

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 28 FEBRUARY 2014

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 28 FEBRUARY 2014 (Unaudited)

| | Note | Individual Quarter | | Cumulative Period | |
|--|------|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | | 3 months ended 28.02.14 RM'000 | 28.02.13 RM'000 | 9 months ended 28.02.14 RM'000 | 28.02.13 RM'000 |
| Revenue | 9 | 97,165 | 82,901 | 291,634 | 262,898 |
| Cost of sales | | (77,155) | (68,299) | (233,417) | (210,134) |
| Gross profit | | 20,010 | 14,602 | 58,217 | 52,764 |
| Other operating income | | (341) | 880 | 976 | 2,416 |
| Interest income | | (110) | 2 | 114 | 48 |
| Operating expenses | | (16,568) | (14,197) | (51,336) | (46,428) |
| Results from operating activities | | 2,991 | 1,287 | 7,971 | 8,800 |
| Finance costs | | (1,183) | (1,153) | (3,419) | (3,324) |
| Operating profit | | 1,808 | 134 | 4,552 | 5,476 |
| Share of profit of equity accounted associates | | - | - | - | - |
| Profit before tax | | 1,808 | 134 | 4,552 | 5,476 |
| Tax expense | 21 | (32) | (30) | (36) | (43) |
| Profit for the period | 29 | 1,776 | 104 | 4,516 | 5,433 |
| Other comprehensive expense, net of tax | | | | | |
| Foreign currency translation differences | | 62 | (20) | 7 | 65 |
| Total comprehensive income for the period | | 1,838 | 84 | 4,523 | 5,498 |
| Profit attributable to: | | | | | |
| Shareholders of the Company | | 1,792 | 34 | 4,512 | 5,313 |
| Non-controlling interests | | (16) | 70 | 4 | 120 |
| | | 1,776 | 104 | 4,516 | 5,433 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of the Company | | 1,854 | 14 | 4,519 | 5,378 |
| Non-controlling interests | | (16) | 70 | 4 | 120 |
| | | 1,838 | 84 | 4,523 | 5,498 |
| Basic earnings per ordinary share (sen) | | 1.38 | 0.03 | 3.48 | 4.10 |
| Diluted earnings per ordinary share (sen) | | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2014 (Unaudited)

| | Note | Unaudited 28-Feb-14 RM'000 | Audited 31-May-13 RM'000 |
|---|------|----------------------------------|--------------------------------|
| ASSETS | | | |
| Property, plant and equipment | | 71,445 | 65,475 |
| Investment properties | | 500 | 506 |
| Investments in associates | | 247 | 247 |
| Intangible assets | | 1,035 | 1,024 |
| Deferred tax assets | | 183 | 183 |
| Total non-current assets | | 73,410 | 67,435 |
| Trade and other receivables | | 67,635 | 71,114 |
| Inventories | | 77,672 | 75,060 |
| Current tax assets | | 2,111 | 1,812 |
| Cash and cash equivalents | | 21,203 | 24,595 |
| Total current assets | | 168,621 | 172,581 |
| TOTAL ASSETS | | 242,031 | 240,016 |
| EQUITY | | | |
| Share capital | | 64,834 | 46,310 |
| Reserves | | 32,399 | 41,623 |
| Total equity attributable to owners of the Company | | 97,233 | 87,933 |
| Non-controlling interests | | (133) | (137) |
| TOTAL EQUITY | | 97,100 | 87,796 |
| LIABILITIES | | | |
| Loans and borrowings | 25 | 8,103 | 13,114 |
| Deferred tax liabilities | | 139 | 6 |
| Total non-current liabilities | | 8,242 | 13,120 |
| Loans and borrowings | 25 | 93,537 | 83,564 |
| Trade and other payables | | 42,971 | 55,536 |
| Current tax liabilities | | 181 | - |
| Total current liabilities | | 136,689 | 139,100 |
| Total liabilities | | 144,931 | 152,220 |
| TOTAL EQUITY AND LIABILITIES | | 242,031 | 240,016 |
| Net assets per share attributable to equity holders (RM) | | 0.75 | 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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 28 FEBRUARY 2014 (Unaudited)

