PENSONIC

Holdings Berhad
Incorporated in Malaysia (300426-P)

2013
Annual Report

• Home appliances • Audio • Visual • Air Conditioner

Papablend Press Launch Ceremony

Venue : Myoga, The Gardens, Kuala Lumpur
Date : 15th January 2013

Maybank Treats Fair

Venue : Mid Valley Exhibition Centre, Kuala Lumpur
Date : 4th July 2013

Technical Leadership Symposium For E & E by USAINS

Venue : Equatorial Hotel, Penang
Date : 18th June 2013

Speaker : Pensonic Group Managing Director / CEO
Mr. Dixon Chew

Pensonic Branding Journey at Erican College

Venue : Erican College, Kuala Lumpur
Date : 28th June 2013

Speaker : Pensonic Group Managing Director / CEO
Mr. Dixon Chew

Kollektion Haus Opening at Johor Bahru, Ipoh & Penang 2012

Pensonic R&D Centre
& Pensonic Global Operational Centre
(Coming Soon in 2014)

Contents

Corporate Information

BOARD OF DIRECTORS

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

Chew Chuon Jin
Chief Executive Officer

Chew Chuon Ghee
Deputy Chief Executive Officer

Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
Non-Independent Non Executive Director

Loh Eng Wee
Independent Non Executive Directors

Khairilanuar Bin Tun Abdul Rahman
Independent Non Executive Directors

Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim
Independent Non Executive Directors

Tahir Jalaluddin Bin Hussain
Independent Non Executive Directors

SECRETARY
Lee Hong Lim (MIA No. 12949)
Tel : 604-2644 877
Fax : 604-2644 878

REGISTERED OFFICE
87, Muntri Street
10200 Penang.
Tel : 604-2638 100/200
Fax : 604-2638 500
Email : tcms@tcms.com.my

REGISTRAR
Plantation Agencies Sdn. Bhd.
Standard Chartered Bank Chambers
Lebuh Pantai, 10300 Penang.
Tel : 604-2625 333
Fax : 604-2622 018

AUDITORS
KPMG
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Malaysian Industrial Development Finance Berhad
EON Bank Berhad

PENSONIC
Pensonic Holdings Berhad (300426-P)

- **100%** KEAT RADIO CO. SDN BHD (Company No.: 32600-X)
  - **100%** PENSONIC (H.K.) CORPORATION LIMITED (Company No.: 528230)
    - **100%** PENSONIC TRADING (SHENZHEN) CO LTD (Co. No.: 440301503229502)
  - **100%** PENSONIC INDUSTRIES SDN BHD (Company No.: 47572-V)
  - **100%** PENSIA PLASTIC INDUSTRIES SDN BHD (Company No.: 151380-K)
  - **60%** PENSONIC PARTS & SERVICE SDN BHD (Company No.: 141672-X)
- **100%** PENSONIC CORPORATION SDN BHD (Company No.: 94785-H)
  - **40%** PENSONIC (B) SDN BHD (Company No.: AGO/RC/6610/06)
- **100%** PENSONIC SALES & SERVICE SDN BHD (Company No.: 162419-M)
  - **100%** KOLLEKTION DISTRIBUTION SDN BHD (Company No.: 596854-A)
    - **60%** KOLLEKTION HAUS (AUSTIN) SDN BHD (Company No.: 980853-W)
- **100%** AMTEK MARKETING SERVICES PTE LTD (Company No.: 2003-02751-W)
- **100%** CORNELL SALES & SERVICE SDN BHD (Company No.: 604369-P)
- **100%** PENSIA INDUSTRIES SDN BHD (Company No.: 133300-X)
- **100%** PENSIA ELECTRONIC SDN BHD (Company No.: 154966-M)
- **51%** MICROTAG ENGINEERING SDN BHD (Company No.: 746608-P)
  - **20%** MICROTAG SYSTEM SDN BHD (Company No.: 746611-P)

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of PENSONIC HOLDINGS BERHAD will be held at Laurel Ballroom, Level 1, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Penang on Wednesday, 27th day of November, 2013 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

A G E N D A
As Ordinary Businesses

1. To receive the Audited Financial Statements for the financial year ended 31 May 2013 together with the Directors and Auditors thereon. (Please refer to Notes A)

2. To approve a first and final dividend of 1.75 sen per share less tax of 25% for the financial year ended 31 May 2013 as recommended by the Directors in their report. (Resolution 1)

3. To approve the Directors' Fees of RM80,000/- for the financial year ended 31 May 2013. (Resolution 2)

4. To re-elect the following Directors who retire in accordance with Article 129 of the Company's Articles of Association:-

   a) Chew Chuon Jin (Resolution 3)

   b) Loh Eng Wee (Resolution 4)

5. To re-elect the following Directors who retire in accordance with Article 134 of the Company's Articles of Association:-

   a) Khairilanuar Bin Tun Abdul Rahman (Resolution 5)

   b) Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (Resolution 6)

   c) Tahir Jalaluddin Bin Hussain (Resolution 7)

6. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:- (Resolution 8)

   "THAT Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak, a Director who is over seventy years of age, who retires in compliance with Section 129(2) of the Companies Act, 1965 be hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next AGM."

7. To re-appoint the retiring auditors, Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

As Special Businesses
To consider and if thought fit, to pass the following Ordinary Resolutions:-

8. i) Ordinary Resolution

   AUTHORITY TO ISSUE SHARES

   "That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities." (Resolution 10)

ii) Ordinary Resolution

PROPOSED RENEWAL OF SHAREHOLDER'S MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE (Resolution 11)

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 4 November 2013 provided that such transactions are made at arm's length and are in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

THAT disclosure will be made in the annual report of the breakdown of aggregate value of transactions conducted during the financial year pursuant to the shareholders' mandate, amongst others based on the type of recurrent related party transactions made and the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company and that such approval shall take effect upon the passing of this resolution and shall remain in effect until:

a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or

c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions authorized by the Proposed Renewal of Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 19th Annual General Meeting, the first and final dividend of 1.75 sen per share less tax of 25% in respect of the financial year ended 31 May 2013 will be paid on 31 December 2013 to depositors registered in the Records of Depositors at the close of business on 12 December 2013.

A depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 December 2013 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Lee Hong Lim (MIA 12949)
Company Secretary

Penang
Date : 4 November, 2013

Notes:-

A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

Proxy:-

1. For the purpose of determining a member who shall be entitled to attend at the 19th Annual General Meeting, the Company shall be requesting a General Meeting Record of Depositors as at 20 November 2013. Only a depositor whose name appears on the Record of Depositors as at 20 November 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
2. Every member of the Company is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his stead. A proxy need not be a member of the Company. The Proxy Form must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
3. The Proxy Form must be deposited at the Registered Office of the Company at 87, Muntri Street, 10200 Penang, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Explanatory Notes of Special Businesses:

1. **Authority to Issue Shares**

   The proposed Resolution No. 10, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

   As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the last AGM held on 27 November 2012 which will lapse at the conclusion of the 19th AGM.

2. **Proposed Renewal of Shareholder's Mandate for Recurrent Related Party Transaction of A Revenue or Trading Nature**

   The proposed Resolution No. 11, if passed, will allow its subsidiaries to enter into Recurrent Related Party Transaction in accordance with Paragraph 10.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The detailed information of the Proposed Renewal of Shareholder's Mandate for Recurrent Related Party Transaction is set out in the Circular to Shareholders dated 4 November 2013 attached to the Annual Report 2013.

1. Name of Directors who are standing for re-election are as follow :-

   a) Chew Chuon Jin (retiring pursuant to Article 129 of the Articles of Association)

   b) Loh Eng Wee (retiring pursuant to Article 129 of the Articles of Association)

   c) Khairilanuar Bin Tun Abdul Rahman (retiring pursuant to Article 134 of the Articles of Association)

   d) Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (retiring pursuant to Article 134 of the Articles of Association)

   e) Tahir Jalaluddin Bin Hussain (retiring pursuant to Article 134 of the Articles of Association)

2. The Executive Director who is standing for re-appointment at the Nineteenth Annual General Meeting is as follow :-

   a) Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak (re-appoint pursuant to Section 129 of the Companies Act, 1965)

3. Details of attendance of Directors at the Board of Directors' Meetings :

   Four (4) Board of Directors' Meeting were held during the financial year from 1 June, 2012 to 31 May, 2013. Details of attendance of Directors at the Board of Directors' Meeting during the financial year are as follow :-

Name	No. of Meeting Attended
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	3
Chew Chuon Jin	4
Chew Chuon Ghee	4
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	3
Y. Bhg. Dato' Dr. Ku Abd Rahman Bin Ku Ismail (Resigned on 4 June 2013)	3
Loh Eng Wee	4
Khairilanuar Bin Tun Abdul Rahman (Appointed on 28 June 2013)	1

4. Venue, date and time of the Board of Directors' Meetings :-

   All four (4) Board of Directors' Meeting held during the financial year 31 May, 2013 took place at Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.

Date of Meeting	Time
25 October, 2012	3.00 p.m.
25 January, 2013	3.00 p.m.
22 April, 2013	3.00 p.m.
29 July, 2013	3.00 p.m.

