you have been provisionally allotted as well as to apply for Excess Rights Warrants if you choose to do so. This AP and the RSF are also available on Bursa Securities' website (www.bursamalaysia.com).

FULL PROCEDURES FOR THE ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS RIGHTS WARRANTS APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE RSF AND NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

10.1 Acceptance and payment

If you wish to accept your entitlement to the Provisional Rights Warrants provisionally allotted to you either in full or in part, please complete Parts I (A) and II of the RSF in accordance with the notes and instructions contained herein. Acceptance which does not strictly conform to the terms of this AP or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of the Board.

Each completed and signed RSF together with the appropriate remittance(s) for the full amount payable in respect of the amount of Rights Warrants accepted must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelope provided, to the Share Registrar at the following address, entirely at your own risk:

Plantation Agencies Sdn. Bhd. (2603-D)
3rd Floor, Standard Chartered Bank Chambers
Lebuh Pantai
10300 Penang

Tel : +604-262 5333
Fax: +604-262 2018

so as to arrive not later than **5.00 p.m**. on **8 January 2013**, being the last date and time for acceptance and payment, or such later date and time as the Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reasons require another copy of RSF, you may obtain additional copies of the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Share Registrar at the address stated above or the Registered Office at the following address:

87, Muntri Street
10200 Penang
Tel : +604-263 8100
Fax: +604-263 8500

Only one (1) RSF can be used for acceptance of the Provisional Rights Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the Provisional Rights Warrants standing to the credit of more than one (1) CDS Account. If successful, the Rights Warrants accepted by you will be credited into the respective CDS Accounts where the Provisional Rights Warrants are standing to the credit.

If you do not wish to accept the Provisional Rights Warrants in full, you are entitled to accept part of your entitlement to the Provisional Rights Warrants. The minimum number of the Provisional Rights Warrants that can be accepted is one (1) Rights Warrant. You should take note that a trading board lot comprises 100 Rights Warrants.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Warrants accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**PHB RIGHTS WARRANTS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment and other than in the manner stated in this AP may be rejected at the absolute discretion of the Board.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS WARRANTS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS WARRANTS SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

If the acceptance and payment for the Provisional Rights Warrants allotted to you (whether in full or part) are not received by the Share Registrar by **5.00 p.m.** on **8 January 2013**, being the last day and time for acceptance and payment, or such extended day and time as may be determined and announced by the Board, the said provisional allotment to you will be deemed to have been declined and will be cancelled. Such Rights Warrants not taken up shall first be made available for application for Excess Rights Warrants in the manner as set out in Section 10.3 of this AP and if undersubscribed, any remaining Rights Warrants will be taken up by the Underwriter.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS WARRANTS.

10.2 Sale/transfer of Provisional Rights Warrants

As an Entitled Shareholder, you may wish to sell or transfer all or part of your entitlement to the Provisional Rights Warrants to one (1) or more than one (1) person immediately through your stockbroker(s) without first having to request for a split of the Provisional Rights Warrants standing to the credit of your CDS Account(s).

To sell/transfer all or part of your entitlement to the Provisional Rights Warrants, you may sell such entitlement on the open market or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Warrants.

Purchaser(s) of the Provisional Rights Warrants may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

If you have sold/transferred only part of your entitlement to the Provisional Rights Warrants, you may still accept the balance of your entitlement to the Provisional Rights Warrants by completing Parts I and II of the RSF and forwarding the RSF together with the appropriate remittance for the full amount payable for the balance of the Rights Warrants accepted to PHB Shares Registrar in accordance with the instructions as set out in Section 10.1 of this AP.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

10.3 Application for Excess Rights Warrants

If you wish to apply for additional Rights Warrants in excess of those provisionally allotted to you, you may do so by completing Part I (B) of the RSF (in addition to Parts I (A) and II of the RSF) and forwarding the RSF, together with a separate remittance for the full amount payable in respect of the Excess Rights Warrants applied for to the Share Registrar so as to arrive not later than **5.00 p.m**. on **8 January 2013**, being the last date and time for the application and payment, or such later date and time as the Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Warrants applied for shall be made in the same manner described in Section 10.1 of this AP except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be payable to "**PHB EXCESS RIGHTS WARRANTS ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment and other than in the manner stated in this AP may be rejected at the absolute discretion of the Board.

The Board intends to allot the Excess Rights Warrants in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis to the Entitled Shareholders who have applied for the Excess Rights Warrants, calculated based on the quantum of their respective Excess Rights Warrants application; and

(iv) finally, on a pro-rata basis to the renouncee(s) who have applied for the Excess Rights Warrant, calculated based on the quantum of the Excess Rights Warrants applied for.

The Board reserves the right to allot any Excess Rights Warrants applied for under Part I (B) of the RSF in such manner as they in their absolute discretion deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 2.1 (i)-(iv) of this Abridged Prospectus are achieved. The Board also reserves the right not to accept or to accept any application for Excess Rights Warrants, in full or in part.

NO ACKNOWLEDGEMENT WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE EXCESS RIGHTS WARRANTS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE EXCESS RIGHTS WARRANTS SHALL BE CREDITED INTO YOUR CDS ACCOUNT AND NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS STATED IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS WARRANTS.

10.4 Acceptance by renouncees

As a renouncee, the procedures for acceptance, selling/transferring of the Provisional Rights Warrants, applying for the Excess Rights Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.1 to 10.3 of this AP.

Renouncee may obtain a copy of this AP and the RSF from all Malaysian stockbroking companies, Bursa Securities' website (www.bursamalaysia.com), the Registered Office or the Share Registrar.

10.5 Foreign Addressed Shareholders

These Documents are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be registered under applicable securities legislation of any overseas jurisdiction. Accordingly, the Rights Issue of Warrants will not be offered for subscription in any country other than Malaysia.

Therefore these Documents relating to the Rights Issue of Warrants will not be sent to foreign shareholders who have not provided an address in Malaysia for the service of documents as at the Entitlement Date. The foreign shareholders may, prior to the Entitlement Date, provide an address in Malaysia for service of documents to their respective stockbrokers as well as the Company's Registrar to effect the change of address. Alternatively, such foreign shareholders may collect these Documents from the Share Registrar, in which event, the Share Registrar shall be entitled to request for such evidence (i.e. identification or authorisation documents) as it may deem necessary to satisfy itself as to the identity and authority of the person collecting these Documents.

Shareholders of the Company may only exercise their rights in respect of the Rights Issue of Warrants to the extent that it would be lawful to do so, and the Company and/or advisers would not, in connection with the Rights Issue of Warrants, be in breach of the laws of any jurisdiction that the shareholders of the Company might be subject to. The shareholders of the Company shall be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and a participation by shareholders of the Company in the Rights Issue of Warrants shall be on the basis of a warranty by the shareholders that they may lawfully participate without the Company and/or advisers being in breach of the laws of any jurisdiction.

The Foreign Addressed Shareholders and/or their renouncee(s) who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Warrants pursuant to the Rights Issue of Warrants under the laws and jurisdiction to which they are subject to, will have no claim whatsoever against the Company and/or advisers in respect of their rights entitlements or any net proceeds arising from the Rights Issue of Warrants.

Neither the Company and/or advisers shall accept any responsibility or liability in the event that any acceptance of Foreign Addressed Shareholders and/or their renouncee(s) of their rights in respect of the Rights Issue of Warrants is or shall become illegal, unenforceable, voidable or void.

By signing any of the RSF accompanying this AP, foreign Entitled Shareholders and/or their renouncee(s) are deemed to have represented, acknowledged and declared in favour of (and which representation, acknowledgements and declarations will be relied upon by) the parties (or if it is a broker-dealer or custodian acting on behalf of its customer, such customer has confirmed to it that so represented, acknowledged and declared in respect of itself) that:

(i) the parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Warrants, be in breach of the laws of any countries or jurisdictions to which that the foreign Entitled Shareholders and/or their renouncee(s) are or may be subject to;

(ii) foreign Entitled Shareholders and/or their renouncee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) foreign Entitled Shareholders and/or their renouncee(s) are not a nominee or agent of a person in respect of whom the parties would, by acting on the acceptance or renunciation, be in breach of the laws of any countries or jurisdictions to which that person is or may be subject to;

(iv) foreign Entitled Shareholders and/or their renouncee(s) are aware that the Provisional Rights Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any way in accordance with all applicable laws in Malaysia;

(v) foreign Entitled Shareholders and/or their renouncee(s) have respectively received a copy of the Documents and had access to such financial and other information and have been provided with the opportunity to pose such questions to the representatives of the parties and receive answers thereto as they deem necessary in connection with their decision to subscribe or purchase the Rights Warrants; and

(vi) foreign Entitled Shareholders and/or their renouncee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Warrants.

However, the Company reserves the right, in its absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Provisional Rights Warrants relating to any acceptance with is treated as invalid will be included in the pool of Excess Rights Warrants available for Excess Rights Warrants application by Entitled Shareholders and/or their renouncee(s).

11. TERMS AND CONDITIONS

The Rights Issue of Warrants is governed by the terms and conditions set out in the Documents.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
PENSONIC HOLDINGS BERHAD

Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Executive Chairman

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APPENDIX I – CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION APPROVING THE RIGHTS ISSUE OF WARRANTS AT THE EGM HELD ON 28 OCTOBER 2013

PENSONIC HOLDINGS BERHAD
(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF PENSONIC HOLDINGS BERHAD HELD AT PLOT 98, PERUSAHAAN MAJU 8, BUKIT TENGAH INDUSTRIAL PARK, 13600 PRAI, PENANG ON MONDAY, 28TH DAY OF OCTOBER 2013 AT 10.30 A.M.

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 64,834,000 WARRANTS IN PHB ("WARRANT(S)") AT AN INDICATIVE ISSUE PRICE OF RM0.10 PER WARRANT ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) PHB SHARES HELD BY THE SHAREHOLDERS OF PHB AFTER THE PROPOSED BONUS ISSUE ("PROPOSED RIGHTS ISSUE OF WARRANTS")

"**THAT**, subject to the approvals of the relevant authorities and parties (where required) being obtained, the Board be and is hereby authorised to provisionally allot by way of a renounceable rights issue of 64,834,000 Warrants at an indicative issue price of RM0.10 for each Warrant and payable in cash upon acceptance to the shareholders of the Company whose name appear in the Record of Depositors of the Company at 5.00 p.m. on an entitlement date to be determined by the Board ("Entitlement Date") ("Entitled Shareholders"), on the basis of one (1) Warrant for every two (2) existing PHB Shares held at an exercise price per Warrant to be determined and announced by the Board at a price-fixing date which shall be before the Entitlement Date after taking into consideration, inter-alia, the five (5)-day volume weighted average market price of the PHB Shares immediately preceding the price-fixing date, the market demand for the PHB Shares, the then prevailing market conditions and the par value of the PHB Shares provided that the exercise price per Warrant shall not, in any case, be lower than the par value of PHB Shares of RM0.50 ("Exercise Price");

THAT any Warrant which are not taken up or validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess applications in such manner as the Board shall determine at its absolute discretion;

THAT the Warrants shall be allotted and issued in registered form on the basis that, subject to any adjustments to the subscription rights attached to the Warrants under the provisions of the deed poll constituting the Warrants ("Deed Poll") to be executed by the Company, each Warrant entitles its holder to subscribe for one (1) new PHB Share at the Exercise Price during its prescribed exercise period;

THAT the Warrants and new PHB Shares to be issued upon exercise of the Warrants shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT the proceeds of the Proposed Rights Issue of Warrants be utilised for the purposes as set out in the Circular to Shareholders of our Company dated 11 October 2013, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby empowered and authorised to:-

(a) deal with any fractional entitlements that may arise from the Proposed Rights Issue of Warrants in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient and in the best interest of our Company;

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PENSONIC HOLDINGS BERHAD
(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

(b) allot and issue such number of additional Warrants pursuant to the adjustments under the Deed Poll ("Additional Warrants") and determine the Exercise Price accordingly with the power to adjust from time to time the Exercise Price in accordance with the terms of the Deed Poll and/or the par value of the new PHB Shares to which the holder(s) of the Warrants are entitled to subscribe as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations, and/or amendments as may be imposed/required/permitted by Bursa Securities and any other relevant authorities or parties or otherwise;

(c) allot and issue such appropriate number of new PHB Shares, credited as fully paid-up, to the holders of the Warrants arising from the exercise of the Warrants and the Additional Warrants and all new PHB Shares to be issued upon exercise of the Warrants and the Additional Warrants shall, upon allotment and issue, be of the same class and rank pari passu in all respects with the then existing PHB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the Entitlement Date of which is prior to the date of allotment of the new PHB Shares arising from the exercise of the Warrants;

(d) enter into the Deed Poll with full powers to assent to any condition, modification, revaluation, variation and/or amendments (if any) as the Board may deem fit, necessary and/or expedient or as may be imposed by the relevant authorities and to take all steps as it may consider necessary or expedient in order to implement, finalise and give full effect to the Deed Poll subject to all provisions and adjustments contained therein; and

(e) do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of our Company all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue of Warrants with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue of Warrants as the Board may deem fit, necessary and/or expedient in the interest of our Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue of Warrants;

THAT no offer document pertaining to the Proposed Rights Issue of Warrants shall be issued or sent to foreign shareholders of the Company on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue of Warrants;

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(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Warrants and new PHB Shares to be issued pursuant to or in connection with the Proposed Rights Issue of Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue of Warrants as well as the Additional Warrants to be issued pursuant to the adjustments in accordance with the provisions of the Deed Poll."

CONFIRMED CORRECT

....
LEE HONG LIM
Company Secretary

Penang
Dated this: 28th October 2013

APPENDIX II – INFORMATION ON THE COMPANY

1. HISTORY OF THE BUSINESS

PHB was incorporated in Malaysia under the Companies Act, 1965 on 16 May 1994 as a private limited company under the name Pensonic Holdings Sdn. Bhd. It was converted into a public limited company on 18 July 1994 and assumed its present name. PHB was listed on the then Second Board of the Kuala Lumpur Stock Exchange on 18 December 1995 and is classified under the Main Market of Bursa Securities with effect from 3 August 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of its subsidiaries consists of manufacturing, assembling, sales and distribution of electrical and electronic home appliances which are detailed in Section 6 of this Appendix.

3. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

(a) Share capital

As at the LPD, the authorised and issued and paid-up share capital of the Company is as follows:

	Number of PHB Shares	Par Value RM	Amount RM
Authorised	200,000,000	0.50	100,000,000
Issued and paid-up	129,668,000	0.50	64,834,000

(b) Changes in the Company's share capital

Save as disclosed below, there are no changes in the authorised, issued and paid-up share capital of the Company for the past three (3) years up to the LPD.

Date of allotment	No. of PHB Shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
20/11/2013	37,048,000	0.50	Bonus Issue (2:5)	64,834,000

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4. SUBSTANTIAL SHAREHOLDER'S SHAREHOLDING

For illustrative purposes only and on the assumption that the Rights Issue of Warrants had been effected on the LPD and all the Entitled Shareholders subscribed in full for their respective entitlements under the Rights Issue of Warrants, the substantial shareholders' shareholdings in the Company based on the Register of Substantial Shareholders of the Company as at the LPD are as follows:

	Existing shareholdings as at LPD				**(I) After Rights Issue of Warrants**				**(II) After (I) and assuming full exercise of the Warrants**[(iv)]			
	Direct		**Indirect**		**Direct**		**Indirect**		**Direct**		**Indirect**	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	20,454,000	15.77	38,213,224[(i)]	29.48	20,454,000	15.77	38,213,224[(i)]	29.48	30,681,000	15.77	57,319,836[(i)]	29.48
Chew Weng Khak Realty Sdn. Bhd.	21,327,824	16.45	-	-	21,327,824	16.45	-	-	31,991,736	16.45	-	-
Chew Chuon Jin	9,941,400	7.67	21,344,624[(ii)]	16.46	9,941,400	7.67	21,344,624[(ii)]	16.46	14,912,100	7.67	32,016,936[(ii)]	16.46
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,533,685	5.04	1,500,800[(iii)]	1.16	6,533,685	5.04	1,500,800[(iii)]	1.16	9,800,527	5.04	2,251,200[(iii)]	1.16

Notes:-

(i) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and sons as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Datin Seri Tan Ah Nya @ Tan Bee Tiang (Wife)	840,000	0.65	1,260,000	0.65
Chew Chuon Jin (Son)	9,941,400	7.67	14,912,100	7.67
Chew Chuon Ghee (Son)	4,004,000	3.09	6,006,000	3.09
Chew Chuon Fang (Son)	2,100,000	1.62	3,150,000	1.62

(ii) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Tan Guat See (Wife)	16,800	0.01	25,200	0.01

(iii) Deemed interested by virtue of his interest in Tan Khoon Hai Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and daughter as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Puan Sri Datin Seri Chan Mei Cheng (Wife)	821,660	0.63	1,232,490	0.63
Tan Hui Lun (Daughter)	673,540	0.52	1,010,310	0.52
Tan Khoon Hai Sdn Bhd	5,600	0.004	8,400	0.004

(iv) Assuming all Shareholders take up their entitlements under the Rights Issue of Warrants and fully exercise their Warrants.