| | ← Attributable to owners of the Company → | | | | | | Total RM'000 | Non- controlling interests RM'000 | Total Equity RM'000 |
|---|---|----------------------------|--|------------------------------|------------------------------|--------------------------------|-----------------|--|------------------------|
| | ← Non- Distributable Reserve → | | | Distributable | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Exchange translation Reserve RM'000 | Capital reserve RM'000 | Warrant reserve RM'000 | Retained earnings RM'000 | | | |
| At 1 June 2012 | 46,310 | 21,361 | 363 | 4,488 | - | 12,970 | 85,492 | (192) | 85,300 |
| Foreign currency translation differences | - | - | 30 | - | - | - | 30 | - | 30 |
| Profit for the year | - | - | - | - | - | 3,627 | 3,627 | (65) | 3,562 |
| Total comprehensive income/ (expense) for the year | - | - | 30 | - | - | 3,627 | 3,657 | (65) | 3,592 |
| Share issued to non-controlling interest | - | - | - | - | - | - | - | 120 | 120 |
| Dividend to owners of the Company | - | - | - | - | - | (1,216) | (1,216) | - | (1,216) |
| At 31 May 2013 | 46,310 | 21,361 | 393 | 4,488 | - | 15,381 | 87,933 | (137) | 87,796 |
| At 1 June 2013 | 46,310 | 21,361 | 393 | 4,488 | - | 15,381 | 87,933 | (137) | 87,796 |
| Foreign currency translation differences | - | - | 7 | - | - | - | 7 | - | 7 |
| Profit for the period | - | - | - | - | - | 4,512 | 4,512 | 4 | 4,516 |
| Total comprehensive income for the period | - | - | 7 | - | - | 4,512 | 4,519 | 4 | 4,523 |
| Issuance of bonus shares | 18,524 | (18,524) | - | - | - | - | - | - | - |
| Issuance of warrants | - | - | - | - | 6,483 | - | 6,483 | - | 6,483 |
| Dividend to owners of the Company | - | - | - | - | - | (1,702) | (1,702) | - | (1,702) |
| At 28 February 2014 | 64,834 | 2,837 | 400 | 4,488 | 6,483 | 18,191 | 97,233 | (133) | 97,100 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 28 FEBRUARY 2014 (Unaudited)**

| | Note | 9 months ended | |
|---|------|----------------|----------------|
| | | 28 February | |
| | | 2014 RM'000 | 2013 RM'000 |
| Cash flows from operating activities | | | |
| Profit before taxation | | 4,552 | 5,476 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 3,604 | 3,336 |
| Depreciation of investment properties | | 6 | 6 |
| Interest expense | | 3,419 | 3,324 |
| Interest income | | (114) | (48) |
| Excess of fair value of net assets acquired over purchase consideration | 5 | (36) | - |
| Plant and equipment written off | | - | 94 |
| Gain on disposal of non-current assets held for sale | | - | (1,638) |
| Gain on disposal of plant and equipment | | - | (23) |
| Operating profit before changes in working capital | | 11,431 | 10,527 |
| Changes in working capital: | | | |
| Inventories | | 1,029 | 966 |
| Trade and other receivables | | 7,779 | 4,247 |
| Trade and other payables | | (19,286) | (5,482) |
| Cash generated from operations | | 953 | 10,258 |
| Income refund | | (20) | (451) |
| Net cash generated from operating activities | | 933 | 9,807 |
| Cash flows used in investing activities | | | |
| Interest received | | 114 | 48 |
| Net outflow of acquisition of shares in subsidiary company | 5 | (2,476) | - |
| Purchase of property, plant and equipment | | (7,569) | (8,453) |
| Proceeds from disposal of non-current assets held for sales | | - | 2,290 |
| Proceeds from disposal of plant and equipment | | - | 134 |
| Net cash used in investing activities | | (9,931) | (5,981) |
| Cash flows from financing activities | | | |
| Drawdown of term loans | | 3,323 | 4,399 |
| Drawdown/ (repayment) of borrowings, net | | 509 | (200) |
| Interest paid | | (3,419) | (3,324) |
| Repayment of term loans | | (1,209) | (2,113) |
| Dividend paid | | (1,702) | (1,216) |
| Repayment of finance lease liabilities | | (151) | (158) |
| Withdraw/ (placement) of pledged fixed deposits | | 1,098 | (3) |
| Drawdown of finance lease liabilities | | - | 178 |
| Proceeds from issuance of shares to non-controlling interest | | - | 120 |
| Proceeds from warrants issue | | 6,483 | - |
| Net cash from/(used in) financing activities | | 4,932 | (2,317) |
| Net (decrease) / increase in cash and cash equivalents | | (4,066) | 1,509 |
| Cash and cash equivalents at beginning of period | | 12,047 | 5,284 |
| Effect of exchange differences on cash and cash equivalents | | 74 | (26) |
| Cash and cash equivalents at end of period | | 8,055 | 6,767 |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE QUARTER ENDED 28 FEBRUARY 2014 (Unaudited)**