5. Details of the profile of Directors are set out in the Board of Directors on pages 8 to 9 of the Annual Report.

6. None of the Directors have any conflict of interest in the Company except for those transactions disclosed in Note 24 to the financial statements.

7. None of the Directors have been convicted of offences within the past ten (10) years other than traffic offences, if any.

8. None of the Directors hold any directorship in any public listed company other than Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, Loh Eng Wee and Khairilanuar Bin Tun Abdul Rahman. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai is the senior Independent Non Executive Director of Unimech Group Berhad, Executive Director / Finance Director of Muar Ban Lee Group Berhad and Independent Non Executive Director of Denko Industrial Corporation Berhad. Mr. Loh Eng Wee is the Independent Non Executive Director of Tatt Giap Group Berhad and Ideal Sun City Holdings Berhad. Khairilanuar Bin Tun Abdul Rahman is the Independent Non Executive Director of Muar Ban Lee Group Berhad, Farlim Group (M) Berhad and Unimech Group Berhad.

9. Details of the Directors' securities holdings in the Company, and/or in related corporations are set out on pages 104 to 105 of the Annual Report.

Board Of Directors

Y. BHG. DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK

A Malaysian, aged 71, was appointed to the Board as the Group Executive Chairman on 13 September 1995. He is the Group Executive Chairman and the founder of Pensonic Holdings Bhd. He has more than 42 years experience in the manufacturing and distribution of electrical and electronic products. His vision and stewardship over the past 42 years has taken the Group from being a small family operation into a leading electrical home appliances manufacturer and distributor in Malaysia. His invaluable experience and vast knowledge of management and production coupled with the business connections he had established in Malaysia and overseas over the years have helped the Group tremendously in achieving its growth. Through his innovative management style and foresight, Y Bhg Dato' Seri Chew Weng Khak @ Chew Weng Kiak has been responsible for and was the catalyst of the numerous advancements and milestones achieved by the Group.

Y Bhg Dato' Seri Chew is the father of Mr. Chew Chuon Jin and Mr. Chew Chuon Ghee, the Chief Executive Director and Deputy Chief Executive Director of Pensonic Holding Berhad respectively.

CHEW CHUON JIN*

A Malaysian, aged 44, is the Chief Executive Officer of Pensonic Holdings Berhad. He was appointed to the Board of Pensonic Holdings Bhd on 13 September 1995. He graduated from the National Cheng Chi University of Taiwan with Bachelor of Business Administration in 1992. He joined Pensonic Holdings Berhad Group in 1993 after a short stint working for Lapro Corporation in Taiwan. Besides managing the overall business of the Pensonic Group, he also has a special focus on product development, brand building and strategic planning. His many years of experience in the electrical home appliances industry and excellent entrepreneurial skills have helped steered the Pensonic Group to greater heights and expanded the Pensonic brand presence into many countries in Asia.

Mr. Chew Chuon Jin is the eldest son of Y Bhg Dato' Seri Chew Weng Khak @ Chew Weng Kiak, the Group Executive Chairman.

CHEW CHUON GHEE

A Malaysian, aged 41, is the Deputy Chief Executive Officer of Pensonic Holdings Berhad. He was appointed to the Board of Pensonic Holdings Bhd on 22 February 2002. He graduated from Eastern Michigan University of the United States of America with a Bachelor of Business Administration in 1995. Upon graduation, he initially joined the Pensonic Group as a Marketing Manager. He is now in charge of the overall operation of the group, including management of the sales and marketing functions of all the brands under the group for both the local and export markets. Currently he served as the Vice President and Executive Committee of Branding Association of Malaysia.

Mr. Chew Chuon Ghee is the second son of Y Bhg Dato' Seri Chew Weng Khak @ Chew Weng Kiak, the Group Executive Chairman.

Y. BHG. TAN SRI DATO' SERI TAN KING TAI @ TAN KHOON HAI

A Malaysian, aged 58, is a Non-Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad. He was appointed as the Executive Director of Pensonic Holdings Bhd on 13 September 1995 and was subsequently re-designated as Non-Executive Director on 13 December 2004. He is a director of Pensia Industries Sdn Bhd and Pensonic Corporation Sdn Bhd., under the Pensonic Group. He is a member of The Institute of Certified Public Accountants, Ireland. He has over 32 years of working experience in the fields of auditing, accounting and corporate finance. Tan Sri is the senior Independent Non-Executive Director of Unimech Group Berhad and was appointed as Independent Non-Executive Director of Denko Industrial Corporation Berhad on 27 December 2010, both of which are listed on Bursa Malaysia Securities Berhad. With effect from 30 June 2009, he was appointed as Executive Director/ Finance Director of Muar Ban Lee Group Berhad, a company listed on Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

LOH ENG WEE*

A Malaysian, aged 44, was appointed as the Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad on 15 September 2011 and was subsequently re-designated as Audit Committee Chairman on 4 June 2013. Mr. Loh graduated from University Malaya in 1994 with a Bachelors of Law (Hons) and was admitted as an advocate and solicitor in 1995. He subsequently joined San & Associate as their advocate and solicitor, and in 1997, he was appointed as the partner of the firm. Mr. Loh's legal specialisation includes matters relating to banking, corporate, civil, land and conveyancing. He is an Independent Non-Executive Director and Audit Committee member of Tatt Giap Group Berhad and Ideal Sun City Holdings Berhad, both of which are listed on Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

KHAIRILANUAR BIN TUN ABDUL RAHMAN*

A Malaysian, aged 48, was appointed as the Independent Non-Executive Director the Audit Committee member of Pensonic Holdings Berhad on 28 June 2013. He graduated from the Institute of Technology Mara in 1998. Encik Khairilanuar is the Executive Director of Infinity Prospect Sdn. Bhd. since 1993 and also a committee member of UMNO Youth of Kepala Batas Division since 2001. He was appointed as the Independent Non-Executive Director of Muar Ban Lee Group Berhad on 30 June 2009, a company listed on Bursa Malaysia Securities Berhad. He was also appointed onto the Board of Directors of Farlim Group (M) Berhad on 18 August 2011 and with effect from 1 October 2013, he was appointed as Independent Non-Executive Director of Unimech Group Berhad, both of which are listed on Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

Y. BHG. DATO' LELA PAHLAWAN DATO' WIRA KU NAHAR BIN KU IBRAHIM*

A Malaysian, aged 66, was appointed as the Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad on 16 August 2013. He graduated from University of Malaya and obtained a BA(Hons) in Geography in 1970. After graduation, he has various appointments with the Kedah State Administrative Service and served as various State District Officer until 2001 as Director of the Kedah State Economic Planning Unit. He held position as the State Secretary until Julai 2003. Thereafter, he has been appointed as board members in several government control corporations from time to time. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

TAHIR JALALUDDIN BIN HUSSAIN*

A Malaysian, aged 50, was appointed as the Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad on 16 August 2013. He has over 20 years of vast experience in business, corporate and entrepreneurial exposures. He was operation executive of Konsortium Perkapalan Berhad involve in shipping and logistic industries from 1985 to 1990. He has been appointed as Councilor in City Council of Penang from January 2011 to June 2013. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

* Directors who are standing for re-election

Chairman's Statement

Dear Shareholders

On behalf of the board of directors ("**Board**"), I am pleased to present to you the Annual Report of Pensonic Holdings Berhad (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 May 2013 ("FY2013").

TURNAROUND PERFORMANCE IN FY2013

In the face of the sluggish global economic growth in the FY2013, the Group posted revenue of RM363 million, which sees an increase of 4.0% or RM14 million from RM349 million reported during the financial year ended 31 May 2012 ("**FY2012**"), riding on the growing demand in both local and overseas market. The Group was able to continue to penetrate markets by being competitive in terms of price and quality. Geographically, export sales to Asian, Middle-East, Africa countries increased by RM3.2 million or 3.61% which accounted for 19.4%, 6% and 0.2% respectively of the Group's revenue. OEM and ODM sales continued to show consistent improvement with approximately 7% growth as compared to FY2012.

On the back of the increased revenue, the Group achieved a turnaround net profit of RM3.56 million in FY2013, compared to a loss of RM10.9 million a year ago. The improved performance in revenue and overall profitability was attributed to effective cost-savings measures, contribution from the new high-margin products, better product-mix and concerted efforts in selling and marketing approach. Such measure yields solid and uninterrupted returns to the Group. This year, we can see a small but positive bottom line as we continuously invest into expansions especially on the construction of new buildings, R&D and purchase of new machineries to increase production capacity; in which the Group will bear with the increase in depreciation and interest expenses. We believe these investments were necessary in order to lay the groundwork of our Group's future growth.

Besides, there was a gain of RM1.6 million from the disposal of non-current assets held for sales in FY2013 (FY2012: Nil) that contributed substantially to other operating income, which records an increase of 39% from RM2.7 million in FY2012 to RM3.7 million in FY2013. Although certain subsidiaries of the Company have been granted tax exemption status, the Group is still incurring income tax expense this year mainly due to the reversal of deferred tax assets recognized in previous year.

I am pleased to report that the Group is back on track with the Group shareholders' equity strengthened to RM88 million and net assets value per share attributable to equity holders increased to 0.95 sen for FY2013. Together with the positive cash flow, these encouraging FY2013 results spurred the Group to strive and deliver earnings growth and augment shareholders' value.