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5. DIRECTORS

(a) The particulars of the Directors of the Company as at the LPD are as follows:

Name / Designation	Age	Address	Nationality	Profession
Dato' Seri Chew Weng Khak @ Chew Weng Kiak *(Executive Chairman)*	71	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Malaysian	Company Director
Chew Chuon Jin *(Chief Executive Officer)*	44	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Malaysian	Company Director
Chew Chuon Ghee *(Deputy Chief Executive Officer)*	41	30, Puncak Bukit Mutiara Pearl Hill Tanjong Bungah 11200 Pulau Pinang	Malaysian	Company Director
Khairilanuar Bin Tun Abdul Rahman *(Independent Non-Executive Director)*	48	606, Permatang Rambai 13100 Penaga Penang	Malaysian	Company Director
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai *(Non-Independent Non-Executive Director)*	58	14-N, Jalan Angsana 11500 Ayer Itam Penang	Malaysian	Company Director
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Independent Non-Executive Director)*	66	No. 14B Jalan Dato' Syed Osman Idid Off Jalan Sungai Layar 08000 Sungai Petani Kedah	Malaysian	Company Director
Tahir Jalaluddin Bin Hussain *(Independent Non-Executive Director)*	50	No. 2 Pintasan Bahagia 13 11950 Bayan Baru Pulau Pinang	Malaysian	Company Director
Loh Eng Wee *(Independent Non-Executive Director)*	44	No. 2, Jalan Meranti 11200 Tanjong Bungah Pulau Pinang	Malaysian	Company Director

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(b) Shareholdings of the Directors of the Company

For illustrative purposes only and on the assumption that the Rights Issue of Warrants had been effected on the LPD and all the Entitled Shareholders subscribed in full their respective entitlements under the Rights Issue of Warrants, the Directors' direct and indirect shareholdings in the Company before and after the Rights Issue of Warrants based on the Register of Directors' Shareholdings of the Company as at the LPD are as follows:

	Existing shareholdings as at the LPD				**(I) After Rights Issue of Warrants**				**(II) After (I) and assuming full exercise of the Warrants[(v)]**			
Directors	**Direct**		**Indirect**		**Direct**		**Indirect**		**Direct**		**Indirect**	
	No. of Shares	%	**No. of Shares**	%	**No. of Shares**	%	**No. of Shares**	%	**No. of Shares**	%	**No. of Shares**	%
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	20,454,000	15.77	38,213,224[(i)]	29.48	20,454,000	15.77	38,213,224[(i)]	29.48	30,681,000	15.77	57,319,836[(i)]	29.48
Chew Chuon Jin	9,941,400	7.67	21,344,624[(ii)]	16.46	9,941,400	7.67	21,344,624[(ii)]	16.46	14,912,100	7.67	32,016,936[(ii)]	16.46
Chew Chuon Ghee	4,004,000	3.09	21,327,824[(iii)]	16.45	4,004,000	3.09	21,327,824[(iii)]	16.45	6,006,000	3.09	31,991,736[(iii)]	16.45
Khairilanuar Bin Tun Abdul Rahman	2	-	-	-	2	-	-	-	3	-	-	-
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,533,685	5.04	1,500,800[(iv)]	1.16	6,533,685	5.04	1,500,800[(iv)]	1.16	9,800,527	5.04	2,251,200[(iv)]	1.16
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	-	-	-	-	-	-	-	-	-	-	-	-
Tahir Jalaluddin Bin Hussain	-	-	-	-	-	-	-	-	-	-	-	-
Loh Eng Wee	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX II – INFORMATION ON THE COMPANY *(CONT'D)*

Notes:-

(i) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and sons as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Datin Seri Tan Ah Nya @ Tan Bee Tiang (Wife)	840,000	0.65	1,260,000	0.65
Chew Chuon Jin (Son)	9,941,400	7.67	14,912,100	7.67
Chew Chuon Ghee (Son)	4,004,000	3.09	6,006,000	3.09
Chew Chuon Fang (Son)	2,100,000	1.62	3,150,000	1.62

(ii) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Tan Guat See (Wife)	16,800	0.01	25,200	0.01

(iii) Deemed interested by virtue of his interest in Chew Weng Khak Realty Sdn Bhd pursuant to Section 6A of the Act.

(iv) Deemed interested by virtue of his interest in Tan Khoon Hai Sdn Bhd pursuant to Section 6A of the Act and PHB Shares held by his spouse and daughter as follows:-

	Existing and Proforma (I)		Proforma (II)	
	No. of shares	Percentage	No. of shares	Percentage
Puan Sri Datin Seri Chan Mei Cheng (Wife)	821,660	0.63	1,232,490	0.63
Tan Hui Lun (Daughter)	673,540	0.52	1,010,310	0.52
Tan Khoon Hai Sdn Bhd	5,600	0.004	8,400	0.004

(v) Assuming all Shareholders take up their entitlements under the Rights Issue of Warrants and fully exercise their Warrants.

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6. THE SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, the subsidiaries and associated companies of the Group are as follows:

Name	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest held (%)	Principal Activities
Subsidiaries of PHB				
Keat Radio Co. Sdn. Bhd.	25.04.1977 Malaysia	2,500,000	100	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Electronic Sdn. Bhd.	31.07.1986 Malaysia	200,000	100	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Industries Sdn. Bhd.	14.01.1985 Malaysia	5,000,000	100	Manufacture, assembly and sale of electrical and electronic appliances
Pensonic Sales & Service Sdn. Bhd.	04.07.1987 Malaysia	15,000,000	100	Distribution of electrical and electronic appliances
Cornell Sales & Service Sdn. Bhd.	22.01.2003 Malaysia	3,500,000	100	Distribution of electrical and electronic appliances
Amtek Marketing Services Pte. Ltd. *(i)*	25.03.2003 Singapore	1,150,000	100	Distribution of electrical and electronic appliances
Pensonic Corporation Sdn. Bhd.	23.12.1982 Malaysia	500,000	100	Provision of management services
Microtag Engineering Sdn. Bhd.	07.09.2006 Malaysia	2,000,000	51	Involved in provision of auto identification business solutions and applications deploying the use of Radio Frequency Identification (RFID) technology, and other information and telecommunication technologies to the private and public sectors.
Subsidiaries of Keat Radio Co. Sdn. Bhd.				
Pensonic Industries Sdn. Bhd.	24.05.1979 Malaysia	2,500,000	100	Dealing in electrical and electronic appliances
Pensia Plastic Industries Sdn. Bhd.	28.02.1986 Malaysia	2,000,000	100	Plastic injection and moulding
Pensonic (H.K.) Corporation Limited *(i)*	17.10.1995 Hong Kong	7,073,711	100	Trading of electrical and electronic appliances

Name	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest held (%)	Principal Activities
Pensonic Parts & Services Sdn. Bhd.	04.07.1985 Malaysia	125,000	60	Trading and service of parts for electrical and electronic appliances
Subsidiary of Pensonic (H.K.) Corporation Limited				
Pensonic Trading (Shenzhen) Co. Ltd. (i) (ii)	16.08.2006 People's Republic of China	795,600	100	Dormant
Subsidiary of Pensonic Sales & Service Sdn. Bhd.				
Kollektion Distribution Sdn. Bhd.	25.10.2002 Malaysia	100,000	100	Distribution of home appliances
Subsidiary of Kollektion Distribution Sdn. Bhd.				
Kollektion Haus (Austin) Sdn. Bhd.	05.03.2012 Malaysia	300,000	60	Distribution of home appliances
Associated companies of PHB				
Pensonic (B) Sdn. Bhd. (iii)	01.06.2006 Brunei	473,800	40	Trading of electrical and electronic appliances
Microtag System Sdn. Bhd. (iv)	07.09.2006 Malaysia	100,000	10	Dormant

Notes:-

(i) Not audited by KMPG;

(ii) The unaudited management accounts were consolidated in the Group financial statements;

(iii) Interest held through a subsidiary, Pensonic Corporation Sdn. Bhd; and

(iv) Interest held through a subsidiary, Microtag Engineering Sdn. Bhd.

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7. PROFIT AND DIVIDEND RECORD

	Audited for FYE 31 May			Unaudited three (3)-month FPE 31 August 2012	Unaudited three (3)-month FPE 31 August 2013
	2011	2012	2013		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	297,963	348,643	362,515	93,864	105,715
Gross profit	59,951	55,458	64,763	19,752	22,824
Other income	1,671	2,655	3,694	379	693
Earnings before interest, taxation, depreciation and amortisation	12,021	(3,459)	12,906	5,649	6,165
Depreciation and amortisation	(3,454)	(3,931)	(4,608)	(1,087)	(1,158)
Interest income	27	54	37	12	12
Finance costs	(3,316)	(3,792)	(4,412)	(1,103)	(1,102)
Share of profit of an associate	1	64	20	-	-
PBT/(LBT)	5,279	(11,064)	3,943	3,471	3,917
Tax expense/(income)	(2,263)	77	(381)	(4)	3
Profit/(loss) for the financial year/period	3,016	(10,987)	3,562	3,467	3,920
Profit/(loss) attributable to:					
- equity holders of PHB	3,339	(10,615)	3,627	3,395	3,886
- minority interests	(322)	(372)	(65)	72	34
EPS/(LPS) (sen)					
- Basic	3.60	(11.46)	3.92	3.67	4.20
- Diluted	3.60	(11.46)	3.92	3.67	4.20
Gross profit margin (%)	20.12	16.22	17.86	21.04	21.59
Net profit margin (%)	1.01	-	0.99	3.69	3.71

Commentary on past performance

FYE 31 May 2011

The Group recorded revenue of RM297.96 million for the FYE 31 May 2011, which represents a decrease of RM5.81 million or approximately 1.91% as compared to revenue of RM303.78 million recorded for the FYE 31 May 2010. The decrease reflects the developmental phase of the Group's strategic transformation through reorganisation, streamlining processes and re-engineering of the businesses. However, the Group recorded a slightly higher PBT of RM5.28 million for the FYE 31 May 2011 as compared to RM5.27 million recorded for the FYE 31 May 2010 which represents an increase of 0.25% year-on-year mainly due to the Group's newly implemented margin driven strategies such as cessation of the manufacturing and/or trading of certain unprofitable or loss making products, cost cutting measures and focus on the manufacturing and/or trading of higher margin products. However, its EPS decreased to 3.60 sen for the FYE 31 May 2011 from 3.61 sen for the FYE 31 May 2010.

FYE 31 May 2012

The Group recorded revenue of RM348.64 million for the FYE 31 May 2012, which represents an increase of RM50.68 million or approximately 17.01% as compared to revenue of RM297.96 million recorded for the FYE 31 May 2011. The increase was mainly attributable to the 6% increase in original design manufacturer (ODM) and original equipment manufacturer **(**OEM) sales and increased in turnover for overseas segment with growth of 9% in Asian countries and 100% in Africa and other developing countries.

However, the Group recorded LBT of RM11.06 million for the FYE 31 May 2012 as compared to PBT of RM5.28 million recorded for the FYE 31 May 2011, mainly attributed by the following:-

(i) the Group's strategic decision to focus on higher margin products, and therefore, existing low margin and non-profitable products with obsolete technology of approximately RM5.7 million were written off and written down;

(ii) measures taken by the Group to reduce its receivables collection days by re-negotiating the payment terms and repayment schedules with several long outstanding debtors resulting in recognition of impairment of receivables of approximately RM2.9 million in FYE 31 May 2012; and

(iii) increase in staff costs, costs incurred in research and development, product lines improvement and restructuring activities.

In view of (i) above, the Group had taken steps to improve its inventory control such as:-

(a) implementation of a new warehouse management system in year 2012 to improve its inventory management;

(b) inventory aging is reviewed and monitored by the General Manager and Executive Directors of PHB on a more regular monthly basis; and

(c) prompt action taken to reduce slow moving inventory such as promotional sales and bundling package sales for slow moving items.

As a result of these measures taken, the improvement in inventory for the Group during the period from FYE 31 May 2011 to the 3 months FPE 31 August 2013 are as shown below:

	Audited for FYE 31 May			**Unaudited three (3) month FPE 31 August 2013 (RM'000)**
	2011 (RM'000)	**2012 (RM'000)**	**2013 (RM'000)**	
Cost of sales	238,012	293,185	297,753	82,891
Inventory	86,154	88,861	75,060	86,031
Inventory/cost of sales	36%	30%	25%	#26%
Inventory turnover period (No. of days)	132	111	92	#95

\# Calculated based on annualised turnover for the three (3) month FPE 31 August 2013.

In order to address (ii) as mentioned above, PHB Group had implemented more stringent credit control measures such as:-

(a) for customers with overdue receivables, approval to release any sales order can only be given by the Executive Directors;

(b) outstanding receivables are reviewed and monitored by the General Manager and Executive Directors of PHB on a more regular monthly basis;

(c) credit terms are reviewed and monitored by the General Manager and Executive Directors of PHB on a more regular half yearly basis; and

(d) prompt action taken for customers with overdue receivables by issuance of demand letter to customer once their account is overdue.

As a result of these measures taken, the improvement in trade receivables for the Group during the period from FYE 31 May 2011 to the 3 months FPE 31 August 2013 are as shown below:

	Audited for FYE 31 May			**Unaudited three (3) month FPE 31 August 2013 (RM'000)**
	2011 (RM'000)	**2012 (RM'000)**	**2013 (RM'000)**	
Revenue	297,963	348,643	362,515	105,715
Trade receivables	70,840	67,515	68,332	58,021
Trade receivables/revenue	24%	19%	19%	#14%
Trade receivables turnover period (No. of days)	87	71	69	#50

\# Calculated based on annualised turnover for the three (3) month FPE 31 August 2013.

Accordingly, its LPS for the FYE 31 May 2012 was 11.46 sen as compared to EPS of 3.60 sen for the FYE 31 May 2011.

FYE 31 May 2013

The Group recorded revenue of RM362.52 million for the FYE 31 May 2013, which represents an increase of RM13.88 million or approximately 3.98% as compared to revenue of RM348.64 million recorded for the FYE 31 May 2012. The increase was mainly attributable to 4.1% growth in revenue from the business operation in Malaysia as well as growth of 3.61% or RM3.2 million of its export sales to Asian, Middle East countries and Africa countries (which accounted for 19.4%, 6.0% and 0.2% respectively of the Group's revenue) due to increasing demand for new appliances. In addition, OEM and ODM sales continued to show consistent improvement with approximately 7% growth as compared to FYE 31 May 2012. The Group recorded a PBT of RM3.94 million for the FYE 31 May 2013 as compared to a LBT of RM11.06 million recorded for the FYE 31 May 2012 mainly due to effective cost-savings measures, contribution from the new high-margin products, better product-mix and concerted efforts in selling and marketing approach. Accordingly, its EPS for the FYE 31 May 2013 was 3.92 sen as compared to LPS of 11.46 sen for the FYE 31 May 2012.