| | 9 months ended 28 February | |
|---|---------------------------------------|----------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| Cash and cash equivalents comprised the following: | | |
| Cash and bank balances | 17,112 | 19,385 |
| Bank overdrafts | (11,131) | (12,638) |
| Short term deposits with licensed banks | 4,091 | 2,945 |
| | <u>10,072</u> | <u>9,692</u> |
| | | |
| Fixed deposits pledged to bank | <u>(2,017)</u> | <u>(2,925)</u> |
| | <u>8,055</u> | <u>6,767</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2013 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2014 (Unaudited)

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

1. Basis of preparation

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

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2013. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2013. 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”):

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2. Significant Accounting Policies (cont'd)

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

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

On 27 September 2013, Keat Radio Co Sdn Bhd ("KRC"), a subsidiary of the Company had completed the acquisition of 100% equity interest in Pensia Plastic Industries Sdn Bhd ("PPISB"). Upon the acquisition, PPISB became the subsidiary of the Group. PPISB is an unlisted company incorporated in Malaysia involved in the plastic injection and molding.

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

| Identifiable assets and liabilities | Acquiree's | Fair value |
|---|----------------|------------|
| | Carrying Value | |
| | RM'000 | RM'000 |
| Property and Equipment | 2,004 | 2,004 |
| Current Asset | 7,200 | 7,071 |
| Current Liabilities | (7,039) | (7,039) |
| Identifiable net assets acquired | 2,165 | 2,036 |
| Excess of fair value of net assets acquired over purchase consideration | (165) | (36) |
| Purchase consideration | 2,000 | 2,000 |

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5. Unusual and Material Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow (cont'd)

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

| | As of acquisition date RM'000 |
|--|--|
| Total purchase consideration | 2,000 |
| Less: Cash and cash equivalents of subsidiary company acquired | 476 |
| | <hr/> |
| Cash outflow to the Group on acquisition | <u>2,476</u> |

Save as disclosed above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current period ended 28 February 2014.

6. Significant Estimates and Changes in Estimates

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

7. Debt and Equity Securities

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

- (a) Bonus issue of 37,048,000 new ordinary shares of RM0.50 each in the Company 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 ("Bonus Issue"). The Bonus Issue was capitalised entirely from the share premium account of the Company

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

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

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

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

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

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8. Dividend Paid

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

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.

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|-----------------------|---------------------------|-----------------------|--------------------------|-----------------------|
| | <u>3 months ended</u> | <u>3 months ended</u> | <u>9 months ended</u> | <u>9 months ended</u> |
| | <u>28.02.2014</u> | <u>28.02.2013</u> | <u>28.02.2014</u> | <u>28.02.2013</u> |
| | <u>Segment Revenue</u> | | | |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | 67,946 | 63,612 | 207,716 | 198,291 |
| Other Asian countries | 22,716 | 11,019 | 63,751 | 48,487 |
| Others | 6,503 | 8,270 | 20,167 | 16,120 |
| | <u>97,165</u> | <u>82,901</u> | <u>291,634</u> | <u>262,898</u> |
| | <u>Cumulative Period</u> | | | |
| | <u>9 months ended</u> | | <u>9 months ended</u> | |
| | <u>28.02.2014</u> | | <u>28.02.2013</u> | |
| | <u>Segment Assets</u> | | | |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | | | 212,430 | 216,394 |
| Other Asian countries | | | 26,343 | 22,361 |
| Others | | | 552 | 863 |
| | | | <u>239,325</u> | <u>239,618</u> |

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10. Property, Plant and Equipment

During the current financial period ended 28 February 2014, the Group has acquired assets at a cost of RM7.6 million (28 February 2013: RM8.5 million)

11. Events after the Reporting Period

There were no other material events subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter under review.