STAY COMPETITIVE AND FOCUSED

Looking ahead, we expect business sentiment to remain cautious due to lingering uncertainties surrounding the global economy. The uncertain macro-economic climate, coupled with increased competitive pressure and potentially unfavourable movements in currency exchange rates, are likely to result in challenging business conditions for the Group in FY2013. Recognizing the challenges going forward, the Group continues to stay focus on the business targets whilst charting our path of growth.

Our directions and priorities remain clear. The focus will be on increasing sales and gaining market share which overseas market will be primed for expansion. If our sole focus is only on local markets, growth is expected to be slow as the cake is not growing. Thus, expanding our global distribution networks is essential as it has significant growth opportunities to bring the company's performance to the next level. In operation side, we will continue to exercise tight control on credit risk, overhead costs and capital employed, and at the same time improving its financial efficiencies such as inventory, cash management and cash conversion cycles.

Our new Design and Development Centre cum International Distribution Hub in Bukit Minyak Industrial Park is about 50% completed and we are expecting the completion date to be delayed to 2nd quarter of 2014 as we are adding a centralised warehouse to facilitate distribution and export in the northern region. The new facility will act as a centralised hub to develop new innovative products such as our Carinae LEDs, eco-friendly appliances and energy-saving household appliances; control the international distribution activities.

The hub also serves as a centralised centre for us to share our brand strength and distribution network with other small & medium enterprises (SMEs) that have strong innovative products to market, bringing their ideas into commercialisation. We will entail support such as market trends, manufacturing, promotion and branding, as well as product distribution.

Speaking about our new headquarters, it is a state-of-the-art building with green technology concept/features. We hope we could create a working environment fancied by the younger generation, and hope by doing so, we could attract more talented young people to work with us.

In the meantime, the Group will proactively search for potential expansion, merger and acquisition opportunities in order to realize our long-term business expansion strategy, and to further enhance our revenue sources and profitability to fetch long-term premium value and returns to our stakeholders in the years ahead.

We are right on track for progress. Nevertheless, barring any unforeseen circumstances, we are of the view that the Group's performance for the coming financial year would further stabilize and improve.

REWARDING OUR SHAREHOLDERS

The Group's ultimate measure of success is its consistent enrichment of its shareholders. A promise and delivery of long term and sustainable shareholder values remain the Group's main priority.

As a reward to our loyal investors, subject to the approval of the shareholders, the Board has proposed a bonus issue of 37.05 million shares on the basis of 2 bonus shares for every 5 existing ordinary shares and a renounceable rights issue of 64.83 million warrants at an indicative issue price of 10 sen per warrant. This would be on the basis of one warrant for every two shares held after the proposed bonus issue.

The Bonus Issue is the to reward our loyal shareholders for their continuing support by enabling them to have a greater participation in the equity, including any future dividend distributions in terms of the increased number of Pensonic shares held while at the same time enhancing the Group's capital base. As for the Warrants, it provided shareholders with the opportunity to increase their participation in the equity of the Group at a predetermined exercise price during the tenure of the Free Warrants.

Based on the indicative issue price of the warrants of 10 sen each, the proposed rights issue of warrants would raise gross proceeds of up to RM6.48mil and would be used as working capital for business expansion. Additionally, based on the indicative exercise price of 60 sen per warrant, the Group will raise gross proceeds of up to RM38.9 million from the full exercise of the warrants to facilitate the future growth of its operations especially for M&A. The said proposed bonus issue and rights issue of warrants are expected to complete by December 2013.

DIVIDENDS

The Board has proposed a first and final dividend of 1.75 sen per ordinary share less 25% tax for the financial year ended 31 May 2013 (2012: 1.75 sen) will be tabled for shareholders' approval for the forthcoming Annual General Meeting.

ACKNOWLEGMENTS

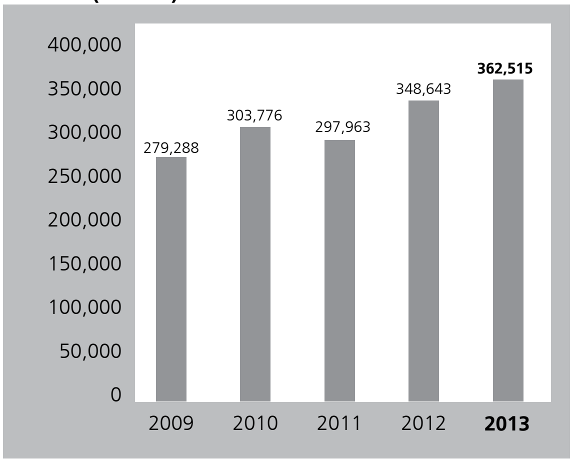
On behalf of the Board of Directors, I wish to express our deepest appreciation to our shareholders, customers, business associates, regulatory bodies, financial institutions and suppliers for their assistance and continued support.

We will continue to uphold your trust and confidence in the Company and the Group. I wish to extend my heartfelt thanks to the management and all associates of the Group for their dedication, untiring effort and loyalty. The Group's continuous growth is the result of the concerted effort of the entire team. I am sure the team will continue to give their best to bring the Group to greater heights.

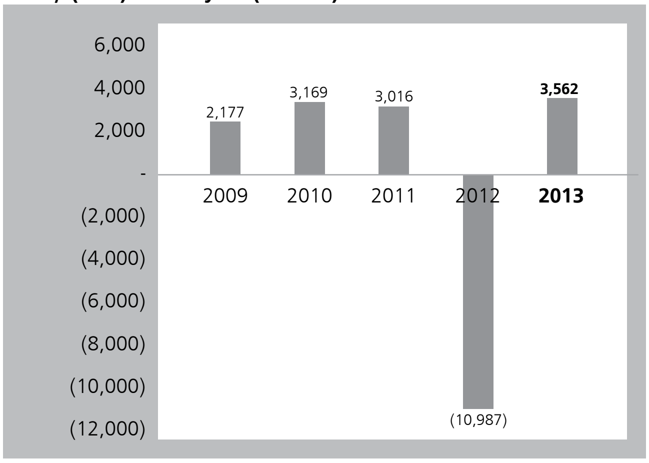
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman
25 September 2013

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
STATEMENTS OF COMPREHENSIVE INCOME					
Revenue	279,288	303,776	297,963	348,643	362,515
Profit/(Loss) before tax	3,792	5,266	5,278	(11,064)	3,943
Profit/ (Loss) for the year	2,177	3,169	3,016	(10,987)	3,562
Profit/ (Loss) for the year attributable to owners of the Company	2,230	3,348	3,338	(10,615)	3,627
Net dividend proposed	868	1,042	1,216	1,216	1,702
STATEMENTS OF FINANCIAL POSITION					
Total Assets	217,858	220,173	223,421	241,523	240,017
Share Capital	46,310	46,310	46,310	46,310	46,310
Total equity attributable to owners of the Company	92,455	94,906	96,959	85,491	87,933
FINANCIAL RATIOS					
Return on shareholders' equity	2.41%	3.53%	3.44%	(12.42%)	4.12%
Basic earnings/ (loss) per share (sen)	2.41	3.61	3.60	(11.46)	3.92
Net assets per share (RM)	1.01	1.03	1.05	0.92	0.95
Dividend rate	2.5%	3.0%	3.5%	3.5%	3.5%

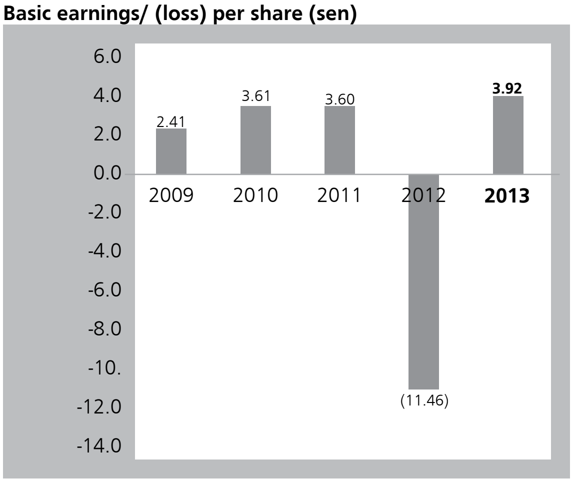
Revenue (RM'000)



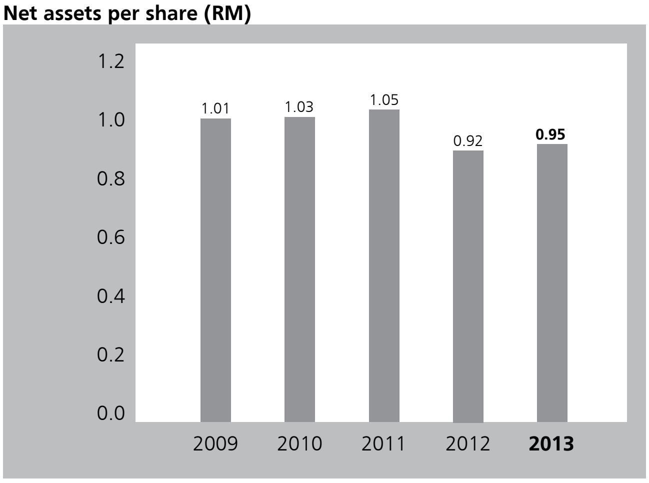
Profit/ (Loss) for the year (RM'000)



Basic earnings/ (loss) per share (sen)



Net assets per share (RM)



Statement Of Corporate Governance

Pursuant to Paragraph 15.25 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR), the Board of Directors is pleased to disclose herein the Group's application of the Principles and Recommendations as set out in the Malaysian Code of Corporate Governance 2012 ("MCCG 2012" or the "Code") and the extent of compliance during this transition period throughout the financial year 2013 and to the date of this statement.