Unaudited three (3)-month FPE 31 August 2013

The Group recorded revenue of RM105.72 million for the three (3)-month FPE 31 August 2013, which represents an increase of RM11.86 million or approximately 12.6% as compared to revenue of RM93.86 million recorded in the corresponding quarter last year. The increase was mainly attributable to 8.1% growth in revenue from the business operation in Malaysia as well as substantial growth (i.e. 27.4% or RM6 million) of its export sales in Myanmar, Vietnam and Middle-East. The Group recorded a PBT of RM3.92 million for three (3)-month FPE 31 August 2013 as compared to a PBT of RM3.47 million recorded for the corresponding quarter last year, mainly due to increase in sales revenue and higher gross profit margin contributed by the better-margin products. Accordingly, its EPS for the three (3)-month FPE 31 August 2013 was 4.20 sen as compared to EPS of 3.67 sen for the corresponding quarter last year.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the PHB Shares traded on Bursa Securities for the past twelve (12) months up to November 2013 are as follows:-

	High RM	**Low RM**
2012		
December	0.505	0.452
2013		
January	0.505	0.460
February	0.500	0.460
March	0.495	0.465
April	0.535	0.465
May	0.625	0.485
June	0.565	0.485
July	0.715	0.570
August	0.690	0.630
September	0.775	0.625
October	0.790	0.680
November	0.810	0.540

Last transacted market price of PHB Shares on 9 July 2013, being the day prior to the date of announcement of the Corporate Exercises	RM0.670
The last transacted market price of PHB Shares on 21 November 2013, being the LPD prior to the issuance of this AP	RM0.540
The last transacted market price of PHB Shares on 17 December 2013, being the Market Day immediately prior to the ex-date for the Rights Issue of Warrants	RM0.540

(Source: Bloomberg)

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KPMG (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei,
10250 Penang.

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Assurance report on the compilation of pro forma consolidated statements of financial position included in the Abridged Prospectus

The Board of Directors
Pensonic Holdings Berhad
Plot 98, Perusahaan Maju 8
Bukit Tengah Industrial Park
13600 Prai
Penang

Ref PHB/RC/BIRI/17

Contact

Date : 12 December 2013

Dear Sirs

Pensonic Holdings Berhad ("PHB" or "the Company") and its subsidiaries ("PHB Group" or "the Group")
Report on the compilation of pro forma consolidated statements of financial position included in the Abridged Prospectus

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of PHB Group by the Board of Directors. The pro forma consolidated statements of financial position of PHB Group as at 31 May 2013, and related notes as attached to this report that have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position has been compiled by the Board of Directors of the Company to illustrate the impact of the Corporate Exercises (as defined below) on PHB Group's financial position as at 31 May 2013 as if the Corporate Exercises had taken place at that date. As part of this process, information about the Group's financial position have been extracted by the Board of Directors from the Company's financial statements for the year ended 31 May 2013, on which an audit report has been published.

1.1 Bonus Issue

The Bonus Issue entailed the issuance of new ordinary shares of RM0.50 each on the basis of two (2) bonus shares for every five (5) existing ordinary shares of RM0.50 each held by shareholders of PHB whose names appear in the Record of Depositors on the entitlement date as at 20 November 2013.

Based on the issued and paid-up share capital of PHB as at 31 May 2013 of RM46,310,000 comprising 92,620,000 PHB Shares, an aggregate of 37,048,000 new ordinary shares of RM0.50 each were issued pursuant to the Bonus Issue.

1.2 Rights Issue of Warrants

The Rights Issue of Warrants will entail the issuance of 64,834,000 warrants at an issue price of RM0.10 per warrant on the basis of one (1) warrant for every two (2) ordinary shares of RM0.50 each held in PHB after the Bonus Issue as defined above ("Rights Issue of Warrants"). The exercise price of the Warrants is RM0.60 per Warrant.

For illustrative purposes, the estimated expenses for the Bonus Issue and Rights Issue of Warrants will amount to approximately RM600,000.

The Bonus Issue and Rights Issue of Warrants are collectively defined as "the Corporate Exercises".

Board of Directors' Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors of the Company is responsible for the compilation of the pro forma consolidated statements of financial position on the basis as set out in the notes.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis as set out in the notes. We conducted our work in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information in a Prospectus*, issued by the Malaysian Institute of Accountants ("MIA"). This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis as set out in the note.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions made by us on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether :

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis of our opinion.

Opinion

In our opinion:

(i) the pro forma consolidated statements of financial position of PHB Group, which have been prepared by the Directors of the Company, has been properly compiled on the basis stated in the notes to the pro forma consolidated statements of financial position using financial statements prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) in Malaysia and International Financial Reporting Standards (IFRSs) and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Company; and

(ii) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing of the pro forma consolidated statements of financial position.

Other Matters

This letter is prepared at your request for the purpose of the Corporate Exercises. It is not intended to be used for any other purpose. We do not assume responsibility to any other perform for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants
Penang

Pensonic Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia)
and its subsidiaries

Attachment 1

Pro forma consolidated statements of financial position as at 31 May 2013

The pro forma consolidated statements of financial position of PHB Group, set out below are provided for illustrative purposes, only to show the effects on the audited consolidated statement of financial position of PHB Group as at 31 May 2013 had the Corporate Exercises as described in Note 1.1 and 1.2 been effected and completed on that date, and should be read in conjunction with the accompanying notes.

PHB (Group)	Notes	Audited as at 31.5.2013 RM'000	(I) After the Bonus Issue RM'000	(II) After (I) and the Rights Issue of Warrants RM'000	(III) After (I), (II) and assuming full exercise of the Warrants RM'000
Property, plant and equipment		65,475	65,475	65,475	65,475
Investment properties		506	506	506	506
Investment in associates		247	247	247	247
Intangible assets		1,025	1,025	1,025	1,025
Deferred tax assets		183	183	183	183
Total non-current assets		67,436	67,436	67,436	67,436
Inventories		75,060	75,060	75,060	75,060
Trade and other receivables		71,114	71,114	71,114	71,114
Current tax assets		1,812	1,812	1,812	1,812
Cash and cash equivalents	(a)	24,595	24,595	30,478	69,379
Total current assets		172,581	172,581	178,464	217,365
Total assets		240,017	240,017	245,900	284,801
Equity					
Share capital	(b)	46,310	64,834	64,834	97,251
Share premium	(c)	21,361	2,837	2,837	15,804
Translation reserve		393	393	393	393
Capital reserve		4,488	4,488	4,488	4,488
Retained earnings	(c)	15,381	15,381	14,781	14,781
Warrants reserve	(c)	-	-	6,483	-
Shareholders' funds		87,933	87,933	93,816	132,717
Non-controlling interests		(136)	(136)	(136)	(136)
Total equity		87,797	87,797	93,680	132,581

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Pensonic Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia)
and its subsidiaries

Attachment 1

Pro forma consolidated statements of financial position as at 31 May 2013

PHB (Group)	Notes	Audited as at 31.5.2013 RM'000	(I) After the Bonus Issue RM'000	(II) After (I) and the Rights Issue of Warrants RM'000	(III) After (I), (II) and assuming full exercise of the Warrants RM'000
Liabilities					
Loans and borrowings		13,114	13,114	13,114	13,114
Deferred tax liabilities		6	6	6	6
Total non-current liabilities		13,120	13,120	13,120	13,120
Loans and borrowings		83,564	83,564	83,564	83,564
Trade and other payables		55,536	55,536	55,536	55,536
Total current liabilities		139,100	139,100	139,100	139,100
Total liabilities		152,220	152,220	152,220	152,220
Total equity and liabilities		240,017	240,017	245,900	284,801
Number of shares		92,620	129,668	129,668	194,502
NA per Share (RM)		0.95	0.68	0.72	0.68
NTA per Share (RM)		0.94	0.67	0.72	0.68
Total borrowings (RM'000)		96,678	96,678	96,678	96,678
Gearing (times)		1.10	1.10	1.03	0.73

Pensonic Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia)
and its subsidiaries

Attachment 1

Pro forma consolidated statements of financial position as at 31 May 2013

Notes:

(a) Movements in cash and cash equivalents

	RM'000
Audited as at 31 May 2013	24,595
Bonus Issue	-
After the Bonus Issue (I)	24,595
Rights Issue of Warrants	6,483
Payment of estimated expenses	(600)
After (I) and the Rights Issue of Warrants (II)	30,478
Proceeds from exercise of the Warrants	38,901
After (I), (II) and assuming full exercise of the Warrants (III)	69,379

(b) Movements in share capital

	Amount RM'000	Number of shares '000
Ordinary shares of RM0.50 each		
Audited as at 31 May 2013	46,310	92,620
Bonus Issue	18,524	37,048
After the Bonus Issue (I)	64,834	129,668
Rights Issue of Warrants	-	-
After (I) and the Rights Issue of Warrants (II)	64,834	129,668
Issue of shares assuming full exercise of the Warrants	32,417	64,834
After (I), (II) and assuming full exercise of the Warrants (III)	97,251	194,502

Pensonic Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia)
and its subsidiaries

Attachment 1

Pro forma consolidated statements of financial position as at 31 May 2013

Notes:

(c) Movements in reserves

	Share premium RM'000	Retained earnings RM'000	Warrants reserve RM'000
Audited as at 31 May 2013	21,361	15,381	-
Bonus Issue	(18,524)	-	-
After the Bonus Issue (I)	2,837	15,381	-
Rights Issue of Warrants	-	-	6,483
Estimated expenses	-	(600)	-
After (I) and the Rights Issue of Warrants (II)	2,837	14,781	6,483
Issue of shares assuming full exercise of the Warrants	12,967 *	-	(6,483)
After (I), (II) and assuming full exercise of the Warrants (III)	15,804	14,781	-

* Computed based on the indicative exercise price of RM0.60 per Warrant and the reclassification of the warrant reserve to share premium upon the full exercise of the Warrants.

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Pensonic Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia)
and its subsidiaries

Attachment 1

Notes to the pro forma consolidated statements of financial position

1. The pro forma consolidated statements of financial position of PHB Group as at 31 May 2013 together with the notes thereon which have been prepared for illustrative purposes only and for which the Directors are solely responsible, have been prepared in connection with the Bonus Issue and Rights Issue of Warrants.

2. The consolidated statement of financial position of PHB Group as at 31 May 2013 have been extracted from the audited financial statements of PHB for the financial year ended 31 May 2013, for which the Directors are solely responsible.

3. The pro forma consolidated statements of financial position of PHB as at 31 May 2013 together with the notes thereon incorporate the following transactions as though they were effected on 31 May 2013:

   (a) Bonus Issue

   The Bonus Issue will entail the issuance of new ordinary shares of RM0.50 each on the basis of two (2) bonus shares for every five (5) existing ordinary shares of RM0.50 each held by shareholders of PHB whose names appear in the Record of Depositors on an entitlement date to be determined later.

   Based on the issued and paid-up share capital of PHB as at 31 May 2013 of RM46,310,000 comprising 92,620,000 PHB Shares, an aggregate of 37,048,000 new ordinary shares of RM0.50 each will be issued pursuant to Bonus Issue.

   (b) Rights Issue of Warrants

   The Rights Issue of Warrants will entail the issuance of 64,834,000 warrants at an issue price of RM0.10 per warrant on the basis of one (1) warrant for every two (2) ordinary shares of RM0.50 each held in PHB after the Bonus Issue as defined above ("Rights Issue of Warrants").

   For illustrative purposes, the estimated expenses for the Bonus Issue and Rights Issue of Warrants will amount to approximately RM600,000.

4. Utilisation of proceeds

   Based on the issue price of RM0.10 per Rights Warrant, the gross proceeds of RM6,483,400 will be raised from the Rights Issue of Warrants (excluding any proceeds from any exercise of Warrants) and the expected utilisation of the proceeds is as follows:-

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Pensonic Holdings Berhad
(Company No. 300426-P)
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Attachment 1

Notes to the pro forma consolidated statements of financial position (continued)

4. Utilisation of proceeds (continued)

	Gross proceeds received	**Expected timeframe for utilisation of proceeds from date of listing of the Rights Warrants**
	RM'000	
Working capital	5,883	Within twelve (12) months
Estimated expenses pursuant to the Corporate Exercises	600	Within three (3) months
Total gross proceeds to be raised	6,483	

Any proceeds arising from any exercise of the Warrants in the future are dependent on the total number of the Warrants exercised during the tenure of the Warrants. Such proceeds to be raised from the exercise of Warrants, if any, will also be utilised as working capital and repayment of bank borrowings of PHB Group. The breakdown of utilisation of proceeds from the exercise of Warrants, if any, between working capital and repayment of bank borrowings, which yet to be determined at this juncture and shall depend on the scale of PHB Group's operations and future plans over the tenure of the Warrants.

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Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 May 2013

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 May 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 May 2013.

Principal activities

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to :		
Owners of the Company	3,626,913	3,921,265
Non-controlling interests	(64,711)	-
	3,562,202	3,921,265

Reserves and provisions

There were no material transfer to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 1.75 sen per share less 25% tax, totalling approximately RM1,215,632 in respect of the financial year ended 31 May 2012 on 31 December 2012.

Dividends (continued)

A first and final dividend of 1.75 sen per share less 25% tax totalling approximately RM1,701,893 in respect of the financial year ended 31 May 2013 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 May 2014.

Directors of the Company

Directors who served since the date of the last report are :

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	
Chew Chuon Jin	
Chew Chuon Ghee	
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	
Loh Eng Wee	
Khairilanuar Bin Abdul Rahman	(Appointed on 28.6.2013)
Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	(Appointed on 16.8.2013)
Tahir Jalaluddin Bin Hussain	(Appointed on 16.8.2013)
Y. Bhg. Dato' Dr. Ku Abdul Rahman Bin Ku Ismail	(Resigned on 4.6.2013)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM0.50 each			
	Balance at 1.6.2012	**Bought**	**(Sold)**	**Balance at 31.5.2013**
<u>The Company</u>				
<u>- Direct interest</u>				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	14,517,188	-	-	14,517,188
Chew Chuon Jin	7,080,100	-	-	7,080,100
Chew Chuon Ghee	2,700,200	-	-	2,700,200
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	3,537,618	192,300	-	3,729,918

Directors' interests in shares (continued)

	Number of ordinary shares of RM1 each			
	Balance at 1.6.2012	**Bought**	**(Sold)**	**Balance at 31.5.2013**
- Deemed interest				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	15,022,794	-	-	15,022,794
Chew Chuon Jin	15,022,794	-	-	15,022,794
Chew Chuon Ghee	15,022,794	-	-	15,022,794
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	4,000	-	-	4,000
Subsidiary				
Pensonic Parts & Services Sdn. Bhd.				
- Direct interest				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	1	-	-	1
Chew Chuon Jin	50,001	-	-	50,001

Based on the Register of Directors' Shareholdings, none of the other Directors holding office at 31 May 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those transactions entered in the ordinary course of business between the Company and certain related corporations with companies in which certain Directors are deemed to have a substantial financial interest as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the gain on disposal of non-current assets held for sale as disclosed in Note 19 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 May 2013 have not been substantially affected by any item, transaction or event of a material and unsual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent events

Details of the subsequent events are as disclosed in Note 31 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Y. Bhg. Dato' Seri Chew Weng Khak @
Chew Weng Kiak

....