12. Changes in Composition of the Group

Save as disclosed in Note 5 above, there were no significant changes in the composition of the Group as at the date of this report.

13. Changes in Contingent Liabilities

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

14. Commitments

Capital expenditure contracted but not provided for property, plant and equipment at the reporting date amounted to RM21.9 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 28-Feb-2014 RM'000 | Audited 31-May-2013 RM'000 |
|--|---|---|
| Purchase of raw materials from -Pensia Plastic Industries Sdn. Bhd.* | 2,866 | 8,562 |
| Subcon and service charge income from -Pensia Plastic Industries Sdn. Bhd.* | 212 | 611 |
| Sale of goods to an associate -Pensonic (B) Sdn Bhd | 919 | 1,314 |
| Rental income charged for sub-letting of factory premises -Pensia Plastic Industries Sdn. Bhd.* | 72 | 216 |
| Rental expenses charged by - Directors of the Group | 108 | 144 |

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

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16. Disclosure of Realised and Unrealised Profit

| | Unaudited 28-Feb-2014 RM'000 | Audited 31-May-2013 RM'000 |
|---------------------------------------|---|---|
| - realised | 20,493 | 17,118 |
| - unrealised | 493 | 363 |
| | <hr/> | <hr/> |
| Total retained earnings of associates | 20,986 | 17,481 |
| | | |
| - realised | 43 | 43 |
| Less: Consolidation adjustments | (2,838) | (2,143) |
| | <hr/> | <hr/> |
| Total retained earnings | 18,191 | 15,381 |
| | <hr/> <hr/> | <hr/> <hr/> |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2014 (*Unaudited*)

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

17. Review of Performance

For the Quarter

The Group registered revenue of RM97.2 million for the current quarter as compared to RM82.9 million reported in the corresponding quarter last year, representing an increase in sales of RM14.3 million or 17.2%. The significant improvement in revenue is mainly contributed by overseas sales especially in Vietnam and Middle-East countries, showing growth of 51.5% or RM9.9 million to RM29.2 million which accounted for 30% of the Group's revenue for the current quarter. As a result of warehouse sale during December 2013, local sales increased by 6.8% or RM4.3 million to RM68 million.

The Group posted a pre-tax profit of RM1.8 million as compared to a pre-tax profit of RM0.1 million in the previous corresponding period last year. 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.

For the 9 months ended

As for the 9-month period ended 28 February 2014, the Group's revenue and pre-tax profit were RM291.6 million and RM4.6 million as compared to a revenue and pre-tax profit of RM262.9 million and RM5.5 million respectively in the previous year corresponding period.

Group's revenue increased by 10.9% or RM28.7 million mainly contributed by overseas sales especially in Vietnam and Middle-East countries, showing growth of 29.9% or RM19.3 million to RM83.9 million which accounted for 28.8% of the Group's revenue for the 9-month period. However, the Group pre-tax profit has decrease slightly by RM0.9 million mainly resulted from inventories written down.

18. Variation of results Against Preceding Quarter

| | Current Quarter 28-Feb-2014 RM'000 | Immediate Preceding Quarter 30-Nov-2013 RM'000 | Variance (decreased) % |
|------------------------------|---|---|---------------------------------------|
| - Revenue | 97,165 | 88,754 | 9.5 |
| - Profit / (Loss) Before Tax | 1,808 | (1,173) | >100 |

Revenue for the third quarter is higher by 9.5% or RM8.4 million from RM88.7 million in preceding quarters of the Group's financial year due to increase in local market demand during the festive season and aggressive marketing and promotion activities carried out during this period.