The Board of PENSONIC fully appreciates the importance of adopting high standards of corporate governance within the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board views corporate governance to be synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board of PENSONIC believes in inculcating a culture that seeks to balance conformance requirements with the need to deliver long-term strategic success through performance, predicated on entrepreneurship, control and ownership, without compromising personal or corporate ethics and integrity.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is pleased to provide a narrative statement on the application of the Principles and the extent of compliance with the Best Practices as set out in Part 1 and 2 of the MCCG 2012 respectively.

Principles statement

The following statement sets out how the Company has applied the Principles as set out in the MCCG 2012.

A. DIRECTORS

The Board

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholders' value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting a strategic plan for business performance and direction, setting the corporate goals, organising resources, monitoring the achievement of goals, overseeing the proper conduct of the Group's business; identifying critical business risks and ensuring the implementation of systems to manage risks, succession planning; developing an investor relations programme, and reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

The Board consists of eight (8) members comprising three (3) executive directors and five (5) non-executive directors. Four out of eight directors are Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 (1) Bursa Malaysia MMLR that at least two or one third of the Board, whichever is the higher is represented by Independent Non-Executive Directors who are independent of management, thereby ensuring independence in the Board deliberations and decision-making. Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size are adequate.

Whilst the Board acknowledges that the general call and support for gender diversity in a board's composition, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

The profile of the Directors is set out in this Annual Report.

The Directors combined in them have expertise and experience in various fields. Their expertise, experience and background results in thorough examination and deliberations of the various issues and matters affecting the Group. There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Executive Chairman is responsible for the overall strategic direction of the Group and the leadership of the Board to ensure effectiveness of the Board while the Managing Director manages the Group's day-to-day activities in achieving corporate and business objective. The Independent Non-Executive Directors provide independent views, advice and judgement and take into account the interest of Group and the various parties involved which shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board.

The Board notes that the Code also recommends that where the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Board is of the opinion that although it does not comprise a majority of independent directors, the Board has nevertheless always discharged its duties and responsibility in the best interest of the Group and its shareholders. The Board will nevertheless review and evaluate the appropriateness of the composition and size of the Board from time to time.

A. DIRECTORS (Cont'd)

The Board (Cont'd)

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.

The Board has a formal schedule of matters specifically reserved to it for decision. Such matters include the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, consideration of significant financial matters and monitoring the financial and operating performance of the Group. This arrangement enables the direction and control of the Group to be firmly in the Board's hand.

The role and function of the Board, which includes the differing roles of Executive Directors and Non-Executive Directors as well as the schedule of matters reserved for the Board, are clearly delineated in a Board Charter.

Retirement of Directors

The Company's Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting (AGM). The Directors to retire in each year are the Directors who have been longest in office since their last re-appointment. Director who is appointed by the Board to fill a casual vacancy or as additional director shall hold office only until the next AGM. Retiring directors are eligible offer themselves for re-election. The re-election of each Director is voted on separately.

Annual assessment is carried out on the Independent Directors by the Board. Recommendation of MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine years. Currently, none of the Independent Directors' tenure has exceeds a cumulative term of nine years.

To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

Meetings

The Board ordinarily meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Due notice is given of scheduled meetings and matters to be dealt with. All Board meeting proceedings are minuted, including the issues discussed and the conclusions made in discharging its duties and responsibilities.

During the financial year, the Board and Audit Committee met on four (4) occasions, where it deliberated upon and considered a variety of matters, including approving the Group's financial results, strategic and investments decisions, annual operating and capital budgets as well as financial and operating performance of its subsidiary companies. Principal risks that have a significant impact on the Group's business or on its financial position, were identified, including measures to mitigate such risks.

The agenda for each Board meeting and papers relating to the agenda items are disseminated to all Directors at least five (5) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

A. DIRECTORS (Cont'd)

Meetings (Cont'd)

All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting. Details of each Director's meeting attendances are as follows:

Meetings Attended (out of 4)

Directors	**Designation**	**Number of Meetings attended**
Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	Group Executive Chairman	3/4
Chew Chuon Jin	Chief Executive Officer	4/4
Chew Chuon Ghee	Deputy Chief Executive Officer	4/4
Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Non-Independent Non-Executive Director	3/4
Y.Bhg. Dato' Dr. Ku Abd Rahman Bin Ku Ismail *(Resigned on 4 June 2013)*	Independent Non-Executive Director	3/4
Loh Eng Wee	Independent Non-Executive Director	4/4
Khairilanuar Bin Tun Abdul Rahman *(Appointed on 28 June 2013)*	Independent Non-Executive Director	1/4
Y.Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Appointed on16 August 2013)*	Independent Non-Executive Director	Not applicable
Tahir Jalaluddin Bin Hussain *(Appointed on 16 August 2013)*	Independent Non-Executive Director	Not applicable

Board Committee

The Board has delegated certain functions to several committees namely:-

- The Audit Committee
- The Nomination Committee
- The Remuneration Committee

The functions and terms of reference of the respective committees, as well as the authority delegated by the Board to these committees have been clearly defined by the Board.

Composition of the Commitees

(a) Audit Committee

The members of the Audit Committee are as follows:-

Designation	**Directors**	**Directorshiop**
Chairman	Y.Bhg. Dato' Dr. Ku Abd Rahman Bin Ku Ismail *(Resigned on 4 June 2013)*	Independent Non-Executive Director
Chairman	Loh Eng Wee *(Re-designated on 4 June 2013)*	Independent Non-Executive Director
Member	Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Non-Independent Non-Executive Director
Member	Khairilanuar Bin Tun Abdul Rahman *(Appointed on 28 June 2013)*	Independent Non-Executive Director
Member	Y.Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Appointed on 16 August 2013)*	Independent Non-Executive Director
Member	Tahir Jalaluddin Bin Hussain *(Appointed on 16 August 2013)*	Independent Non-Executive Director

A. DIRECTORS (Cont'd)

Composition of the Commitees (Cont'd)

(a) Audit Committee (Cont'd)

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group internal control measures. Audit Committee is responsible for recommending to the Board regarding selection of external auditors, reviewing the results and scope of audit and other services provided by the Group's external auditors as well as reviewing and evaluating the Group's internal audit and control function. The Audit Committee is also responsible in financial risk assessment and matters relating to related party transactions and conflicts of interest. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties. The composition, summary of the terms of reference and summary of activities of the Audit Committee is included in the Audit Committee Report of this Annual Report.

(b) Nomination Committee

The members of the Nomination Committee are as follows:-

Designation	**Directors**	**Directorshiop**
Chairman	Khairilanuar Bin Tun Abdul Rahman *(Appointed on 1 July 2013)*	Independent Non-Executive Director
Member	Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai *(Appointed on 1 July 2013)*	Non-Independent Non-Executive Director
Member	Loh Eng Wee *(Appointed on 1 July 2013)*	Independent Non-Executive Director

The Nomination Committee meets as and when required and a least once a year.

The Nomination Committee's responsibilities included assessing and recommending to the Board the candidates of directors, appointment of director to the Board, retirement, re-election and re-appointment of directors, review of the Board's succession plans and training programme for the Board.

The Nomination Committee also review the overall composition of the Board in term of appropriate size, required mix of knowledge, skill, experience and core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors. As part of the recruitment process and annual assessment of directors, the Nomination Committee will also consider a mix of Board members that represents a diversity of background and experience. No individuals shall be discriminated against on the basis of race, religion, national origin, disability or any other basis, including gender. Prior to the formation of this Nomination Committee, the function of Nomination Committee is carry out by the Audit Committee.

(c) Remuneration Committee

The members of the Remuneration Committee are as follows:-

Designation	**Directors**	**Directorshiop**
Chairman	Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai *(Appointed on 1 July 2013)*	Non Independent Non-Executive Director
Member	Khairilanuar Bin Tun Abdul Rahman *(Appointed on 1 July 2013)*	Independent Non-Executive Director
Member	Loh Eng Wee *(Appointed on 1 July 2013)*	Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for the Executive Directors and assist the Board in ensuring that the remuneration of the Executive Directors reflects the performance, responsibility, experience and commitment of the Executive Directors concerned. The determination of the remuneration on Non-Executive Directors is a matter for the Board as a whole. Prior to the formation of this Remuneration Committee, the function of Remuneration Committee is taken up by the Board as a whole.

A. DIRECTORS (Cont'd)

Composition of the Commitees (Cont'd)

Information Dissemination

The Chairman undertakes primary responsibility for organising information necessary for the Board to deal with the agenda and in ensuring that all Directors have full and timely access to the information relevant to matters that will be deliberated at the Board meeting. The Board is supplied with a comprehensive balance of financial and non-financial information covering strategic, operational, financial, regulatory and marketing and human resources issues for informed decision making and effective discharge of its responsibilities.