Chew Chuon Jin

Penang,

Date : 25 September 2013

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of financial position as at 31 May 2013

	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Assets				
Property, plant and equipment	3	65,474,934	56,994,718	43,497,547
Investment properties	4	505,851	514,115	1,177,875
Investment in associates	6	247,148	226,924	162,580
Intangible assets	7	1,024,632	1,026,033	1,024,146
Deferred tax assets	8	183,184	1,245,261	1,353,832
Total non-current assets		67,435,749	60,007,051	47,215,980
Inventories	10	75,059,829	88,860,507	86,154,197
Trade and other receivables	11	71,113,925	70,393,226	74,089,207
Current tax assets		1,812,371	1,516,833	562,687
Cash and cash equivalents	12	24,595,577	20,092,475	15,399,034
		172,581,702	180,863,041	176,205,125
Non-current assets held for sale	9	-	653,151	-
Total current assets		172,581,702	181,516,192	176,205,125
Total assets		240,017,451	241,523,243	223,421,105
Equity				
Share capital	13	46,310,000	46,310,000	46,310,000
Reserves	14	41,623,028	39,181,305	50,649,123
Total equity attributable to owners of the Company		87,933,028	85,491,305	96,959,123
Non-controlling interests		(136,471)	(191,720)	180,420
Total equity		87,796,557	85,299,585	97,139,543

Consolidated statement of financial position as at 31 May 2013 (continued)

	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Liabilities				
Loans and borrowings	15	13,114,425	10,481,862	3,443,439
Deferred tax liabilities	8	6,254	704,596	1,042,466
Total non-current liabilities		13,120,679	11,186,458	4,485,905
Loans and borrowings	15	83,564,312	95,655,490	80,880,096
Trade and other payables	16	55,535,903	49,368,624	40,263,042
Current tax payables		-	13,086	652,519
Total current liabilities		139,100,215	145,037,200	121,795,657
Total liabilities		152,220,894	156,223,658	126,281,562
Total equity and liabilities		240,017,451	241,523,243	223,421,105

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statement of comprehensive income for the year ended 31 May 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	17	362,515,382	348,642,601
Cost of sales		(297,752,561)	(293,184,705)
Gross profit		64,762,821	55,457,896
Administrative and general expenses		(24,639,828)	(24,398,918)
Selling and distribution expenses		(35,324,151)	(41,050,081)
Other operating income		3,694,274	2,655,047
Other operating expenses		(158,641)	-
Results from operating activities		8,334,475	(7,336,056)
Finance costs	18	(4,411,569)	(3,792,282)
Operating profit/(loss)		3,922,906	(11,128,338)
Share of profit of equity accounted associates, net of tax		20,224	64,344
Profit/(Loss) before tax	19	3,943,130	(11,063,994)
Income tax expense	21	(380,928)	76,651
Profit/(Loss) for the year		3,562,202	(10,987,343)
Other comprehensive income, net of tax			
Foreign currency translation differences of foreign operations		30,442	362,977
Total comprehensive income/(expense) for the year		3,592,644	(10,624,366)

Consolidated statement of comprehensive income for the year ended 31 May 2013 (continued)

	Note	2013 RM	2012 RM
Profit/(Loss) for the year attributable to :			
Owners of the Company		3,626,913	(10,615,163)
Non-controlling interests		(64,711)	(372,180)
Profit/(Loss) for the year		3,562,202	(10,987,343)
Total comprehensive income/(expense) attributable to :			
Owners of the Company		3,657,355	(10,252,186)
Non-controlling interests		(64,711)	(372,180)
Total comprehensive income/(expense) for the year		3,592,644	(10,624,366)
Basic earnings/(loss) per ordinary share (sen)	22	3.92	(11.46)

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 May 2013

		Attributable to owners of the Company							
		Non-distributable				Distributable			
	Note	Share capital RM	Share premium RM	Translation reserve RM	Capital reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 June 2011		46,310,000	21,360,893	-	4,487,540	24,800,690	96,959,123	180,420	97,139,543
Other comprehensive expense for the year									
- Foreign currency translation differences of foreign operations		-	-	362,977	-	-	362,977	-	362,977
Loss for the year		-	-	-	-	(10,615,163)	(10,615,163)	(372,180)	(10,987,343)
Total comprehensive income/(expense) for the year		-	-	362,977	-	(10,615,163)	(10,252,186)	(372,180)	(10,624,366)
Shares issued to non-controlling interests		-	-	-	-	-	-	40	40
Dividend to owners of the Company	23	-	-	-	-	(1,215,632)	(1,215,632)	-	(1,215,632)
At 31 May 2012		46,310,000	21,360,893	362,977	4,487,540	12,969,895	85,491,305	(191,720)	85,299,585
		Note 13	Note 14	Note 14	Note 14	Note 14			

Consolidated statement of changes in equity for the year ended 31 May 2013 (continued)

		Attributable to owners of the Company							
		Non-distributable				Distributable			
	Note	Share capital RM	Share premium RM	Translation reserve RM	Capital reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 June 2012		46,310,000	21,360,893	362,977	4,487,540	12,969,895	85,491,305	(191,720)	85,299,585
Other comprehensive income for the year									
- Foreign currency translation differences of foreign operations		-	-	30,442	-	-	30,442	-	30,442
Profit for the year		-	-	-	-	3,626,913	3,626,913	(64,711)	3,562,202
Total comprehensive income for the year		-	-	30,442	-	3,626,913	3,657,355	(64,711)	3,592,644
Shares issued to non-controlling interests		-	-	-	-	-	-	119,960	119,960
Dividend to owners of the Company	23	-	-	-	-	(1,215,632)	(1,215,632)	-	(1,215,632)
At 31 May 2013		46,310,000	21,360,893	393,419	4,487,540	15,381,176	87,933,028	(136,471)	87,796,557
		Note 13	Note 14	Note 14	Note 14	Note 14			

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statement of cash flows for the year ended 31 May 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Profit/(Loss) before tax from continuing operations		3,943,130	(11,063,994)
Adjustments for :			
Depreciation of property, plant and equipment	3	4,599,973	3,920,488
Depreciation of investment properties	4	8,264	10,609
Gain on disposal of a subsidiary	C	(56,763)	-
Gain on disposal of non-current assets held for sale	19	(1,637,827)	-
Gain on disposal of plant and equipment	19	(22,999)	(66,740)
Interest expense	18	4,411,569	3,792,282
Interest income	19	(37,048)	(53,621)
Plant and equipment written off	19	93,714	84,318
Share of profit of equity accounted associates, net of tax		(20,224)	(64,344)
Operating profit/(loss) before changes in working capital		11,281,789	(3,441,002)
Changes in working capital :			
Inventories		13,742,078	(2,601,793)
Trade and other receivables		(1,005,386)	4,423,322
Trade and other payables		7,023,242	8,461,281
Cash generated from operations		31,041,723	6,841,808
Income tax paid		(673,540)	(1,746,472)
Net cash from operating activities		30,368,183	5,095,336

Consolidated statement of cash flows for the year ended 31 May 2013 (continued)

	Note	2013 RM	2012 RM
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		23,000	67,032
Purchase of property, plant and equipment	A	(12,965,149)	(17,262,926)
Proceeds from disposal of non-current assets held for sale		2,290,978	-
Interest received		37,048	53,621
Proceeds from issuance of shares to non-controlling interests		119,960	40
Net cash used in investing activities		(10,494,163)	(17,142,233)
Cash flows from financing activities			
Drawdown of term loans		3,180,121	7,763,962
Repayment of finance lease liabilities		(207,740)	(149,129)
Dividend paid to owners of the Company		(1,215,632)	(1,215,632)
(Repayment)/Drawdown of borrowings, net		(10,386,837)	11,014,621
Withdrawal/(Placement) of pledged fixed deposits		59,194	(86,771)
Interest paid		(4,442,597)	(3,792,282)
Net cash (used in)/from financing activities		(13,013,491)	13,534,769
Net increase in cash and cash equivalents		6,860,529	1,487,872
Cash and cash equivalents at 1 June		5,284,163	3,582,528
Effects of exchange differences on cash and cash equivalents		(97,398)	213,763
Cash and cash equivalents at 31 May	B	12,047,294	5,284,163

Consolidated statement of cash flows for the year ended 31 May 2013 (continued)

NOTES

A. *Purchase of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM13,143,199 (2012 : RM17,500,926) of which RM 178,050 (2012 : RM238,000) was acquired by means of finance lease. The balance of RM12,965,149 (2012 : RM17,262,926) was settled in cash. Included in the cost of the property, plant and equipment acquired is interest expense capitalised of RM31,028 (2012 : RM Nil).

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts :

	Note	31.5.2013 RM	31.5.2012 RM
Short term deposits with licensed banks (excluding pledged deposits)	12	321,308	25,424
Cash and bank balances	12	21,362,434	17,096,022
Bank overdrafts	15	(9,636,448)	(11,837,283)
		12,047,294	5,284,163

C. *Disposal of a subsidiary*

During the financial year, the Company disposed of its wholly-owned subsidiary, Pensia Air Conditioners Sdn. Bhd. for a total cash consideration of RM2. The carrying value of assets disposed and liabilities relieved is as follows:

	Note	RM
Current tax asset		347,690
Cash on hand		2
Other payables		(404,453)
Net liabilities		(56,761)
Gain on disposal of a subsidiary	19	56,763
Consideration received, satisfied in cash		2
Cash on hand disposed of		(2)
Net cash inflow		-

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

Statement of financial position as at 31 May 2013

	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Assets				
Property, plant and equipment	3	16,196,521	6,300,899	-
Investment in subsidiaries	5	31,372,509	31,372,511	31,515,311
Total non-current asset		47,569,030	37,673,410	31,515,311
Trade and other receivables	11	41,048,145	38,851,683	40,493,706
Current tax assets		127,884	67,609	110,980
Cash and cash equivalents	12	83,990	23,493	24,037
Total current assets		41,260,019	38,942,785	40,628,723
Total assets		88,829,049	76,616,195	72,144,034
Equity				
Share capital	13	46,310,000	46,310,000	46,310,000
Reserves	14	27,967,555	25,261,922	25,585,380
Total equity		74,277,555	71,571,922	71,895,380
Liabilities				
Loans and borrowings	15	8,511,966	4,051,379	-
Total non-current liabilities		8,511,966	4,051,379	-
Loans and borrowings	15	4,420,338	508,621	-
Trade and other payables	16	1,619,190	484,273	248,654
Total current liabilities		6,039,528	992,894	248,654
Total liabilities		14,551,494	5,044,273	248,654
Total equity and liabilities		88,829,049	76,616,195	72,144,034

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 May 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	17	6,350,000	2,400,000
Administrative and general expenses		(520,169)	(1,178,391)
Other operating income		42,686	315,938
Operating profit		5,872,517	1,537,547
Finance cost	18	(424,027)	(22,535)
Profit before tax	19	5,448,490	1,515,012
Income tax expense	21	(1,527,225)	(622,838)
Profit for the year/Total comprehensive income for the year		3,921,265	892,174

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 May 2013

	Note	Share capital RM	*Non-distributable* Share premium RM	*Distributable* Retained earnings RM	Total equity RM
At 1 June 2011		46,310,000	21,360,893	4,224,487	71,895,380
Profit for the year representing total comprehensive income for the year		-	-	892,174	892,174
Dividend to owners of the Company	23	-	-	(1,215,632)	(1,215,632)
At 31 May 2012/1 June 2012		46,310,000	21,360,893	3,901,029	71,571,922
Profit for the year representing total comprehensive income for the year		-	-	3,921,265	3,921,265
Dividend to owners of the Company	23	-	-	(1,215,632)	(1,215,632)
At 31 May 2013		46,310,000	21,360,893	6,606,662	74,277,555
		Note 13	Note 14	Note 14	

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 May 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Profit before tax from continuing operations		5,448,490	1,515,012
Adjustments for :			
Amortisation of short term leasehold land	3	134,779	-
Impairment of investment in a subsidiary	5	-	142,800
Interest expense	18	424,027	22,535
Interest income	19	(3,349)	-
Dividend income	19	(6,350,000)	(2,400,000)
Operating loss before changes in working capital		(346,053)	(719,653)
Changes in working capital :			
Trade and other receivables		2,566,038	1,642,023
Trade and other payables		1,134,917	235,619
Cash generated from operations		3,354,902	1,157,989
Income tax refunded		-	20,533
Dividend received		-	1,800,000
Net cash from operating activities		3,354,902	2,978,522
Cash flows from investing activities			
Purchase of property, plant and equipment	A	(9,999,373)	(6,300,899)
Proceed from disposal of a subsidiary		2	-
Interest received		3,349	-
Net cash used in investing activities		(9,996,022)	(6,300,899)

Company No. 300426 - P

Statement of cash flows for the year ended 31 May 2013 (continued)

	Note	2013 RM	2012 RM
Cash flows from financing activities			
Dividend paid to owners of the Company		(1,215,632)	(1,215,632)
Interest paid		(455,055)	(22,535)
Drawdown of term loan		6,521,966	4,560,000
Repayment of term loan		(720,000)	-
Net cash from financing activities		4,131,279	3,321,833
Net decrease in cash and cash equivalents		(2,509,841)	(544)
Cash and cash equivalents at 1 June		23,493	24,037
Cash and cash equivalents at 31 May	B	(2,486,348)	23,493

NOTES

A. Purchase of property, plant and equipment

Included in the cost of the property, plant and equipment acquired is interest expense capitalised of RM31,028 (2012 : RM Nil).

B. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

	Note	2013 RM	2012 RM
Cash and bank balances	12	83,990	23,493
Bank overdraft	15	(2,570,338)	-
		(2,486,348)	23,493

The notes on pages 20 to 88 are an integral part of these financial statements.

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

Pensonic Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its principal place of business and registered office are as follows :

Principal place of business

Plot 98, Perusahaan Maju 8
Bukit Tengah Industrial Park
13600 Prai
Penang

Registered office

87 Muntri Street
10200 Penang

The consolidated financial statements of the Company as at and for the year ended 31 May 2013 comprise the Company and its subsidiaries (together referred to as "the Group" and individually referred to as "Group entities") and the Group's interest in associates.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 25 September 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's first financial statements prepared in accordance with MFRS and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts of transition to MFRS are disclosed in Note 32 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 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* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine**
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans**
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting#*
- IC Interpretation 21, *Levies#*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

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

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 June 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, except for those indicated with "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 June 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for those indicated with "#" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 June 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the above standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 June 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power 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 are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 June 2011

For acquisitions on or after 1 June 2011, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 June 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 June 2011. Goodwill arising from acquisitions before 1 June 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 June 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while remaining influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(i)(*i*)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as financial liability and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates used for the current and comparative periods are as follows :

	%
Buildings	2 - 5
Furniture, fittings and office equipment	5 - 33
Plant and machinery	8 - 10
Renovation and electrical installation	10
Signboard and showcase	10
Motor vehicles	10 - 20
Computer	20

Leasehold land is depreciated over the lease period ranging from 48 to 84 years.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use, if any.

2. Significant accounting policies (continued)

(f) Investment property (continued)

(i) Investment property carried at cost (continued)

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Freehold land is not depreciated. Buildings are depreciated on a straight line basis over the estimated useful life of the assets using an annual rate of 2%.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

Transfers between investment property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(iii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(g) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2. Significant accounting policies (continued)

(g) Non-current assets held for sale (continued)

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity, accounted in investment ceases once classified as held for sale or distribution.

(h) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Trademarks

Trademarks acquired on business combinations are measured at cost less any accumulated impairment losses. Trademarks with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. 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. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Significant accounting policies (continued)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contribution to statutory pension funds is charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(q) Earnings per share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

2. Significant accounting policies (continued)

(s) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(t) Contingencies liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. Property, plant and equipment

Group	Leasehold land RM	Buildings RM	Computer RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboard and showcase RM	Construction in progress RM	Total RM
Cost										
At 1 June 2011	11,745,631	23,196,765	3,407,742	5,867,588	17,140,962	2,879,934	5,788,166	278,619	-	70,305,407
Additions	6,300,899	-	185,706	2,039,311	8,566,267	141,265	267,478	-	-	17,500,926
Disposals	-	-	-	-	-	(4,518)	(149,750)	-	-	(154,268)
Write-off	-	-	-	-	(30,350)	(118,189)	-	-	-	(148,539)
Exchange difference	-	-	1,366	-	-	5,751	-	-	-	7,117
At 31 May 2012/ 1 June 2012	18,046,530	23,196,765	3,594,814	7,906,899	25,676,879	2,904,243	5,905,894	278,619	-	87,510,643
Additions	-	-	212,890	309,520	2,141,263	291,619	187,434	1,100	10,030,401	13,174,227
Disposals	-	-	-	-	-	-	(67,926)	-	-	(67,926)
Write-off	-	-	-	-	-	(119,425)	-	-	-	(119,425)
Exchange difference	-	-	(1,014)	-	-	(2,874)	-	-	-	(3,888)
At 31 May 2013	18,046,530	23,196,765	3,806,690	8,216,419	27,818,142	3,073,563	6,025,402	279,719	10,030,401	100,493,631

3. Property, plant and equipment (continued)

Group	Leasehold land RM	Buildings RM	Computer RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboard and showcase RM	Construction in progress RM	Total RM
Accumulated depreciation										
At 1 June 2011	2,300,593	5,667,163	2,918,844	3,716,761	6,219,272	1,793,150	3,953,626	238,451	-	26,807,860
Depreciation for the year	175,243	490,275	183,136	601,837	1,873,010	175,420	411,203	10,364	-	3,920,488
Disposals	-	-	-	-	-	(4,227)	(149,749)	-	-	(153,976)
Write-off	-	-	-	-	(15,543)	(48,678)	-	-	-	(64,221)
Exchange difference	-	-	1,310	-	-	4,464	-	-	-	5,774
At 31 May 2012/ 1 June 2012	2,475,836	6,157,438	3,103,290	4,318,598	8,076,739	1,920,129	4,215,080	248,815	-	30,515,925
Depreciation for the year	310,021	490,276	185,559	634,554	2,380,151	194,097	395,698	9,617	-	4,599,973
Disposals	-	-	-	-	-	-	(67,925)	-	-	(67,925)
Write-off	-	-	-	-	-	(25,711)	-	-	-	(25,711)
Exchange difference	-	-	(996)	-	-	(2,569)	-	-	-	(3,565)
At 31 May 2013	2,785,857	6,647,714	3,287,853	4,953,152	10,456,890	2,085,946	4,542,853	258,432	-	35,018,697

3. Property, plant and equipment (continued)

Group	Leasehold land RM	Buildings RM	Computer RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboard and showcase RM	Construction in progress RM	Total RM
Carrying amounts										
At 1 June 2011	9,445,038	17,529,602	488,898	2,150,827	10,921,690	1,086,784	1,834,540	40,168	-	43,497,547
At 31 May 2012/ 1 June 2012	15,570,694	17,039,327	491,524	3,588,301	17,600,140	984,114	1,690,814	29,804	-	56,994,718
At 31 May 2013	15,260,673	16,549,051	518,837	3,263,267	17,361,252	987,617	1,482,549	21,287	10,030,401	65,474,934

3. Property, plant and equipment (continued)

Company	Short term leasehold land RM	Construction in progress RM	Total RM
Cost			
At 1 June 2011	-	-	-
Additions	6,300,899	-	6,300,899
At 31 May 2012/1 June 2012	6,300,899	-	6,300,899
Additions	-	10,030,401	10,030,401
At 31 May 2013	6,300,899	10,030,401	16,331,300
Accumulated amortisation			
At 1 June 2011/31 May 2012/1 June 2012	-	-	-
Amortisation for the year	134,779	-	134,779
At 31 May 2013	134,779	-	134,779
Carrying amounts			
At 1 June 2011	-	-	-
At 31 May 2012/1 June 2012	6,300,899	-	6,300,899
At 31 May 2013	6,166,120	10,030,401	16,196,521

3.1 Assets under finance lease - Group

Included in the carrying amount of property, plant and equipment are the following assets acquired under finance lease :

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Motor vehicles	883,787	813,738	781,664
Furniture, fittings and office equipment	10,679	27,343	41,356
	894,466	841,081	823,020

3. Property, plant and equipment (continued)

3.2 Security

Group

Included in the carrying amount of property, plant and equipment are the following assets pledged as securities for borrowings granted to the Group :

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Leasehold land	9,148,819	9,351,613	3,118,731
Buildings	12,764,805	13,148,648	13,533,692
Plant and machinery	7,336,767	8,216,988	1,526,038
Construction in progress	10,030,401	-	-
	39,280,792	30,717,249	18,178,461

Company

The short term leasehold land and construction in progress of the Company have been pledged as security for the term loan granted to the Company (Note 15).