Accordingly, the Group record significant improvement of pre-tax profit of RM1.8 million as compared with pre-tax loss of RM1.2 million which mainly affected by the increase revenue.

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19. Commentary on Prospect

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

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

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

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

Taxation comprises the following:

| | Individual Quarter | | Cumulative Period | |
|---------------------|---------------------------|-------------------|--------------------------|-------------------|
| | 3 months ended | | 9 months ended | |
| | 28.02.2014 | 28.02.2013 | 28.02.2014 | 28.02.2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | 32 | 30 | 36 | 43 |
| | 32 | 30 | 36 | 43 |

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

22. Sales of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the current quarter. (28 February 2013: RM1.6 million).

23. Investment in Quoted Securities

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

24. Status of Corporate Proposal

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

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25. Borrowings and Debts Securities

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

| | Unaudited 28-Feb-14 RM'000 | Audited 31-May-13 RM'000 |
|-----------------------------|---|---|
| <u>Current</u> | | |
| Unsecured | | |
| Bank overdraft | 8,248 | 3,909 |
| Bankers' acceptance | 64,742 | 61,028 |
| Term loans | 68 | 761 |
| | <u>73,058</u> | <u>65,698</u> |
| Secured | | |
| Bank overdraft | 2,883 | 5,727 |
| Bankers' acceptance | 7,455 | 8,979 |
| Trust receipts | 1,933 | - |
| Term loans | 8,157 | 2,957 |
| Finance lease liabilities | 51 | 203 |
| | <u>20,479</u> | <u>17,866</u> |
| | <u><u>93,537</u></u> | <u><u>83,564</u></u> |
| <u>Non – current</u> | | |
| Unsecured | | |
| Term loans | - | 2,045 |
| Secured | | |
| Term loans | 7,694 | 10,659 |
| Finance lease liabilities | 409 | 410 |
| | <u>8,103</u> | <u>11,069</u> |
| | <u><u>8,103</u></u> | <u><u>13,114</u></u> |

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

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

26. Material Litigation

The Group is not engaged in any material litigation for the current financial period ended 28 February 2014.

27. Proposed Dividend

The Board does not recommend any dividend for the current quarter ended 28 February 2014.

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

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | <u>3 months ended</u> | <u>3 months ended</u> | <u>9 months ended</u> | <u>9 months ended</u> |
| | <u>28.02.14</u> | <u>28.02.13</u> | <u>28.02.14</u> | <u>28.02.13</u> |
| Net profit for the period attributable to owners of the Company (RM'000) | 1,792 | 34 | 4,512 | 5,313 |
| Number of ordinary shares in issue ('000) | 129,668 | 129,668 | 129,668 | 129,668 |
| Basic earnings per share (sen) | <u>1.38</u> | <u>0.03</u> | <u>3.48</u> | <u>4.10</u> |

The number of ordinary shares in issue for the preceding year corresponding quarter and period have been restated to reflect the retrospective adjustments arising from the bonus issue which was completed as referred to in Note 7(a).

(ii) Diluted EPS

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

29. Profit for the period

Profit for the period has been arrived at:

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|--|---------------------------|-----------------------|--------------------------|-----------------------|
| | <u>3 months ended</u> | <u>3 months ended</u> | <u>9 months ended</u> | <u>9 months ended</u> |
| | <u>28.02.14</u> | <u>28.02.13</u> | <u>28.02.14</u> | <u>28.02.13</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| After charging:- | | | | |
| Depreciation & amortization | 1,225 | 1,134 | 3,610 | 3,342 |
| Inventories written down | 627 | (500) | 1,194 | - |
| Bad debts written off | 3 | 6 | 173 | 431 |
| Plant & equipment written off | - | - | - | 94 |
| After crediting: | | | | |
| Gain on disposal of non-current assets held for sale | - | - | - | 1,638 |
| Gain on disposal of plant & equipment | - | - | - | 23 |
| Net (loss) / gain on foreign exchange | 41 | 83 | (222) | 170 |
| Government Grants | 100 | - | 295 | - |

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30. Authorization for Issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 28 April 2014.

BY ORDER OF THE BOARD

Lee Hong Lim

Secretary

Date: 28 April 2014