Such information is supported by key performance indicators, which provide an ongoing overview of business performance through the use of balanced scorecard reporting approach. Detailed periodic briefings on the industry outlook and Company performance are also conducted for Directors to ensure that the Board is well informed on the Group's position, corporate trends, prospects and emerging issues.

All Directors have unrestricted access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making; that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board and his removal from the post, if contemplated, is a matter for consideration by the Board as a whole.

All Directors have full and immediate access to information relating to the Company's business and affairs in the discharge of their duties. There is also a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Company's expense.

Directors' training

The Board ensures a structured orientation and continuous education programme is in place for new and existing members of the Board. The programme includes, amongst others, briefings and updates on the organisational structure, salient matters covered under the Board Charter, key strategic, operational, financial and compliance aspects of the Group, the Group's performance management system, a presentation by the Group Managing Director, informal discussions with members of the Board and scheduled site visits. This is geared towards ensuring that all Directors are familiar with and are able to appreciate the Group's operating environment and business dynamics to enable them to contribute effectively during Board's deliberations.

All Directors have successfully completed the Mandatory Accreditation Programme under the auspicious of Bursa Malaysia. During the year, the Directors have pursued relevant courses and attended seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices, including updates on the new FRSs.

Seminars and training programmes attended by the Directors during the financial year are as follows:

1. Wealth Management Seminar on 4 August 2012
2. Transforming the Company Secretary into a Business Adviser on 10 November 2012
3. Save & Invest Seminar 2013 on 12 May 2013

The Company Secretary circulates guidelines on statutory and regulatory requirements periodically for the Boards' reference which include updates to the Board every quarter. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge, as appropriate.

B. DIRECTORS REMUNERATION

The remuneration package for the Directors after due consideration is given on individual contribution and a rewarding remuneration package granted to retain and attract Directors with the relevant experience and expertise to manage the Group effectively.

The remuneration of the Directors is reviewed annually by the respective Executive Directors are abstained from discussions and decisions on their own remuneration. For the Non-Executive Directors, the level of remuneration reflects the experience, expertise, level of responsibilities undertaken by the particular Non-Executive Director concerned. Remuneration of all Directors is approved by the Board as whole and the directors' fee is recommended to the shareholders for approval.

B. DIRECTORS REMUNERATION (Cont'd)

The aggregate remuneration of the Directors for the financial year ended 31 May 2013 is as follows:

Categories Fees	**Fees RM**	**Salaries & Other Emoluments RM**	**Total RM**
Executive Directors	50,000	1,330,806	1,380,806
Non-Executive Directors	30,000	85,463	115,463

Remuneration categories of the Directors during the financial year are as follows:

	Number of Directors	
Range of Remuneration In RM	**Executive Director**	**Non-Executive Director**
Below 50,000	-	3
50,000 - 100,000	-	-
100,000 - 150,000	-	-
150,001 - 200,000	-	-
200,000 - 250,000	-	-
250,001 - 300,000	-	-
300,000 and above	3	-

C. INVESTOR RELATION AND SHAREHOLDER COMMUNICATION

It is acknowledged by the Board of the need for its shareholders, investors and stakeholders to be informed of all material business matters affecting the Group. The shareholders, investors and stakeholders are kept abreast with the development in the Group through the various announcements made to the Bursa Securities. If required, relevant information is provided in a Circular to its shareholders. Regular communication by the Group with its shareholders are made through timely release of financial results, statement of affairs and other material financial information on quarterly basis. The Board responds to all formal queries by Bursa Securities and other regulatory authorities on a timely manner. A comprehensive avenue for information dissemination, with dedicated sections on corporate information, press releases and company news are provided via the Company's website at www.pensonic.com.

The main forum dialogue with shareholders remains at the general meetings. Shareholders are encouraged to participate in the proceedings of the general meetings and to direct questions concerning the business and financial performance of the Group to the Board. General meetings are held by the Company at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

Notices of meetings convening the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices were advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings of the general meetings were properly maintained and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to Bursa Malaysia as well as the Chairman's statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. The Board has ensured that the Audited Financial Statements give a true and fair view of the state of affairs of the Group and the Company, and have been prepared based on applicable accounting policies in accordance with MFRS, and are supported by reasonable judgements and estimates.

D. ACCOUNTABILITY AND AUDIT (Cont'd)

Directors' Responsibility Statement In Respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their operations results and cash flows for the period then ended. Reasonable diligence is exercised by the Board and Audit Committee to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and Malaysian Financial Reporting Standards ("MFRS").

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of Internal Control

The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational and compliance controls as well as risk management.

The Statement on Risk Management and Internal Control furnished on pages 24 to 25 of the Annual Report provides an overview about the state of risk management and internal controls within the Group.

Relationship with the Auditor

Key features underlying the relationship of the Audit Committee with the external auditor are included in the Audit Committee's terms of reference as detailed on pages 22 to 23 of the Annual Report.

Corporate Social Responsibility

The Group is committed to sustainable development. Safety, health and environment as well as community responsibilities are integral to the way in which the Group conducts its business. Pensonic's commitment to corporate social responsibility extends beyond corporate philanthropy as the Group actively seeks the participation of its employees in such programmes.

The Corporate Social Responsibility Statement is included in the Annual Report.

Compliance Statement

The Board recognise the importance of the Group practising good corporate governance. It is a corporate policy to continually improve on its corporate governance practices and structure to achieve an optimal governance framework. Throughout the financial year 2013, the Group has complied with all the best practise set out in the Code.

This statement is issued in accordance with the resolution of the Directors dated 25 September 2013.

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements,The members of Audit Committee of Pensonic Holdings Berhad are pleased to present the Audit Committee Report (“the Report”) for the financial year ended 31 May 2013.

COMPOSITION OF THE AUDIT COMMITTEE

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's internal control measures.

The members of the Audit Committee and their respective designations who have served during the financial year ended 31 May 2013 are as follows:

Member	Designation
Y.Bhg. Dato’ Dr Ku Abdul Rahman Bin Ku Ismail *(Resigned on 4 June 2013)*	Chairman (Independent Non-Executive Director)
Loh Eng Wee *(Re-designated on 4 June 2013)*	Chairman (Independent Non-Executive Director)
Y.Bhg. Tan Sri Dato’ Seri Tan King Tai @ Tan Khoon Hai	Member (Non-Independent Non-Executive Director)
Khairilanuar Bin Tun Abdul Rahman *(Appointed on 28 June 2013)*	Member (Independent Non-Executive Director)
Y.Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Appointed on 16 August 2013)*	Member (Independent Non-Executive Director)
Tahir Jalaluddin Bin Hussain *(Appointed on 16 August 2013)*	Member (Independent Non-Executive Director)

TERMS OF REFERENCE

- **Membership**

The Company must appoint an Audit Committee from amongst its Board of Directors which fulfils the following requirements:

a) the Committee must be composed of no fewer than 3 members;

b) all members of the Audit Committee must be non-executive directors, with a majority of them being independent directors; and

c) at least one member of the Committee:
   i. must be a member of the Malaysian Institute of Accountants; or
   ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
   (aa) he must have passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act 1967; or
   (bb) he must be a member of one of the associations specified in Part II of the 1st Schedule of the Accountants Act 1967.
   iii. fulfils such other requirements as prescribed or approved by the Bursa Securities.

d) The members of the Audit Committee shall elect a Chairman from among themselves who shall be an independent director.

e) No alternate director shall be appointed as a member of the Audit Committee.

f) In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of the Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.

g) The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

- **Meetings and Procedures**

The Audit Committee shall meet at least 4 times in a year, and at such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request for a meeting if they consider this necessary.

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Audit Committee's meetings are to be extended to the Board of Directors.

The Head of Finance, the representatives of internal auditors and external shall normally attend the Audit Committee meetings. Other directors and employees may attend any particular Audit Committee meeting only at the invitation of the Audit Committee. The Audit Committee shall meet with the external auditors without the presence of any executive directors and employees of the Company, whenever deemed necessary.

During the financial year ended 31 May 2013, the Audit Committee held a total of four (4) meetings, the details of attendance of which are as follows:

Member	**No. of meetings attended**
Y.Bhg. Dato' Dr Ku Abdul Rahman Bin Ku Ismail *(Resigned on 4 June 2013)*	3 of 4
Loh Eng Wee *(Re-designated on 4 June 2013)*	4 of 4
Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	3 of 4
Khairilanuar Bin Tun Abdul Rahman *(Appointed on 28 June 2013)*	1 of 4
Y.Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim *(Appointed on 16 August 2013)*	Not applicable
Tahir Jalaluddin Bin Hussain *(Appointed on 16 August 2013)*	Not applicable

- **Quorum**

The quorum for an Audit Committee meeting shall consist of two (2) members and the majority of members present must be independent directors.