3.3 Motor vehicles held in trust

Included in property, plant and equipment of the Group are motor vehicles held in trust by certain Directors of the Company amounting to RM422,131 (31.5.2012 : RM560,430; 1.6.2011 : RM718,658).

3.4 Leasehold land - Group

Included in the carrying amount of leasehold land are :

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Leasehold land with unexpired lease period of more than 50 years	7,254,567	7,389,584	7,515,553
Leasehold land with unexpired lease period of less than 50 years	8,006,106	8,181,110	1,929,485
	15,260,673	15,570,694	9,445,038

3.5 Capitalisation of borrowing costs

Included in construction in progress of the Group and of the Company is interest expense capitalised amounting to RM31,028 (31.5.2012 and 1.6.2011 : RM Nil).

4. Investment properties - Group

	Freehold land RM	Buildings RM	Total RM
Cost			
At 1 June 2011	564,287	747,379	1,311,666
Reclassified to non-current assets held for sale	(564,287)	(117,379)	(681,666)
At 31 May 2012/1 June 2012/31 May 2013	-	630,000	630,000
Accumulated depreciation			
At 1 June 2011	-	133,791	133,791
Depreciation	-	10,609	10,609
Reclassified to non-current assets held for sale	-	(28,515)	(28,515)
At 31 May 2012/1 June 2012	-	115,885	115,885
Depreciation	-	8,264	8,264
At 31 May 2013	-	124,149	124,149
Carrying amounts			
At 1 June 2011	564,287	613,588	1,177,875
At 31 May 2012/1 June 2012	-	514,115	514,115
At 31 May 2013	-	505,851	505,851
Estimated fair value			
At 1 June 2011	663,000	717,000	1,380,000
At 31 May 2012/1 June 2012	-	757,000	757,000
At 31 May 2013	-	876,000	876,000

The fair value of investment properties is determined based on Directors' estimate by reference to market information.

4. Investment properties - Group (continued)

The carrying amounts of investment properties pledged as security for borrowings granted to the Group are as follows :

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Freehold land	-	-	273,886
Buildings	377,237	383,422	480,818
	377,237	383,422	754,704

5. Investment in subsidiaries - Company

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Unquoted shares, at cost	32,392,511	32,392,511	31,292,513
Subscription of shares in existing subsidiaries	-	-	1,100,000
Written off (subsidiary striked-off)	-	-	(2)
Disposed of	(2)	-	-
Accumulated impairment	(1,020,000)	(1,020,000)	(877,200)
	31,372,509	31,372,511	31,515,311

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Effective ownership interest 31.5.2013 %	31.5.2012 %	1.6.2011 %	Principal activities
Keat Radio Co. Sdn. Bhd.	Malaysia	100	100	100	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Electronic Sdn. Bhd.	Malaysia	100	100	100	Manufacture, assembly and sale of electrical and electronic appliances
Pensia Industries Sdn. Bhd.	Malaysia	100	100	100	Manufacture, assembly and sale of electrical and electronic appliances

5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Country of incorporation	Effective ownership interest 31.5.2013 %	31.5.2012 %	1.6.2011 %	Principal activities
Pensonic Sales & Service Sdn. Bhd.	Malaysia	100	100	100	Distribution of electrical and electronic appliances
Cornell Sales & Service Sdn. Bhd.	Malaysia	100	100	100	Distribution of electrical and electronic appliances
Amtek Marketing Services Pte. Ltd. *	Singapore	100	100	100	Distribution of electrical and electronic appliances
Pensonic Corporation Sdn. Bhd.	Malaysia	100	100	100	Provision of management services
Pensia Air Conditioners Sdn. Bhd.#	Malaysia	-	100	100	Dormant
Microtag Engineering Sdn. Bhd.	Malaysia	51	51	51	Dormant
Subsidiaries of Keat Radio Co. Sdn. Bhd.					
Pensonic Industries Sdn. Bhd.	Malaysia	100	100	100	Distribution of electrical and electronic appliances
Pensonic (H.K.) Corporation Limited *	Hong Kong	100	100	100	Trading of electrical and electronic appliances
Pensonic Parts & Service Sdn. Bhd.	Malaysia	60	60	60	Trading and service of parts for electrical and electronic appliances

5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Country of incorporation	Effective ownership interest 31.5.2013 %	31.5.2012 %	1.6.2011 %	Principal activities
Subsidiary of Pensonic (H.K.) Corporation Limited					
Pensonic Trading (Shenzhen) Co. Ltd. * ^	People's Republic of China	100	100	100	Dormant
Subsidiary of Pensonic Sales & Service Sdn. Bhd.					
Kollektion Distribution Sdn. Bhd.	Malaysia	100	100	100	Distribution of home appliances
Subsidiary of Kollektion Distribution Sdn. Bhd.					
Kollektion Haus (Austin) Sdn. Bhd.	Malaysia	60	60	-	Distribution home appliances

* Not audited by KPMG
^ The unaudited management accounts were consolidated in the Group financial statements
# Disposed of on 12 July 2012

6. Investment in associates - Group

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Unquoted shares, at cost	204,610	204,610	205,549
Less : Written off	-	-	(939)
	204,610	204,610	204,610
Share of post acquisition reserves	42,538	22,314	(42,030)
	247,148	226,924	162,580

6. Investment in associates - Group (continued)

Name of associates	Country of incorporation	Effective ownership interest 31.5.2013 %	31.5.2012 %	1.6.2011 %	Principal activities
Pensonic (B) Sdn. Bhd. *	Brunei	40	40	40	Trading of electrical and electronic appliances
Microtag System Sdn. Bhd. **	Malaysia	10	10	10	Dormant

* Interest held through a subsidiary, Pensonic Corporation Sdn. Bhd.
** Interest held through a subsidiary, Microtag Engineering Sdn. Bhd.

Summary financial information for associates, not adjusted for the percentage ownership held by the Group :

	Revenue (100%) RM	Profit/(Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
31 May 2013				
Pensonic (B) Sdn. Bhd.	3,436,878	51,817	2,100,371	1,494,354
Microtag System Sdn. Bhd.	-	(5,030)	885	105,803
	3,436,878	46,787	2,101,256	1,600,157
31 May 2012				
Pensonic (B) Sdn. Bhd.	2,872,193	161,350	1,861,199	1,319,549
Microtag System Sdn. Bhd.	-	(1,960)	895	100,783
	2,872,193	159,390	1,862,094	1,420,332
1 June 2011				
Pensonic (B) Sdn. Bhd.	2,791,897	1,891	1,799,605	1,419,305
Microtag System Sdn. Bhd.	-	(3,153)	915	98,843
	2,791,897	(1,262)	1,800,520	1,518,148

7. Intangible assets - Group

	Goodwill RM	Trademark RM	Total RM
Cost			
At 1 June 2011	154,146	870,000	1,024,146
Exchange difference	1,887	-	1,887
At 31 May 2012/1 June 2012	156,033	870,000	1,026,033
Exchange difference	(1,401)	-	(1,401)
At 31 May 2013	154,632	870,000	1,024,632

The trademark relates to the "Cornell" brand name that was acquired in a business combination by way of an assignment of full and absolute rights from the registered proprietor. As those rights were assigned without a specified time frame and management believes that there is no foreseeable limit to the period over which the brand is expected to generate cash inflows for the Group, the trademark was assessed as having an indefinite useful life subject to use in good faith.

7.1 Impairment testing on goodwill

Goodwill arising from business combinations have been allocated to the electrical and electronic appliances segment by geographical region for impairment testing purposes. The recoverable amount has been determined based on value in use calculations using cash flow projections from approved financial budgets and business plan covering a period of 3 years. The financial budget and business plan were based on management's assessment of future trends and market developments. The calculations of value in use is not sensitive towards any particular assumption used.

For the purpose of impairment testing, a pre-tax discount rate of 11% (31.5.2012 : 11% and 1.6.2011 : 11%) was applied in determining the recoverable amount. Based on the impairment testing performed, the management is of the opinion that the recoverable amount of the goodwill exceeds the carrying amount.

8. Deferred tax - Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following :

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Deferred tax assets			
Tax loss carry-forwards	178,000	992,000	1,105,832
Capital allowance carry-forwards	5,184	5,261	85,000
Other temporary differences	-	248,000	163,000
	183,184	1,245,261	1,353,832
Deferred tax liabilities			
Property, plant and equipment - capital allowances	(44,000)	(963,527)	(1,041,466)
Capital allowance carry-forwards	-	40,086	-
Unutilised reinvestment allowance	-	152,107	-
Other temporary differences	37,746	66,738	(1,000)
	(6,254)	(704,596)	(1,042,466)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Movements in temporary differences during the year are as follows:

	At 1 June 2011 RM	Charged to profit or loss RM	Exchange difference RM	At 31 May 2012 RM	Charged to profit or loss RM	Exchange difference RM	At 31 May 2013 RM
Deferred tax assets	1,353,832	(108,859)	288	1,245,261	(1,061,917)	(160)	183,184
Deferred tax liabilities	(1,042,466)	337,870	-	(704,596)	698,342	-	(6,254)
	311,366	229,011	288	540,665	(363,575)	(160)	176,930
		(Note 21)			(Note 21)		

8. Deferred tax - Group (continued)

Unrecognised deferred tax assets - Group

No deferred tax assets have been recognised for the following items:

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Tax loss carry-forwards	20,879,000	16,215,000	8,387,000
Capital allowance carry-forwards	1,062,000	728,000	76,000
Property, plant and equipment – capital allowances	(1,429,000)	(1,546,000)	-
Unutilised reinvestment allowance	10,276,000	9,574,000	5,127,000
Other temporary differences	(869,000)	(27,000)	(30,000)
	29,919,000	24,944,000	13,560,000

The tax loss carry-forwards, capital allowance carry-forwards, other temporary differences and unutilised reinvestment allowance do not expire under current tax legislation. No deferred tax assets have been recognised in respect of these items as these temporary differences are expected to reverse after the tax holiday period (Note 21).

The comparative figures have been restated to reflect the revised tax loss carry-forwards, capital allowances carry-forwards and other temporary differences available to the Group.

9. Non-current assets held for sale - Group

	2013 RM	2012 RM
Balance at 1 June	653,151	-
Disposal	(653,151)	-
Reclassified from investment properties	-	653,151
Balance at 31 May	-	653,151

The assets held for sale consisted of freehold land and building measured at the lower of their carrying amount and fair value less cost to sell. Arising from the disposal which was completed during the year, the Group recognised a gain of RM1,637,827.

10. Inventories - Group

	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Raw materials	4,758,640	5,531,631	6,131,777
Manufactured inventories	70,301,189	83,328,876	80,022,420
	75,059,829	88,860,507	86,154,197
Recognised in cost of sales :			
Write-down to net realisable value	127,689	368,948	127,887

11. Trade and other receivables

Group	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Trade				
Trade receivables		58,672,104	57,279,459	60,814,348
Amount due from :				
- Associate	11.1	1,454,370	956,644	1,286,542
- Companies in which certain Directors have a substantial financial interest	11.1	8,205,618	9,278,853	8,739,560
		68,332,092	67,514,956	70,840,450
Non-trade				
Other receivables		1,445,070	1,629,310	1,940,398
Deposits		534,970	419,300	399,633
Prepayments		801,793	829,660	908,726
		2,781,833	2,878,270	3,248,757
		71,113,925	70,393,226	74,089,207

11. Trade and other receivables (continued)

Company	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Non-trade				
Amount due from subsidiaries	11.1	35,840,384	36,320,680	38,610,706
Other receivables		444,511	730,253	83,000
Deposits		750	750	-
Dividend receivable from subsidiaries		4,762,500	1,800,000	1,800,000
		41,048,145	38,851,683	40,493,706

11.1 Amount due from an associate, companies in which certain Directors have a substantial financial interest and subsidiaries

The trade amount due from associate and companies in which certain Directors have a substantial financial interest is subject to normal trade terms.

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

12. Cash and cash equivalents

Group	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Short term deposits with licensed banks	3,233,143	2,996,453	3,469,153
Cash and bank balances	21,362,434	17,096,022	11,929,881
	24,595,577	20,092,475	15,399,034
Company			
Cash and bank balances	83,990	23,493	24,037

12.1 Short term deposits with licensed banks

Short term deposits amounting to RM2,911,835 (31.5.2012 : RM2,971,029 and 1.6.2011 : RM2,884,258) of the Group are held in lien for borrowings granted to the Group (Note 15).

13. Share capital - Group/ Company

	Amount RM	Number of shares
31.5.2013		
Ordinary shares of RM0.50 each		
Authorised	100,000,000	200,000,000
Issued and fully paid	46,310,000	92,620,000
31.5.2012		
Ordinary shares of RM0.50 each		
Authorised	100,000,000	200,000,000
Issued and fully paid	46,310,000	92,620,000
1.6.2011		
Ordinary shares of RM0.50 each		
Authorised	100,000,000	200,000,000
Issued and fully paid	46,310,000	92,620,000

14. Reserves

Group	**31.5.2013 RM**	**31.5.2012 RM**	**1.6.2011 RM**
Non-distributable :			
Share premium	21,360,893	21,360,893	21,360,893
Translation reserve	393,419	362,977	-
Capital reserve	4,487,540	4,487,540	4,487,540
	26,241,852	26,211,410	25,848,433
Distributable :			
Retained earnings	15,381,176	12,969,895	24,800,690
	41,623,028	39,181,305	50,649,123

14. Reserves (continued)

Company	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Non-distributable :			
Share premium	21,360,893	21,360,893	21,360,893
Distributable :			
Retained earnings	6,606,662	3,901,029	4,224,487
	27,967,555	25,261,922	25,585,380

The movements in the reserves are disclosed in the statements of changes in equity.

14.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of foreign operations.

14.2 Capital reserve

The capital reserve of the Group represents the statutory reserve of foreign subsidiaries as required by the respective foreign legislations.

14.3 Section 108 tax credit

Subject to agreement with the Inland Revenue Board, the Company has sufficiant Section 108 tax credit to frank its entire retained earnings at 31 May 2013 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution. The Company has not made this election. As such, the Section 108 tax credit as at 31 May 2013 will be available to the Company until such time the credit is fully utilised or upon expiry of the transitional period on 31 December 2013, whichever is earlier.

15. Loans and borrowings

Group	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Current			
Unsecured			
Bank overdrafts	3,909,648	6,191,639	4,764,021
Bankers' acceptances	61,027,978	61,893,745	51,782,886
Term loans	761,517	701,141	1,102,954
	65,699,143	68,786,525	57,649,861
Secured			
Bank overdrafts	5,726,800	5,645,644	4,168,227
Bankers' acceptances	8,978,918	17,840,000	16,882,967
Bills payable	-	-	156,874
Trust receipts	-	681,362	536,431
Term loans	2,956,795	2,530,671	1,352,385
Finance lease liabilities	202,656	171,288	133,351
	17,865,169	26,868,965	23,230,235
	83,564,312	95,655,490	80,880,096
Non-current			
Unsecured			
Term loans	2,045,115	120,595	786,513
Secured			
Term loans	10,659,495	9,890,394	2,236,987
Finance lease liabilities	409,815	470,873	419,939
	11,069,310	10,361,267	2,656,926
	13,114,425	10,481,862	3,443,439

15. Loans and borrowings (continued)

Company	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Current			
Unsecured			
Term loans	500,000	-	-
Secured			
Bank overdraft	2,570,338	-	-
Term loans	1,350,000	508,621	-
	3,920,338	508,621	-
	4,420,338	508,621	-
Non-current			
Unsecured			
Term loans	2,000,000	-	-
Secured			
Term loans	6,511,966	4,051,379	-
	8,511,966	4,051,379	-

15.1 Covenants

The term loans and bank overdrafts were subject to the fulfilment of the following covenants:

i) The Debt to Equity Ratio should not exceed 1.50 times; and
ii) The Debt Service Cover Ratio of the Group to be at least 1.25 times.

15.2 Securities

The unsecured borrowings of the Group are guaranteed by the Company. The secured borrowings are secured against certain leasehold land, buildings, investment properties and short term deposits of the Group as disclosed in Notes 3.2, 4 and 12.1 respectively to the financial statements.

Finance lease liabilities are secured as the rights to the assets under the finance lease that revert to the lessor in the event of default.

15. Loans and borrowings (continued)

15.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.5.2013			31.5.2012			1.6.2011		
Group	**Future minimum lease payments RM**	**Interest RM**	**Present value of minimum lease payments RM**	**Future minimum lease payments RM**	**Interest RM**	**Present value of minimum lease payments RM**	**Future minimum lease payments RM**	**Interest RM**	**Present value of minimum lease payments RM**
Less than 1 year	229,628	26,972	202,656	201,505	30,217	171,288	163,397	30,046	133,351
Between 1 and 5 years	434,406	24,591	409,815	506,490	35,617	470,873	462,996	43,057	419,939
	664,034	51,563	612,471	707,995	65,834	642,161	626,393	73,103	553,290

16. Trade and other payables

Group	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
Trade				
Trade payables	16.1	36,797,931	36,095,027	32,055,554
Company in which certain Directors have a substantial financial interest		1,511,295	1,312,178	-
		38,309,226	37,407,205	32,055,554
Non-trade				
Other payables		8,292,319	4,227,269	3,998,381
Accrued expenses		8,934,358	7,734,150	4,209,107
		17,226,677	11,961,419	8,207,488
		55,535,903	49,368,624	40,263,042
Company				
Non-trade				
Amount due to subsidiaries	16.2	-	156,694	137,612
Other payables	16.3	1,502,448	217,579	6,742
Accrued expenses		116,742	110,000	104,300
		1,619,190	484,273	248,654
		1,619,190	484,273	248,654

16.1 Trade payables

Included in trade payables of the Group is RM2,068,155 (31.5.2012 : RM1,283,238 and 1.6.2011 : RM6,101,391) being advance payments made to suppliers.

16.2 Amount due to subsidiaries

The non-trade amount due to subsidiaries was unsecured, interest-free and payable on demand.

16.3 Other payables

Included in other payables of the Group and of the Company are RM753,530 (31.5.2012 and 1.6.2011 : RM Nil) representing retention sum due to a building contractor for construction work carried.

17. Revenue

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

Revenue of the Company represents gross dividend income from subsidiaries.

18. Finance costs

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Interest expense on :				
Term loans	868,971	359,129	311,852	22,535
Bank overdrafts	667,826	582,077	143,203	-
Bankers' acceptances	2,843,311	2,772,762	-	-
Other borrowings	62,489	78,314	-	-
	4,442,597	3,792,282	455,055	22,535
Recognised in profit or loss	4,411,569	3,792,282	424,027	22,535
Capitalised under property, plant and equipment (Note 3.5)	31,028	-	31,028	-
	4,442,597	3,792,282	455,055	22,535

19. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
After charging :				
Auditors' remuneration :				
- Audit fees				
- KPMG Malaysia				
- current year	170,000	162,000	26,000	22,000
- prior year	4,100	12,600	3,000	1,000
- Other auditors	29,886	30,610	-	-

19. Profit/(Loss) before tax (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
After charging (continued) :				
Auditors' remuneration :				
- Non audit fees				
- KPMG Malaysia				
- current year	8,000	6,000	8,000	6,000
- Local affiliates of KPMG Malaysia	37,960	41,570	2,500	2,500
- Others	12,000	8,000	12,000	8,000
Bad debts written off	439,897	478,981	-	-
Directors' remuneration				
Directors of the Company :				
Current Directors				
- fees	70,000	80,000	70,000	80,000
- other emoluments	1,386,479	1,323,087	-	-
Past Director				
- fees	10,000	-	10,000	-
- other emoluments	29,790	-	-	-
Directors of subsidiaries :				
- other emoluments	519,088	528,172	-	-
Depreciation on investment properties (Note 4)	8,264	10,609	-	-
Depreciation on property, plant and equipment (Note 3)	4,599,973	3,920,488	134,779	-
Direct operating expenses of investment properties	8,506	8,844	-	-
Impairment of investment in a subsidiary	-	-	-	142,800
Impairment loss for receivables	61,559	2,856,177	-	-
Inventories written off	637,667	5,316,305	-	-
Inventories written down (Note 11)	127,689	368,948	-	-
Loss on foreign exchange, net	238,852	-	-	-
Plant and equipment written off	93,714	84,318	-	-
Rental expense				
- equipment	183,607	190,552	-	-
- premises	6,208,960	6,235,655	-	-
- booths	106,754	214,697	-	-

19. Profit/(Loss) before tax (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
and after crediting :				
Dividends (gross) receivable from subsidiaries	-	-	6,350,000	2,400,000
Gain on disposal of :				
- plant and equipment	22,999	66,740	-	-
- non-current assets held for sale	1,637,827	-	-	-
- a subsidiary	56,763	-	-	-
Interest income	37,048	53,621	3,349	-
Rental income				
- investment properties	28,300	43,800	-	-
- sublet of factory premises	312,300	132,000	-	-
Gain on foreign exchange, net	-	189,741	-	-
Bad debts recovered	32,674	118,534	-	-
Government grants	39,303	641,547	39,303	315,938

20. Employee information

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Staff costs (including Executive Directors)	21,350,365	19,805,129	-	-

Staff costs and Directors' emoluments of the Group include contributions to the Employees' Provident Fund of RM1,952,101 (2012 : RM1,915,283).

21. Income tax expense

Recognised in profit or loss

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Income tax expense on continuing operations	380,928	(76,651)	1,527,225	622,838

Major components of income tax expense include :

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Current tax expense				
Malaysian tax				
- current year	39,977	347,000	1,550,477	600,000
- prior years	(18,411)	(207,271)	(23,252)	22,838
	21,566	139,729	1,527,225	622,838
Foreign tax				
- current year	-	13,061	-	-
- prior years	(4,213)	(430)	-	-
	(4,213)	12,631	-	-
Total current tax	17,353	152,360	1,527,225	622,838
Deferred tax expense				
- origination and reversal of temporary differences	977,238	(495,063)	-	-
- prior years	(613,663)	266,052	-	-
Total deferred tax (Note 8)	363,575	(229,011)	-	-
Total income tax expense	380,928	(76,651)	1,527,225	622,838

21. Income tax expense (continued)

Reconciliation of effective income tax expense

	Group		Company	
	2013 **RM**	**2012** **RM**	**2013** **RM**	**2012** **RM**
Profit/(Loss) for the year	3,562,202	(10,987,343)	3,921,265	892,174
Total income tax expense	380,928	(76,651)	1,527,225	622,838
Profit/(Loss) excluding tax	3,943,130	(11,063,994)	5,448,490	1,515,012
Tax calculated using Malaysian tax rate at 25% (2012 : 25%)	985,783	(2,765,999)	1,362,123	378,753
Effect of different tax rates in foreign jurisdictions *	31,012	57,856	-	-
Non deductible expenses	798,372	833,375	222,330	194,146
Non-taxable income	(493,819)	(18,187)	(33,976)	-
Tax incentives	(1,534,624)	(147,401)	-	-
Effect of deferred tax assets not recognised	1,245,403	1,868,023	-	-
Other items	(14,912)	37,331	-	27,101
(Over)/Under provision in prior years	(636,287)	58,351	(23,252)	22,838
Total income tax expense	380,928	(76,651)	1,527,225	622,838

* The tax rates in the foreign jurisdictions in which certain foreign subsidiaries operate are different from that of the Malaysian tax rate.

Certain subsidiaries of the Company have been granted tax exemption status for a period of five (5) years with an option to extend for a period of another five (5) years upon the expiring of the initial tax exemption period commencing 1 June 2012 under Section 127(3)(b) of the Income Tax Act, 1967. Under the tax exemption status, these subsidiaries' statutory income is exempted from income tax.

22. Earnings/(Loss) per ordinary share - Group

The calculation of basic earnings/(loss) per ordinary share is based on the profit for the year attributable to owners of the Company of RM3,626,913 (2012 : loss for the year attributable to owners of the Company of RM10,615,163) and the weighted average number of ordinary shares outstanding during the year of 92,620,000 (2012 : 92,620,000).

23. Dividends - Company

	Amount RM	Date of payment
2013		
Final dividend of 1.75 sen per share less 25% tax for financial year 2012	1,215,632	31 December 2012
2012		
Final dividend of 1.75 sen per share less 25% tax for financial year 2011	1,215,632	30 December 2011

A first and final dividend of 1.75 sen per share less 25% tax totalling approximately RM1,701,893 in respect of the financial year ended 31 May 2013 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 May 2014.

24. Related parties

24.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Group has a related party relationship with the following :

i) Significant investor, subsidiaries and associates.

ii) Pensia Plastic Industries Sdn. Bhd., a company in which certain Directors namely, Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Jin and Chew Chuon Ghee are deemed to have a substantial financial interest.

iii) Pensonic Technology Sdn. Bhd., a company in which Chew Chuon Jin is deemed to have a substantial financial interest.

iv) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the executive Directors of the Group and of the Company.

24. Related parties (continued)

24.2 Related party transactions

24.2.1 Transaction with subsidiaries:

Company	2013 RM	2012 RM
- Dividend income	6,350,000	2,400,000

24.2.2 Transaction with an associate

Group	2013 RM	2012 RM
- Sales	1,313,941	1,766,712

24.2.3 Transactions with related parties

Group	2013 RM	2012 RM
- Purchases	(8,562,271)	(8,047,373)
- Rental charged for sub-letting of factory premises	216,000	132,000
- Subcon and service charge income	610,985	611,210

24.2.4 There were no transactions with the key management personnel other than the rental expense charged by Directors to the Group amounting to RM144,000 (2012 : RM60,000) and the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 19 to the financial statements.

The non-trade balances of the Group and of the Company with related parties outstanding at the end of the financial period are as disclosed in Note 11 and Note 16 respectively to the financial statements.

All the amounts outstanding are unsecured and are expected to be settled in cash.

25. Operating segments

The Group has one reportable segment, which is principally the manufacture, assembly, sales and distribution of electrical and electronic appliances. The Group's Managing Director (the Chief operating decision maker) reviews internal management reports on the segment at least on a quarterly basis.

Geographical segment

In presenting geographical information, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets. The amounts of segment assets do not include financial instruments (including investment in associates) and deferred tax assets.

	Segment revenue	
	2013 RM'000	2012 RM'000
Malaysia	270,134	259,485
Other Asian countries	70,444	72,237
Middle East	21,385	16,160
Africa	103	350
Others	449	411
	362,515	348,643

	Segment assets	
	2013 RM'000	2012 RM'000
Malaysia	211,716	216,709
Other Asian countries	25,507	20,960
Others	552	865
	237,775	238,534

26. Contingent liabilities, unsecured

Company

The Company has undertaken to provide continuing financial support to enable certain subsidiaries to meet their financial obligations as and when they fall due.

27. Financial instruments

27.1 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.2 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was :

Group	**31.5.2013 RM'000**	**31.5.2012 RM'000**	**1.6.2011 RM'000**
Malaysia	51,383	56,176	59,054
Other Asian countries	17,843	12,103	13,633
Others	551	865	94
	69,777	69,144	72,781
Company			
Malaysia	40,551	38,355	39,997
Other Asian countries	497	497	497
	41,048	38,852	40,494

27. Financial instruments (continued)

27.2 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 May 2013				
Not past due	54,556	-	-	54,556
Past due less than 60 days	8,909	-	-	8,909
Past due 61 - 120 days	337	-	-	337
Past due 121 - 180 days	551	-	-	551
Past due 181 - 365 days	1,176	-	-	1,176
Past due > 1 year	3,181	(378)	-	2,803
	68,710	(378)	-	68,332
31 May 2012				
Not past due	46,706	(190)	-	46,516
Past due less than 60 days	12,568	(122)	-	12,446
Past due 61 - 120 days	1,199	(6)	-	1,193
Past due 121 - 180 days	329	(43)	-	286
Past due 181 - 365 days	2,892	(365)	-	2,527
Past due > 1 year	7,098	(2,551)	-	4,547
	70,792	(3,277)	-	67,515
1 June 2011				
Not past due	46,331	-	-	46,331
Past due less than 60 days	13,241	-	-	13,241
Past due 61 - 120 days	2,041	-	-	2,041
Past due 121 - 180 days	907	-	-	907
Past due 181 - 365 days	1,317	-	-	1,317
Past due > 1 year	7,424	(421)	-	7,003
	71,261	(421)	-	70,840

27. Financial instruments (continued)

27.2 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were :

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 June	3,277	421
Impairment loss recognised	62	2,856
Impairment loss written off	(2,961)	-
At 31 May	378	3,277

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM101.23 million (31.5.2012 : RM109.8 million and 1.6.2011 : RM88.7 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

27. Financial instruments (continued)

27.2 Credit risk (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. However, these advances are not considered overdue and are repayable on demand.

27.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

In the management of liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to finance the Group's and the Company's operations and to mitigate any adverse effects of fluctuations in cash flows.