- **Authority of the Audit Committee**

The Audit Committee is empowered by the Board of Directors with the following authority:
- Have the authority to investigate any matter within its terms of reference.
- Have the resources which are required to perform its duties.
- Have full and unrestricted access to any information pertaining to the Group.
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- Be able to obtain independent professional or other advice.
- Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

- **Functions of the Audit Committee**

The Audit Committee shall, amongst others, discharge the following functions:

- To review the following and report the same to the Board of Directors:

i. with the external auditor, the audit plan and to ensure co-ordination where more than one audit firm is involved;
ii. with the external auditor, his evaluation of the system of internal controls;
iii. with the external auditor, his audit report, his management letter and the management's response;
iv. the assistance given by the Company's employees to the external auditor;
v. the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
vi. the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
vii. to review any appraisal or assessment of the performance of members of the internal audit function;
viii. to approve any appointment or termination of senior staff members of the internal audit function;
ix. to inform itself of any resignation of internal audit staff members and provide the resigning staff member and opportunity to submit his reasons for resigning;

- **Functions of the Audit Committee (Cont'd)**

The Audit Committee shall, amongst others, discharge the following functions: (Cont'd)

- To review the following and report the same to the Board of Directors: (Cont'd)

x. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
   a) changes in or implementation of major accounting policy changes;
   b) significant and unusual events;
   c) significant adjustments arising from the audit;
   d) the going concern assumption; and
   e) compliance with accounting standards and other legal requirements;

xi. any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity;

xii. any letter of resignation from the external auditors; and

xiii. whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
   - To recommend the nomination of a person or persons as external auditors.
   - To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
   - To carry out any other functions as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2013, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference and the activities undertaken by the Audit Committee were as follows:

- Reviewed the Internal Audit Plan.
- Review and discuss the internal audit reports issued by the internal auditors for audit assignments carried out during the year including the follow-up reviews of previous audits undertaken and the status of actions taken by management to resolve and rectify major issues raised by the auditors.
- Review the unaudited quarterly financial statements and announcements of the Group and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad.
- Review the annual audited financial statements of the Company and the Group and made relevant recommendations to the Board of Directors for approval.
- Review and discuss the memorandum of matters and issues with external auditors and management's response to all pertinent issues and findings raised and noted by the external auditors during their audit of the financial statements together with recommendations in respect of their findings.
- Brief the Board of Directors on any major issues discussed at the Audit Committee meeting for further deliberation or decision as the case may be.
- Review the Group's key operational and business risks area and the policies in place to address and minimize such risks.
- Review the procedures for identification of related party transactions of the Group.
- Review and discuss the Audit Committee Report and Statement on Internal Control for inclusion in the Group's Annual Report.

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established above during the financial year.

INTERNAL AUDIT FUNCTION

The Company has appointed Messrs UHY, an independent professional accounting firm, to provide outsourced internal audit function for the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The main role of the internal audit is to review the effectiveness of the Group's system of internal control and this is performed with impartially, proficiency and due professional care.

The internal audit activities have been carried out in accordance with the internal audit plan which has been approved by the Audit Committee. The internal audit function reports directly to the Audit Committee and provides the Committee with independent and objective assurance on the adequacy and integrity of its system of internal controls.

The internal audit adopts a risk based auditing approach by focusing on identifying high risk areas and to recommend corrective measurements for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of control.

The fee paid to an independent professional accountancy amounted to RM9,307 (2012: RM19,190).

Statement On Risk Management And Internal Control

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Listing Requirements"), under paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company's internal control in their Annual Report.

The Board of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout Pensonic Holdings Berhad and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established an ongoing process for evaluating, monitoring and managing significant risks faced, or potentially exposed to, by the Group in pursuing its corporate objectives. The adequacy and effectiveness of this process have been reviewed by the Board and are in accordance with the Internal Control Guidelines. An Enterprise Risk Management exercise is in the pipeline to further enhance this process in a structured approach.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. In addition, the Board is kept updated on the Group's activities and its operations on a quarterly basis;

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;

- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;

- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval;

- Regular and relevant information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;

- Regular visits to operating units by executive members of the Board and senior management.

RISK MANAGEMENT

The Group has established sound risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy, enable value creation and growth through identification of opportunities and provide assurance to the Groups' various stakeholders.

The Group has engaged an independent professional accounting and consulting firm, to implement the Enterprise Risk Management ("ERM") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. On an annual basis, the Chief Executive Officer and Chief Financial Officer have provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional consulting firm, Messrs. UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group approval by the Audit Committe. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with higher risk and inadequate controls to ensure that action plans are put in place to improve the controls.

For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 May 2013, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 25 September 2013.

Statement Of Directors' Responsibilities On Financial Statements

The directors are required to prepare financial statements for each financial year in accordance with applicable approved accounting standards such that financial statements should give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended in accordance with the Company Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors also have the responsibility to take such steps as are reasonably open to them of safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In preparing the financial statements for the financial year ended 31 May 2013, the Directors are satisfied that the Company and Group had maintained adequate and proper accounting records and sufficient internal control to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position as at 31 May 2013, and the profit and loss for the financial year ended 31 May 2013 of the Company and the Group. The Directors have :

- Adopted the appropriate accounting policies and applied them consistently;

- Made judgments and estimates that are reasonable and prudent;

- Ensured applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements;

- Ensured the financial statements have been prepared on a going concern basis; and

- Provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

Corporate Social Responsibility is an integral part of any organisation's way of succeeding in business and contributing to the welfare of employees in particular and society at large and also to all communities in the environment it operates. This approach to business - balancing economic, social and environmental interests is commonly referred to as Corporate Responsibility or Sustainability. In this context, the Board of Directors of Pensonic Holdings Berhad regards the need for Corporate Responsibility (CR) as an integral part of a business's operations and practices.

CR initiatives undertaken by the Group are summarized below:

Environment

The Group acknowledges responsibility for care of the environment. The Group considers safety and environmental factors in all operating decisions and explores feasible opportunities to minimize any adverse impact from manufacturing operations, waste disposal to product design and packaging.

Manufacturing Operation

At Pensonic, sustainable production and operations mean taking measures to supply and manufacture products in an economically, environmentally and socially sustainable way. It is Pensonic's interest that it takes the necessary measures today to operate responsibly and, safeguard the environment in order to protect its current and future investments.

The notion of sustainable development extends beyond factories to include the entire product lifecycle. Creating shared value is Pensonic's concept of corporate responsibility, which means that as employees create value for the company, they must also benefit the community. It is a business strategy that brings value to society by examining multiple points where Pensonic touches society and make long term investments that benefit its stakeholders.

Products

Pensonic's fan is awarded 5-star rating by Energy Commission (EC) for its efficiency in energy consumption.

In line with the government's policy banning the use of incandescent light in phases starting on 2011, Pensonic's sale range for lighting is the energy-saving Compact Florescent Light (CFL).

Pensonic launched its caring of the environment Eco range product in 2010, the Eco Thermopot which is eco-friendly and energy-saving with stylish design.

Pensonic’s launched its new product LED range product in 2012, the Carinae LEDs solar cube its efficiency retro inspired Solar Cube is powered by solar energy.

Pensonic’s launched new product Blender is call PapaBlend for Healthy Lifestyle it comes to the best in nutritious beveragres.

Community

During the year, the Group contributed to the communities through donation and sponsorship to various organizations and charities, including the followings:

1. Persatuan Meninggikan Akhlak Che Lu Khor
2. Che Kia Khor Moral Uplifting Society, KL
3. Che Hoon Khor Moral Uplifting Society Foundation
4. Ji Her Charity & Moral Uplifting Society
5. Che Huan Khor Moral Uplifting Society
6. Che Zhong Khor Moral Uplifting Society, Betong
7. Che Wei Khor Charity & Moral Uplifting
8. Pertubuhan Amal & Pendidikan Akhlak Ji Le Shan She Lundu
9. Yayasan Dialisis Pertubuhan Pendidikan Akhlak, Taiping
10. TWH Building Community
11. SMJK Jit Sin (Orkestra Cina)
12. SMJK Jit Sin (Pancaragam)
13. Federation Oil Factory - School Building Fund Donation
14. Penang International Ballroom Dancing Championship
15. Pertubuhan Amal & Pendidikan Akhlak Ji Her Kota Kinabalu
16. Chung Hua Private Secoundry School Building Fund

Community (Cont'd)

17. Moral Uplifting Society Jakarta Indonesia
18. Persatuan Pendidikan Akhlak Che Yang Khor
19. Pertubuhan Tek Chiao Tze Ch'ih Ko Bukit Mertajam

In addition to the above, the Group contributed to the communities for social events, including the followings:

1. Penang Chinese Town Hall
2. The Federated Teochew Associations of Malaya
3. Kwong Wah Yit Poh Press Bhd
4. Church Of The Holy Name Of Jesus
5. Teochew Merchants Association Penang
6. Persatuan Penganut Hock Teik Cheng Sin, Bandar Baru
7. Tek Chiao Tze Ch'ih Ko
8. Pusat Budidaya Cemerlang
9. Tan Si Chong Ghee Seah
10. Chung Ling High School anniversary
11. Penang Xiamen Frienship Association

Workplace

The Group believes that employee's involvement is vital to the success of the Group. The Group strives to motivate and retain the best employees by providing continuous training by sending them to attend relevant courses to upgrade their knowledge and skills within their job scope.