27. Financial instruments (continued)

27.3 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
31 May 2013							
Group							
Non-derivative financial liabilities							
Term loans	13,922,922	3.00 - 7.85	15,638,527	4,067,021	6,304,488	5,267,018	-
Interest free term loan	2,500,000	-	2,500,000	500,000	2,000,000	-	-
Bankers' acceptances	70,006,896	1.58 - 5.50	70,006,896	70,006,896	-	-	-
Bank overdrafts	9,636,448	6.25 - 8.25	9,636,448	9,636,448	-	-	-
Finance lease liabilities	612,471	2.46 - 8.00	664,034	229,628	222,564	211,842	-
Trade and other payables (excluding advances paid to suppliers)	57,604,058	-	57,604,058	57,604,058	-	-	-
	154,282,795		156,049,963	142,044,051	8,527,052	5,478,860	-

27. Financial instruments (continued)

27.3 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
31 May 2013							
Company							
Non-derivative financial liabilities							
Secured term loans	7,861,966	6.50	8,568,234	1,825,260	4,789,174	1,953,800	-
Unsecured term loan	2,500,000	-	2,500,000	500,000	2,000,000	-	-
Bank overdraft	2,570,338	7.10	2,570,338	2,570,338	-	-	-
Trade and other payables	1,619,190	-	1,619,190	1,619,190	-	-	-
	14,551,494		15,257,762	6,514,788	6,789,174	1,953,800	-

27. Financial instruments (continued)

27.3 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount	Contractual interest rates	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
31 May 2012							
Group							
Non-derivative financial liabilities							
Term loans	13,242,801	3.00 - 7.80	15,301,224	3,320,283	3,163,769	7,908,772	908,400
Trust receipts	681,362	6.50	681,362	681,362	-	-	-
Bankers' acceptances	79,733,745	1.91 - 5.50	79,733,745	79,733,745	-	-	-
Bank overdrafts	11,837,283	6.25 - 8.25	11,837,283	11,837,283	-	-	-
Finance lease liabilities	642,161	2.46 - 8.00	707,995	201,505	192,596	313,894	-
Trade and other payables (excluding advances paid to suppliers)	50,651,862	-	50,651,862	50,651,862	-	-	-
	156,789,214		158,913,471	146,426,040	3,356,365	8,222,666	908,400
Company							
Non-derivative financial liabilities							
Trade and other payables	484,273	-	484,273	484,273	-	-	-
Term loans	4,560,000	6.00	5,468,400	720,000	960,000	2,880,000	908,400
	5,044,273		5,952,673	1,204,273	960,000	2,880,000	908,400

27. Financial instruments (continued)

27.3 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount	Contractual interest rates	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	%	RM	RM	RM	RM	RM
1 June 2011							
Group							
Non-derivative financial liabilities							
Term loans	5,478,839	3.00 - 7.85	5,867,205	2,684,868	2,253,513	928,824	-
Trust receipts	536,431	6.50	536,431	536,431	-	-	-
Bankers' acceptances	68,665,853	1.00 - 5.40	68,665,853	68,665,853	-	-	-
Bank overdrafts	8,932,248	7.50 - 8.50	8,932,248	8,932,248	-	-	-
Bills payable	156,874	2.16	156,874	156,874	-	-	-
Finance lease liabilities	553,290	2.42 - 8.00	626,393	163,397	148,045	314,951	-
Trade and other payables (excluding advances paid to suppliers)	46,364,433	-	46,364,433	46,364,433	-	-	-
	130,687,968		131,149,437	127,504,104	2,401,558	1,243,775	-
Company							
Non-derivative financial liabilities							
Trade and other payables	248,654	-	248,654	248,654	-	-	-

27. Financial instruments (continued)

27.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

27.4.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Hong Kong Dollar (HKD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	**USD RM'000**	**HKD RM'000**
31 May 2013		
Trade receivables	9,592	211
Cash and bank balances	7,931	210
Trade payables	(11,440)	(20)
	6,083	401
31 May 2012		
Trade receivables	7,367	98
Cash and bank balances	6,423	117
Trade payables	(9,570)	(71)
Loans and borrowings	(3,612)	-
	608	144
1 June 2011		
Trade receivables	4,957	37
Cash and bank balances	1,314	-
Trade payables	(3,463)	(20)
Loans and borrowings	(672)	-
	2,136	17

27. Financial instruments (continued)

27.4 Market risk (continued)

27.4.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have increase/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact on forecast sales and purchases. There is no impact to equity arising from exposure to currency risk.

Group	**Profit or loss RM'000**
2013	
USD	(228)
HKD	(15)
2012	
USD	(23)
HKD	(5)

A 5% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.4.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in short term deposits.

27. Financial instruments (continued)

27.4 Market risk (continued)

27.4.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

Group	**31.5.2013 RM'000**	**31.5.2012 RM'000**	**1.6.2011 RM'000**
Fixed rate instruments			
Financial asset			
- Short term deposits with licensed banks	3,233	2,996	3,469
Financial liabilities			
- Term loans	-	630	1,889
- Finance lease liabilities	612	642	553
- Bankers' acceptances	70,007	79,734	68,666
	70,619	81,006	71,108
Floating rate instruments			
Financial liabilities			
- Term loans	13,923	12,613	3,590
- Bank overdrafts	9,636	11,837	8,932
- Bills payables	-	-	157
- Trust receipts	-	681	536
	23,559	25,131	13,215

Company			
Floating rate instruments			
Financial liabilities			
- Term loan	7,862	4,560	-
- Bank overdraft	2,570	-	-
	10,432	4,560	-

27. Financial instruments (continued)

27.4 Market risk (continued)

27.4.2 Interest rate risk (continued)

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
Group	**100 bp increase RM'000**	**100 bp decrease RM'000**
2013		
Floating rate instruments	(177)	177
2012		
Floating rate instruments	(188)	188
Company		
2013		
Floating rate instruments	(78)	78
2012		
Floating rate instruments	(34)	34

27. Financial instruments (continued)

27.5 Categories and fair value of financial instruments

Group	31.5.2013 Carrying amount RM'000	31.5.2013 Fair value RM'000	31.5.2012 Carrying amount RM'000	31.5.2012 Fair value RM'000	1.6.2011 Carrying amount RM'000	1.6.2011 Fair value RM'000
Financial assets categorised as loans and receivables						
Trade and other receivables (excluding deposits and prepayments)	69,777	*	69,144	*	72,781	*
Cash and cash equivalents	24,596	*	20,092	*	15,399	*
	94,373		89,236		88,180	
Financial liabilities carried at amortised cost						
Floating rate loans and borrowings	23,559	23,559	25,131	25,131	13,215	13,215
Fixed rate loans and borrowings	70,619	70,641	81,006	81,040	71,108	71,033
Trade and other payables	57,604	*	50,652	*	46,364	*
	151,782		156,789		130,687	

27. Financial instruments (continued)

27.5 Categories and fair value of financial instruments (continued)

Company	31.5.2013 Carrying amount RM'000	31.5.2013 Fair value RM'000	31.5.2012 Carrying amount RM'000	31.5.2012 Fair value RM'000	1.6.2011 Carrying amount RM'000	1.6.2011 Fair value RM'000
Financial assets categorised as loans and receivables						
Trade and other receivables (excluding deposits and prepayments)	41,048	*	38,851	*	40,494	*
Cash and cash equivalents	84	*	23	*	24	*
	41,132		38,874		40,518	
Financial liabilities carried at amortised cost						
Floating rate loans and borrowings	10,432	10,432	4,560	4,560	-	-
Trade and other payables	1,619	*	484	*	249	*
	12,051		5,044		249	

* The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

27. Financial instruments (continued)

27.5 Categories and fair value of financial instruments (continued)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2013 %	2012 %
Secured term loans	-	3.30 - 4.50
Finance leases liabilities	2.46 - 8.00	2.30 - 4.00
Bankers' acceptances	1.58 - 5.50	1.91- 5.50

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be significant as the probability of the subsidiaries defaulting on the credit lines is remote.

27.6 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gain/(loss) arising on:				
- Loans and receivables	(432)	(3,163)	3	-
- Finance liabilities	(4,412)	(3,792)	(424)	(23)
	(4,844)	(6,955)	(421)	(23)

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

29. Operating leases - Group

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :

	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Less than one year	2,512	3,425	3,388
Between one and five years	126	2,330	5,425
	2,638	5,755	8,813

The Group leases a warehouse under operating leases. The lease was for an initial period of 3 years with an option to renew the lease on an annual basis upon the expiry of the initial lease period.

30. Capital commitments

Group	31.5.2013 RM'000	31.5.2012 RM'000	1.6.2011 RM'000
Property, plant and equipment			
Contracted but not provided for	16,938	24,384	-
Company			
Property, plant and equipment			
Contracted but not provided for	16,938	24,300	-

31. Subsequent events

On 10 July 2013, the Company proposed the following :

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

(b) renounceable rights issue of 64,834,000 warrants in the Company at an indicative 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 Proposed Bonus Issue ("Proposed Rights Issue of Warrants").

The above proposals are subject to the approval by the relevant authorities and shareholders of the Company.

32. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 May 2013, the comparative information presented in these financial statements for the financial year ended 31 May 2012 and in the preparation of the opening MFRS statements of financial position at 1 June 2011 (the Group's date of transition to MFRSs).

In preparing the opening consolidated statements of financial position at 1 June 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, is set out as follows:

32. Explanation of transition to MFRSs (continued)

32.1 Reconciliation of financial position

(a) Revaluation reserve

Upon transition to MFRS, the revaluation reserve of RM387,266 at 1 June 2011 and 31 May 2012 was reclassified to retained earnings.

The impact arising from the change is summarised as follows:

	Group	
	1.6.2011	**31.5.2012**
	RM	**RM**
Consolidated statement of financial position		
Revaluation reserve	387,266	387,266
Adjustment to retained earnings	387,266	387,266

(b) Translation reserve

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the translation reserve.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

	Group	
	1.6.2011	**31.5.2012**
	RM	**RM**
Consolidated statement of financial position		
Translation reserve	(60,600)	(60,600)
Adjustment to retained earnings	(60,600)	(60,600)

33. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 May, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2013		2012	
	Group RM	**Company RM**	**Group RM**	**Company RM**
Total retained earnings of the Company and its subsidiaries				
- realised	17,118,461	6,606,662	15,585,091	3,901,029
- unrealised	362,692	-	321,236	-
	17,481,153	6,606,662	15,906,327	3,901,029
Total retained earnings of associates				
- realised	42,538	-	22,314	-
	17,523,691	6,606,662	15,928,641	3,901,029
Less : Consolidation adjustments	(2,142,515)	-	(2,958,746)	-
Total retained earnings	15,381,176	6,606,662	12,969,895	3,901,029

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 6 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 88 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

....

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak

....

Chew Chuon Jin

Penang,

Date : 25 September 2013

Pensonic Holdings Berhad
(Company No. 300426 - P)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak**, the Director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 88 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 25 September 2013.

....

Y. Bhg. Dato' Seri Chew Weng Khak @
Chew Weng Kiak

Before me :

PESURUHJAYA SUMPAH
No. P120
Nama: CHAN KAM CHEE
MALAYSIA

29 Bishop Street
10200 Penang

KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
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Independent auditors' report to the members of Pensonic Holdings Berhad

(Company No. 300426 - P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Pensonic Holdings Berhad, which comprise the statements of financial position as at 31 May 2013 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 87.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2013, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements except for Pensonic Trading (Shenzhen) Co. Ltd. where the management accounts were consolidated in the Group financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports of the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 88 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 1(a) to the financial statements, Pensonic Holdings Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 June 2012 with a transition date of 1 June 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 May 2012 and 1 June 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 May 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 May 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 June 2012 do not contain misstatements that materially affect the financial position as of 31 May 2013 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/14 (J)
Chartered Accountant

Date : 25 September 2013

Penang

CERTIFIED TRUE COPY

LEE HONG LIM
Chartered Accountant
<MIA : 12949>

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 AUGUST 2013

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 AUGUST 2013 (*Unaudited*)

	Note	Individual Quarter 31 August 2013 RM'000	Individual Quarter 31 August 2012 RM'000	Cumulative Quarter 31 August 2013 RM'000	Cumulative Quarter 31 August 2012 RM'000
Revenue	9	105,715	93,864	105,715	93,864
Cost of sales		(82,891)	(74,112)	(82,891)	(74,112)
Gross profit		22,824	19,752	22,824	19,752
Other operating income		693	379	693	379
Interest income		12	12	12	12
Operating expenses		(18,510)	(15,569)	(18,510)	(15,569)
Results from operating activities		5,019	4,574	5,019	4,574
Finance costs		(1,102)	(1,103)	(1,102)	(1,103)
Operating profit		3,917	3,471	3,917	3,471
Share of profit of equity accounted associates		-	-	-	-
Profit before tax		3,917	3,471	3,917	3,471
Tax income/ (expense)	21	3	(4)	3	(4)
Profit for the period	29	3,920	3,467	3,920	3,467
Other comprehensive expense, net of tax					
Foreign currency translation differences		(66)	54	(66)	54
Total comprehensive income for the period		3,854	3,521	3,854	3,521
Profit attributable to:					
Shareholders of the Company		3,886	3,395	3,886	3,395
Non-controlling interests		34	72	34	72
		3,920	3,467	3,920	3,467
Total comprehensive income attributable to:					
Shareholders of the Company		3,820	3,449	3,820	3,449
Non-controlling interests		34	72	34	72
		3,854	3,521	3,854	3,521
Basic earnings per ordinary share (sen)		4.20	3.67	4.20	3.67

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)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2013 *(Unaudited)*

	Note	Unaudited 31-Aug-13 RM'000	Audited 31-May-13 RM'000
ASSETS			
Property, plant and equipment		65,251	65,475
Investment properties		504	506
Investments in associates		247	247
Intangible assets		1,029	1,024
Deferred tax assets		184	183
Total non-current assets		67,215	67,435
Trade and other receivables		69,869	71,114
Inventories		86,031	75,060
Current tax assets		1,945	1,812
Cash and cash equivalents		25,583	24,595
Non-current assets held for sale		-	-
Total current assets		183,428	172,581
TOTAL ASSETS		250,643	240,016
EQUITY			
Share capital		46,310	46,310
Reserves		45,443	41,623
Total equity attributable to owners of the Company		91,753	87,933
Non-controlling interests		(103)	(137)
TOTAL EQUITY		91,650	87,796
LIABILITIES			
Loans and borrowings	25	13,989	13,114
Deferred tax liabilities		-	6
Total non-current liabilities		13,989	13,120
Loans and borrowings	25	86,122	83,564
Trade and other payables		58,674	55,536
Current tax liabilities		208	-
Total current liabilities		145,004	139,100
Total liabilities		158,993	152,220
TOTAL EQUITY AND LIABILITIES		250,643	240,016
Net assets per share attributable to equity holders (RM)		0.99	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.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 2013 (*Unaudited*)

	Attributable to owners of the Company							
	Non- Distributable Reserve				Distributable			
	Share capital RM'000	Share premium RM'000	Exchange translation Reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equit RM'000
At 1 June 2012	46,310	21,361	363	4,488	12,970	**85,492**	(192)	**85,30**
Foreign currency translation differences	-	-	30	-	-	**30**	-	**3**
Profit for the year	-	-	-	-	3,627	**3,627**	(65)	**3,56**
Total comprehensive income/ (expense) for the year	-	-	30	-	3,627	**3,657**	(65)	**3,59**
Share issued to non-controlling interest	-	-	-	-	-	-	120	**12**
Dividend to owners of the Company	-	-	-	-	(1,216)	**(1,216)**	-	**(1,21**
At 31 May 2013	46,310	21,361	393	4,488	15,381	**87,933**	(137)	**87,79**
At 1 June 2013	46,310	21,361	393	4,488	15,381	**87,933**	(137)	**87,79**
Foreign currency translation differences	-	-	(66)	-	-	**(66)**	-	**(6**
Profit for the period	-	-	-	-	3,886	**3,886**	34	**3,92**
Total comprehensive income/(expenses) for the period	-	-	(66)	-	3,886	**3,820**	34	**3,85**
At 31 August 2013	46,310	21,361	327	4,488	19,267	**91,753**	(103)	**91,65**

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 accompanyi explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 AUGUST 2013 *(Unaudited)*

	3 months ended 31 August	
	2013 RM'000	**2012 RM'000**
Cash flows from operating activities		
Profit before taxation	3,917	3,471
Adjustments for:		
Depreciation of property, plant and equipment	1,156	1,084
Depreciation of investment properties	2	3
Interest expense	1,102	1,103
Plant and equipment written off	-	94
Interest income	(12)	(12)
Operating profit before changes in working capital	6,165	5,743
Changes in working capital:		
Inventories	(10,850)	1,081
Trade and other receivables	1,632	1,569
Trade and other payables	2,355	(5,903)
Cash generated from operations	(698)	2,490
Income tax paid	71	102
Net cash (used in)/from operating activities	(627)	2,592
Cash flows used in investing activities		
Interest received	12	11
Purchase of property, plant and equipment	(932)	(709)
Net cash used in investing activities	(920)	(698)
Cash flows from financing activities		
Drawdown of term loans	889	850
Drawdown of finance lease liabilities	-	50
Drawdown/ (Repayment) of borrowings, net	2,515	(1,140)
Interest paid	(1,102)	(1,103)
Repayment of term loans	(570)	(714)
Placement of pledged fixed deposits	(1)	-
Repayment of finance lease liabilities	(50)	(45)
Net cash from/(used in) financing activities	1,681	(2,102)
Net increase in cash and cash equivalents	134	(208)
Cash and cash equivalents at beginning of period	12,047	5,284
Effect of exchange differences on cash and cash equivalents	49	(20)
Cash and cash equivalents at end of period	12,230	5,056

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE QUARTER ENDED 31 AUGUST 2013 (*Unaudited*)

	3 months ended 31 August	
	2013	**2012**
	RM'000	**RM'000**
Cash and cash equivalents comprised the following:		
Cash and bank balances	21,407	14,370
Bank overdrafts	(10,286)	(9,723)
Short term deposits with licensed banks	4,176	3,345
	15,297	7,992
Fixed deposits pledged to bank	(3,067)	(2,936)
	12,230	5,056

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.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (*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. The audited financial statements of the Group as at and for the year ended 31 May 2013 were prepared under Malaysian Financial Reporting Standards (MFRSs).