The Group also organizes annual get-together for its employees where they will get to know each other better outside the workplace which can greatly enhance their workplace relationship.

As an employer, the Group recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors. Information on safety issues are communicated through various Health & Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

Ethical Policy

In addition, the Board of Directors of the Company had adopted the Code of Business Conduct and Ethics and the Conflict of Interests Policy for Board members. The Code is intended to focus the Board and each director on the duties and responsibilities of directors, provide guidance to directors to help them recognize and deal with ethical issues, provide mechanism to report unethical conduct, and help foster a culture of honesty and accountability. Each director must comply with the letter and spirit of this Code. No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for directors. Directors are encouraged to bring up questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Nomination Committee, who may consult with inside or outside legal counsel as appropriate.

We believe that principles of honesty, ethical practices, integrity and fairness are the cornerstones of a respectable and successful business. These principles are the heart of the Company's philosophy and values. They are vital elements for establishing trust in our relationships with shareholders and stakeholders. They cannot be compromised. It is therefore important for our organisations, at every level, to understand and see value in upholding such principles, which must be applied holistically in all aspects of the Company's and organizational objectives as an economic.

The information set out below is disclosed in compliance with Bursa Securities Main Market Listing Requirements

- **SHARE BUY BACK**
  There was no share buybacks exercise carried out by the Company during the financial year ended 31 May 2013.

- **OPTIONS OR CONVERTIBLE SECURITIES**
  The Company did not issue any options or convertible securities during the financial year.

- **UTILISATION OF PROCEEDS**
  The Company did not raise proceeds from any corporate exercise during the financial year.

- **GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME**
  The Company did not sponsor any depository receipt programme during the financial year.

- **SANCTIONS AND/OR PENALTIES**
  There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year, which have material impact on the operations or financial position of the Group.

- **NON-AUDIT FEE**
  The amount of non-audit fees paid by the Group to the external auditors during the financial year ended 31 May 2013 amounted to RM20,000.

- **VARIATION IN RESULTS**
  There were no material variances between the audited results for the financial year ended 31 May 2013 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

- **PROFIT GUARANTEE**
  The Company did not give any profit guarantee during the financial year.

- **MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS**
  During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

- **RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE**
  Details of the RRPT entered into during the financial year in accordance with the shareholders' mandate obtained at the Extraordinary General Meeting of the Company held on 27 November 2012 are as follows:

Related Party	Nature of Transaction	Interested Directors, major shareholders and connected persons	Value of RRPT (In RM)
Pensia Plastic Industries Sdn. Bhd.	Purchase of goods	Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak Chew Chuon Jin Chew Chuon Ghee	8,562,271
Pensia Plastic Industries Sdn. Bhd.	Sub contract and Service charges income	Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak Chew Chuon Jin Chew Chuon Ghee	610,985
Pensia Plastic Industries Sdn. Bhd.	Rental charged for Sub-letting of factory premises	Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak Chew Chuon Jin Chew Chuon Ghee	216,000

Financial Statements

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.

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**
The Company				
- Direct interest				
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
- 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.

Other statutory information (Cont'd)

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

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
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 47 to 99 are an integral part of these financial statements.

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)
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 47 to 99 are an integral part of these financial statements.

		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			

The notes on pages 47 to 99 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity (Cont'd)

For The Year Ended 31 May 2013

	Note	Share capital	Share premium	Translation reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		Non-distributable				Distributable			
		RM	RM	RM	RM	RM	RM	RM	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 47 to 99 are an integral part of these financial statements.

	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 (Cont'd)

For The Year Ended 31 May 2013

	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

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 47 to 99 are an integral part of these financial statements.

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 47 to 99 are an integral part of these financial statements.

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 47 to 99 are an integral part of these financial statements.

Statement Of Changes In Equity

For The Year Ended 31 May 2013

	Note		*Non-distributable*	*Distributable*	
		Share capital	**Share premium**	**Retained earnings**	**Total equity**
		RM	**RM**	**RM**	**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 47 to 99 are an integral part of these financial statements.

	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)
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 47 to 99 are an integral part of these 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.

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)*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (Cont'd)

- 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*

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.

(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.

(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(Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(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.

(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.

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(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.

(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 (Cont'd)

(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.

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.

2. Significant accounting policies (Cont'd)

(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.

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.

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.

2. Significant accounting policies (Cont'd)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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.

2. Significant accounting policies (Cont'd)

(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.

(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.

(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.

2. **Significant accounting policies (Cont'd)**

(m) Revenue and other income (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(o) Income tax (Cont'd)

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.

(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.

(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 (Cont'd)

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
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 (Cont'd)

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 (Cont'd)

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	31.5.2012	1.6.2011
	RM	RM	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	31.5.2012	1.6.2011
	RM	RM	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 (Cont'd)

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			Principal activities
		31.5.2013 %	31.5.2012 %	1.6.2011 %	
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
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

5. Investment in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows : (Cont'd)

Name of subsidiaries	Country of incorporation	Effective ownership interest 31.5.2013 %	31.5.2012 %	1.6.2011 %	Principal activities
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
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

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

8. Deferred tax - Group (Cont'd)

Recognised deferred tax assets and liabilities (Cont'd)

Deferred tax assets and liabilities are attributable to the following : (Cont'd)

	31.5.2013	31.5.2012	1.6.2011
	RM	RM	RM
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	Charged to profit or loss	Exchange difference	At 31 May 2012	Charged to profit or loss	Exchange difference	At 31 May 2013
	RM	RM	RM	RM	RM	RM	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)		

Unrecognised deferred tax assets - Group

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

	31.5.2013	31.5.2012	1.6.2011
	RM	RM	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

8. Deferred tax - Group (Cont'd)

Unrecognised deferred tax assets - Group (Cont'd)

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

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
Company			
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 (Cont'd)

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 Group fulfilling certain mininum threshold in regards to its Debt to Equity Ratio and Debt Service Cover Ratio.

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 (Cont'd)**

15.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	31.5.2013 Future minimum lease payments RM	31.5.2013 Interest RM	31.5.2013 Present value of minimum lease payments RM	31.5.2012 Future minimum lease payments RM	31.5.2012 Interest RM	31.5.2012 Present value of minimum lease payments RM	1.6.2011 Future minimum lease payments RM	1.6.2011 Interest RM	1.6.2011 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	Note	31.5.2013 RM	31.5.2012 RM	1.6.2011 RM
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	2012	2013	2012
	RM	RM	RM	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	2012	2013	2012
	RM	RM	RM	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 (Cont'd)

Profit/(Loss) before tax is arrived at : (Cont'd)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
After charging (Cont'd) :				
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 (Cont'd)

Profit/(Loss) before tax is arrived at : (Cont'd)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	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		Company	
	2013	2012	2013	2012
	RM	RM	RM	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

21. Income tax expense (Cont'd)

Major components of income tax expense include :

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 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 (Cont'd)

Reconciliation of effective income tax expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 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

23. Dividends - Company (Cont'd)

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.

24.2 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. Related parties (Cont'd)

24.2 Related party transactions (Cont'd)

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	**2012**
	RM'000	**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	**2012**
	RM'000	**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 :

	31.5.2013	31.5.2012	1.6.2011
Group	**RM'000**	**RM'000**	**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 (Cont'd)

27.2 Credit risk (Cont'd)

Receivables (Cont'd)

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 (Cont'd)

27.2 Credit risk (Cont'd)

Receivables (Cont'd)

Impairment losses (Cont'd)

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.

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. Financial instruments (Cont'd)

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.

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	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 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	-
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 (Cont'd)

27.3 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	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 (Cont'd)

27.3 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	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
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 (Cont'd)

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 (Cont'd)

27.4 Market risk (Cont'd)

27.4.1 Currency risk (Cont'd)

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 (Cont'd)

27.4 Market risk (Cont'd)

27.4.2 Interest rate risk (Cont'd)

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 (Cont'd)

27.4 Market risk (Cont'd)

27.4.2 Interest rate risk (Cont'd)

(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	
	100 bp increase RM'000	**100 bp decrease RM'000**
Group		
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 (Cont'd)

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	
Company						
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 (Cont'd)

27.5 Categories and fair value of financial instruments (Cont'd)

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	2012	2013	2012
	RM’000	RM’000	RM’000	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:

32.1 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:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**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.

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 35 to 98 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 99 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

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 35 to 99 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 :

Chan Kam Chee (No. P120)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

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 35 to 98.