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 January 2013.

- MFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
- MFRS 11 Joint Arrangements (effective from 1 January 2013)
- MFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)
- MFRS 13 Fair Value Measurement (effective from 1 January 2013)
- MFRS 119 Employee Benefits (effective from 1 January 2013)
- MFRS 127 Separate Financial Statements (effective from 1 January 2013)
- MFRS 128 Investments in Associates and Joint Ventures (effective from 1 January 2013)
- Amendments to MFRS 7 Financial Instruments: Disclosures (effective from 1 January 2013)
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
- Annual Improvements to MFRS 2009 – 2011 Cycle (effective from 1 January 2013)
- Amendments to MFRS 10, 11 and 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective from 1 January 2013)
- Amendments to MFRS 134 Interim Financial Reporting (effective from 1 January 2013)

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will have no material impact on the financial statements of the Group.

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

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

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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

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

3. Audit Qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 May 2013.

4. Seasonality of Operations

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

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current period ended 31 August 2013.

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

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

No dividend has been paid during the period under review. The board is recommending a final dividend of 1.75 sen per share less 25% tax amounting to approximately RM1,701,893 for the financial year ended 31 May 2013.

PENSONIC HOLDINGS BERHAD (300426-P)
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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.

	For the 3 months ended 31 August			
	2013	2012	2013	2012
	Segment Revenue		Segment Assets	
	RM'000	RM'000	RM'000	RM'000
Malaysia	77,608	71,794	221,416	210,716
Other Asian countries	19,561	17,331	26,140	16,010
Others	8,546	4,739	552	6,149
	105,715	93,864	248,108	232,875

10. Property, Plant and Equipment

During the current financial period ended 31 August 2013, the Group has acquired assets at a cost of RM0.9 million (31 August 2012: RM0.7 million)

11. Events after the Reporting Period

Saved as disclosed in Note 12 on the Changes in Composition of the Group and Note 24 on the Status of the Corporate Proposals, 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

Subsequent to the reporting period, a subsidiary of the Company, Keat Radio Co Sdn Bhd had on 27 September 2013 acquired 2,000,000 ordinary shares of RM1.00 each in Pensia Plastic Industries Sdn Bhd ("PPI") representing the entire issue share capital of PPI from Chew Weng Khak Realty Sdn Bhd and Chew Chuon Jin for a cash consideration of RM2 million, and thus PPI becomes a wholly-owned subsidiary of the Group.

Save as disclosed above, there were no significant changes in the composition of the Group as at the date of this report.

PENSONIC HOLDINGS BERHAD (300426-P)
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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 RM16.1 million.

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-2013 RM'000	**Audited 31-May-2013 RM'000**
Purchase of raw materials from		
-Pensia Plastic Industries Sdn. Bhd.*	2,210	8,562
Subcon and service charge income from		
-Pensia Plastic Industries Sdn. Bhd.*	167	611
Sale of goods to an associate		
-Pensonic (B) Sdn Bhd	354	1,314
Rental income charged for sub-letting of factory premises		
-Pensia Plastic Industries Sdn. Bhd.*	54	216
Rental expenses charged by		
- Directors of the Group	36	144

* Subsequent to the reporting period, Pensia Plastic Industries Sdn. Bhd. has become a wholly-owned subsidiary of the Group through its wholly-owned subsidiary, Keat Radio Co Sdn. Bhd.

16. Disclosure of Realised and Unrealised Profit

	Unaudited 31-Aug-2013 RM'000	**Audited 31-May-2013 RM'000**
- realised	21,584	17,118
- unrealised	643	363
	22,227	17,481
Total retained earnings of associates		
- realised	43	43
Less: Consolidation adjustments	(3,003)	(2,143)
Total retained earnings	19,267	15,381

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (*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

The Group registered revenue of RM105.7 million for the current first quarter as compared to RM93.9 million reported in the corresponding quarter last year, representing an increase in sales of RM11.8 million or 12.6 %. The revenue from the business operation in Malaysia remains strong with 8.1% growth in the current quarter mainly due to the increase in demand during the Raya Festival. The Group's continual efforts to grow its export sales in Myanmar, Vietnam and Middle-East have fared very well. Export sales grew substantially by 27.4% or RM 6 million to RM28 million for the current quarter, which accounted for 27% of the Group's revenue.

Profit after tax has increased to RM3.9 million for the current 1st quarter as compared with RM3.5 million in the preceding period. Gross profit margin also increased to 21.6% as compared to gross profit margin of 21.0% in the preceding corresponding period. The improvement in profit during the current quarter mainly resulted from the increase in sales revenue and gross profit margin contributed by the better-margin products.

18. Variation of results Against Preceding Quarter

Group revenue for the current first quarter ended 31 August 2013 jumped 6.1% to RM105.7 million from RM99.6 million achieved in the immediate preceding quarter. The increase in turnover in the current quarter was mainly due to the increase in local market demand during the Raya Festival and increase in export sales resulted from aggressive expansion and growth strategy carried out for overseas segment.

Besides the increase in group revenue, the Group has recorded profit after tax of RM3.9 million during the current quarter as compared to loss after tax of RM1.9 million in preceding quarter. The increase in profit of RM5.8 million was mainly attributed to higher sales and improved margin during the current quarter under review.

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.

PENSONIC HOLDINGS BERHAD (300426-P)
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20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

Taxation comprises the following:

	Individual Quarter 31 August		Cumulative Quarter 31 August	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax income/ (expense)	3	(4)	3	(4)
	3	(4)	3	(4)

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

On 10 July 2013, the Company proposed the following:

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

(b) Renounceable rights issue of 64,834,000 warrants in the Company at an indicative 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 Proposed Bonus Issue ("Proposed Rights Issue of Warrants").

The said proposals have been approved by the relevant authorities on 24 September 2013 and approved by the shareholders on 28 October 2013 during the EGM. Barring any unforeseen circumstances, the Board expects the Proposals to be completed by December 2013.

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

PENSONIC HOLDINGS BERHAD (300426-P)
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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-13 RM'000	Audited 31-May-13 RM'000
Current		
Unsecured		
Bank overdraft	6,938	3,909
Bankers' acceptance	65,752	61,028
Term loans	54	761
	72,744	65,698
Secured		
Bank overdraft	3,348	5,727
Bankers' acceptance	6,954	8,979
Trust receipts	-	-
Term loans	2,924	2,957
Finance lease liabilities	152	203
	13,378	17,866
	86,122	83,564
Non - current		
Unsecured		
Term loans	48	2,045
Secured		
Term loans	13,532	10,659
Finance lease liabilities	409	410
	13,941	11,069
	13,989	13,114

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.

26. Material Litigation

The Group is not engaged in any material litigation for the current financial period ended 31 August 2013.

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

27. Proposed Dividend

The board is recommending a final dividend of 1.75sen per share less 25% tax amounting to approximately RM1,701,893 for the financial year ended 31 May 2013.

28. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	31 August		31 August	
	2013	2012	2013	2012
Net profit for the period attributable to owners of the Company (RM'000)		3,395	3,886	3,395
Ordinary shares in issue ('000)		92,620	92,620	92,620
Basic earnings per share (sen)		3.67	4.20	3.67

29. Profit for the period

Profit for the period has been arrived at:

	Individual Quarter		Cumulative Quarter	
	31 August		31 August	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
After charging:-				
Depreciation & amortization	1,158	1,087	1,158	1,087
Bad debts written off	88	-	88	-
Inventories written off	-	119	-	119
Plant & equipment written off	-	94	-	94
After crediting:				
Net gain on foreign exchange	394	332	394	332
Government Grants	84	-	84	-

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 28 October 2013.

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary

Date: 28 October 2013

Prepared for inclusion in this Abridged Prospectus)

PENSONIC
HOLDINGS BERHAD (300426-P)

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Website: www.pensonic.com
Email: info@pensonic.com

Registered Office:

87, Muntri Street
10200 Penang
12 December 2013

To: The Shareholders of Pensonic Holdings Berhad ("PHB")

Dear Sir/Madam,

On behalf of the Board of Directors of PHB ("Board"), I wish to report, after making due enquiries in relation to the interval between 31 May 2013, being the date to which the last audited financial statements of PHB and its subsidiaries ("PHB Group") have been made up, and to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus:

(a) the business of PHB Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of PHB Group, which have adversely affected the trading or the value of the assets of PHB Group;

(c) the current assets of the PHB Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) Saved as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by PHB Group;

(e) Since the last audited financial statements of PHB Group, the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of PHB Group; or

(f) Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of PHB Group since the last audited financial statements of PHB Group.

Yours faithfully,
For and on behalf of the Board
PENSONIC HOLDINGS BERHAD

DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK
Executive Chairman

1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issuance of this AP; and

(ii) As at the LPD, save for the Rights Issue of Warrants, no person has been or is entitled to be given an option to subscribe for any securities of the Company.

2. REMUNERATION OF DIRECTORS

The provisions in the Articles of Association in relation to the remuneration of the Directors are as follows:

Article 111

Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting provided always:

(i) Director's fee payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
(ii) salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or a percentage of turnover;
(iii) all remuneration payable to Directors shall be deemed to accrue from day to day;
(iv) fee payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
(v) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 113

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

(i) render any special or extra services to the Company; or
(ii) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

Article 142

Subject to the Act, the Directors may appoint one (1) or more of their number to any executive office (by whatever title it is known) including (without limitation) that of chairman, deputy chairman, managing director, joint, deputy or assistant managing director and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such term as to remuneration and otherwise as the Directors think fit. A Director may be appointed to hold more than one executive office at a time. A managing director shall subject to the control of the Board of Directors. Reference in these Articles to 'chairman' or 'deputy chairman' shall mean a chairman or deputy chairman (as the case may be) appointed under this Article. References in these Articles to 'managing director' shall mean a managing director appointed under this Article (subject to such person appointed being a Director).

3. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business), during the past two (2) years preceding the date of this AP.

(i) Sale Shares Agreement dated 27 September 2013 entered into between Chew Weng Khak Realty Sdn. Bhd. and Chew Chuon Jin (collectively, the "**Vendors**") and Keat Radio Co. Sdn. Bhd. ("KRCSB") in relation to the purchase by KRCSB from the Vendors of 2,000,000 ordinary shares of RM1.00 each in Pensia Plastic Industries Sdn. Bhd. for a cash consideration of RM2,000,000.00, subject to the terms and conditions therein contained;

(ii) Agreement (PAM Contract 2006 (Without Quantities)) dated 11 October 2013 between PHB and PLB. Green. Construction Sdn. Bhd. ("**Contractor**") in respect of the carrying out and completion by the Contractor of the main contract works for a single-storey factory with four-storey office at Plot 98, Lorong Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, Mukim 13, Seberang Perai Tengah, Pulau Pinang for the contract sum of RM24,300,000.00, subject to the terms and conditions therein contained;

(iii) Agreement dated 21 September 2012 entered into between Kollektion Distribution Sdn. Bhd and Wong Pow Yee in respect of the formation of and subscription of shares in Kollektion Haus (Austin) Sdn. Bhd. ("**KHASB**") in the shareholding proportion of 60:40, which is proposed by the parties to be used as their joint venture vehicle for the purpose of developing, managing and operating an outlet to bear the brand name of KOLLEKTION HAUS in Johor, certain commitments of the parties as well as to otherwise regulate their rights and obligations in relation to KHASB in the manner set out therein;

(iv) Sale and Purchase Agreement dated 5 July 2012 entered into between Sim Yam Kaik, Goh Ean Tee and Goh Ean Ngoh (collectively, the "**Purchasers**") and KRCSB in respect of the sale by KRCSB to the Purchasers of the property known as Premises No. 158, 160 & 162, Jalan Perak, 10150 Penang erected on Lot No. 264, Seksyen 3, Bandar George Town, Daerah Timur Laut, Pulau Pinang held under Geran No. 20943 and measuring approximately 459.3905 square metres or thereabouts for a cash consideration of RM1,590,000.00, subject to the terms and conditions therein contained;

(v) Agreement dated 5 June 2012 entered into between Northern Corridor Implementation Authority ("**NCIA**") and PHB to stipulate the terms and conditions pertaining to and governing the collaboration between them in pursuance of which NCIA agrees to financially assist PHB in the aspects of PHB's setting up of new manufacturing facility on a piece of land situated at Bukit Minyak Industrial Park known as PN 7231, Lot 4352, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang (but not the physical aspect of the construction itself) up to the maximum amount of RM2,500,000.00 subject to the terms and conditions stipulated within the provisions of the said Agreement; and

(vi) Sale and Purchase Agreement dated 2 July 2012 entered into between KRCSB and Lotus Smiles Sdn Bhd ("**LSSB**") in respect of the sale by KRCSB to LSSB of all that freehold land and hereditaments known as Lot 2287 held under Geran 25870 Bandar Georgetown, Daerah Timur Laut, Penang measuring an approximate area of 864.9919 square metres together with premises erected thereon bearing assessment address Nos. 10A & 10B Jalan Terengganu, Penang for a cash consideration of RM700,000.00, subject to the terms and conditions therein contained.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither PHB nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, including those pending or threatened, either as plaintiff or defendant, and the Directors of PHB do not have knowledge of any facts likely to give rise to any proceeding which might materially affect the business or financial position of PHB or any of its subsidiaries.

5. GENERAL

(a) None of the Directors have any service contracts or proposed service contracts with the Group, excluding contracts expiring or determinable by the Group without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP.

(b) Save as disclosed in Sections 5, 6 and 8 of this AP (where relevant), and to the best knowledge of the Board, the financial conditions and operations of the Group are not affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of the Group;

(ii) any material commitment for capital expenditure of the Group;

(iii) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from the Group's operations; and

(iv) known trends or uncertainties that have had, or will have, a material favourable or unfavourable impact on revenues or operating income of the Group.

(c) Save as disclosed in Sections 5 and 6 of this AP, the Board is not aware of any material information including specific trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Group.

6. Consents

(a) The Adviser and Underwriter, Share Registrar, Company Secretary, Solicitors and Principal Banker for the Rights Issue of Warrants have given their consents to the inclusion in this AP of their names in the form and context in which such names appear before the issuance of this AP and their consents have not been subsequently withdrawn;

(b) Bloomberg (Malaysia) Sdn Bhd has given its consent to the inclusion in this AP of its name and/or citation of the market data as disclosed in Section 8 of Appendix II of this AP, in the form and context in which they appear before the issuance of this AP and its consent has not been subsequently withdrawn; and

(c) The Auditors and Reporting Accountants have given their consent to the inclusion in this AP of their letter relating to the proforma consolidated statements of financial position of the Company as at 31 May 2013 and all references to their names in the form and context in which they appear have been given before the issuance of this AP and have not been subsequently withdrawn.

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7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Mondays to Fridays at the Registered Office at 87, Muntri Street, 10200 Penang for the period of twelve (12) months from the date of this AP:

(i) the Company's M&A;

(ii) the audited consolidated financial statements of the Company and its subsidiaries for the past two (2) FYE 31 May 2012 and FYE 31 May 2013;

(iii) the unaudited consolidated financial statements of the Company for the three (3)-month FPE 31 August 2013 as set out in Appendix V of this AP;

(iv) the proforma consolidated statements of financial position as at 31 May 2013 together with the Reporting Accountants' letter thereon referred to in Appendix III of this AP;

(v) Directors' Report referred to in Appendix VI of this AP;

(vi) the irrevocable undertaking letters from the Undertaking Shareholders referred to in Section 9 of this AP;

(vii) material contracts referred to in Section 3 above;

(viii) the Deed Poll dated 18 November 2013 constituting the Warrants;

(ix) the Underwriting Agreement dated 22 November 2013; and

(x) the letters of consent referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus, together with the NPA and RSF, have been seen and approved by the Board, and they, collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statements or other facts which, if omitted, would make any statement herein false and misleading.

IPS being the Adviser and Underwriter of the Rights Issue of Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of Warrants.

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