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 where available, which are indicated in Note 5 to the 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 99 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 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
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/14 (J)
Chartered Accountant

Date : 25 September 2013

Penang

List Of Properties Owned By The Group

Registered Owner	Location	Description And Existing Use	Approximately Age of Buildings (Yrs)	Tenure	Land/ Built-Up Area	NetBook ValueAt 31.05.2013 RM
KRC	Plot5, Tingkat Perusahaan 6, Phase 4,Prai Industrial Estate, 13600 Prai, Penang.	Industrial land with warehouse and office	20	Leasehold Expiring in 2052	1.8441 acres/ 40,000 sq.ft.	1,048,672
KRC	Block H1-09, H1-10, H1-11, H2-09, H2-10, H2-11, CI-09, CI-10, C1-11, C2-09, C2-10, C2-11, Taman Pelangi, 13600 Prai, Penang.	Residential	16	Leasehold	7,200 sq.ft.	331,890
KRC	Shoplot B1.1. 27 & B1.1. 28 Komtar, Penang.	Shoplot	30	Leasehold Expiring in 2075	624 sq.ft.	377,237
PENSONIC INDUSTRIES	Shoplot B1.1.29 Komtar, Penang.	Shoplot	30	Leasehold Expiring in 2075	312 sq.ft.	128,612
PENSIA ELECTRONIC	Plot98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang.	Industrial land with factory, warehouse and office	16	Leasehold Expiring in 2054	3.05632 acres/ 112,050 sq.ft.	4,994,193
PSS	Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah.	Warehouse and office	21	Leasehold Expiring in 2037	2,700 sq.ft.	226,191
PSS	Lot 11-B, Jalan223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	21	Leasehold Expiring in 2069	43,560 sq.ft.	9,008,178
PSS	31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu, Perak.	Warehouse and office	15	Leasehold Expiring in 2082	5,494 sq.ft.	329,839
PSS	Lot 11-A, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	9	Leasehold Expiring in 2070	43,560 sq.ft.	4,553,952
PENSIA INDUSTRIES	Plot215, MK.13, Bukit Minyak Industrial Park, SPT, Prai, Penang.	Industrial land with factory and warehouse	10	Leasehold Expiring in 2064	3 acres/ 75,260 sq.ft.	5,150,691
PHB	Plot 98, Bukit Minyak Industrial Park, SPT Prai, Penang (Lot No. 4532 MK13 Daerah Seberang Perai Tengah, Pulau Pinang.)	Industrial land & construction in progress	1	Leasehold Expiring in 2059	2.42812 ha/24,283 sqmeter	16,196,521

Analysis Of Shareholdings

As At 1 October, 2013

SHAREHOLDINGS STATISTICS

Class of Securities	:	Ordinary Shares of RM0.50 each
Authorised Share Capital	:	RM100,000,000.00
Issued & Paid-up Capital	:	RM46,310,000.00
Voting Rights	:	Shareholders Every member of the Company present in person or by proxy or represented by attorney shall on a show of hand have one vote and upon a poll every such member shall have one vote for every share held by him.
Number of shareholders	:	2,757

Distribution Schedule of Ordinary Shares

No. of Holders	Size of Holdings	Total Holdings	% of Total Issued Capital
6	Less than 100 shares	172	#
147	100 to 1,000 shares	102,475	0.11
1,900	1,001 to 10,000 shares	9,646,193	10.42
628	10,001 to 100,000 shares	18,093,000	19.53
73	100,001 to less than 5% of issued shares	44,544,000	48.09
3	5% and above of issued shares	20,234,160	21.85
2,757		**92,620,000**	**100.00**

* Negligible

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS - SHAREHOLDERS

No.	Names	No. of Shares	%
1	Chew Weng Khak @ Chew Weng Kiak	8,000,000	8.64
2	Chew Weng Khak Realty Sdn. Bhd.	6,800,000	7.34
3	Chew Weng Khak Realty Sdn. Bhd.	5,434,160	5.87
4	Chew Chuon Jin	3,551,000	3.83
5	Chew Chuon Jin	3,550,000	3.83
6	Nation Rex Sdn. Bhd.	3,164,700	3.42
7	Chew Weng Khak Realty Sdn. Bhd.	3,000,000	3.24
8	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan King Tai @ Tan Khoon Hai	2,523,200	2.72
9	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chew Weng Khak @ Chew Weng Kiak	2,000,000	2.16
10	Chew Weng Khak @ Chew Weng Kiak	2,000,000	2.16
11	Chew Weng Khak @ Chew Weng Kiak	2,000,000	2.16
12	Chew Chuon Ghee	1,650,000	1.78
13	Chew Chuon Fang	1,500,000	1.62
14	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Phnuah Farn Farn	1,076,300	1.16
15	Chew Chuon Ghee	1,000,000	1.08
16	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Yong Siang	997,800	1.08
17	Berjaya Sompo Insurance Berhad	919,000	0.99
18	Tan King Tai @ Tan Khoon Hai	820,000	0.89
19	Tay Ah Hoe	757,000	0.82
20	The Kulim-Baling Road Transport Company Sdn. Bhd.	724,000	0.78
21	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Arsam Bin Damis	700,000	0.76
22	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Phnuah Farn Farn	619,600	0.67
23	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad For Tan King Tai @ Tan Khoon Hai	617,100	0.67
24	Chew Weng Khak @ Chew Weng Kiak	610,000	0.66
25	Tan Ah Nya @ Tan Bee Tiang	600,000	0.65

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS - SHAREHOLDERS (Cont'd)

No.	Names	No. of Shares	%
26	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chan Mei Cheng	582,900	0.63
27	HLIB Nominees (Tempatan) Sdn. Bhd. Hong Leong Bank Bhd For Ch'ng Piek Yen	509,000	0.55
28	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Hui Lun	471,000	0.51
29	Muafakat Rakyat Johor Sdn. Bhd.	400,000	0.43
30	Maybank Nominees (Asing) Sdn Bhd Alic Chen	357,000	0.39
	Total	**56,933,760**	**61.49**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chew Weng Khak Realty Sdn. Bhd.	(a) 15,234,160	16.45	-	-
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	(a) 14,610,000	15.77	(c) 27,295,160	29.47
Chew Chuon Jin	(a) 7,101,000	7.67	(d) 15,246,160	16.46
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	(a) 4,666,918	5.04	(e)(f) 1,072,000	1.16

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	(a) 14,610,000	15.77	(c) 27,295,160	29.47
Chew Chuon Jin	(a) 7,101,000	7.67	(d) 15,246,160	16.46
Chew Chuon Ghee	(a) 2,860,000	3.09	(b) 15,234,160	16.45
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	(a) 4,666,918	5.04	(e)(f) 1,072,000	1.16
Loh Eng Wee	-	-	-	-
Khairilanuar Bin Tun Abdul Rahman	-	-	-	-
Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	-	-	-	-
Tahir Jalaluddin Bin Hussain	-	-	-	-

Notes:

(a) Certain shares are held through nominee companies

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

(c) Deemed interested by virtue of their interest in Chew Weng Khak Realty Sdn Bhd to Section 6A of the Act and Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965

	No. of shares	Percentage
Datin Seri Tan Ah Nya @ Tan Bee Tiang (Wife)	600,000	0.65
Chew Chuon Jin (Son)	7,101,000	7.67
Chew Chuon Ghee (Son)	2,860,000	3.09
Chew Chuon Fang (Son)	1,500,000	1.62

(d) Deemed interested by virtue of their interest in Chew Weng Khak Realty Sdn Bhd to Section 6A of the Act and Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965

	No. of shares	Percentage
Tan Guat See (Wife)	12,000	0.01

(e) Deemed interested by virtue of their interest in Tan Khoon Hai Sdn Bhd to Section 6A of the Act

	No. of shares	Percentage
Tan Khoon Hai Sdn Bhd	4,000	0.00

(f) Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965

	No. of shares	Percentage
Puan Sri Datin Seri Chan Mei Cheng (Wife)	586,900	0.63
Tan Hui Lun (Daughter)	481,100	0.52

Financial Calendar

ANNOUNCEMENT OF RESULTS

25 October 2012	Preliminary announcement of unaudited consolidated results for the first quarter ended 31 August 2012.
25 January 2013	Preliminary announcement of unaudited consolidated results for the second quarter ended 30 November 2012.
22 April 2013	Preliminary announcement of unaudited consolidated results for the third quarter ended 28 February 2013.
29 July 2013	Preliminary announcement of unaudited consolidated results for the fourth quarter ended 31 May 2013.
27 September 2013	Preliminary announcement of annual audited account for the year ended 31 May 2013.

DIVIDENDS

31 December 2012	Payment of the first and final dividend of 1.75 sen per share less tax of 25% for the year ended 31 May 2012.
4 November 2013	Notice of the entitlement and payment of the first and final dividend of 1.75 sen per share less tax of 25% for the year ended 31 May 2013.

ANNUAL REPORT & GENERAL MEETINGS

4 November 2013	Notice of the 19th Annual General Meeting and posting of the 2013 Annual Report to shareholders.
27 November 2013	19th Annual General Meeting

PENSONIC
Holdings Berhad (300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Proxy Form

No. of Share Held	

I/We ______________________________________ of ______________________________________

______________________________ being a member/ members of Pensonic Holdings Berhad hereby appoint ______________________________ or falling him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual General meeting of the Company to be held at Evergreen Laurel Hotel, at Laurel Ballroom Level 1, 53, Persiaran Gurney 10250 Penang on Wednesday, 27 November, 2013 at 11.00 a.m. or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTION		**FOR**	**AGAINST**
Approval of First and Final Dividend	**(Resolution 1)**		
Approval of payment of Directors' Fees	**(Resolution 2)**		
Re-election of Chew Chuon Jin	**(Resolution 3)**		
Re-election of Loh Eng Wee	**(Resolution 4)**		
Re-election of Khairilanuar Bin Tun Abdul Rahman	**(Resolution 5)**		
Re-election of Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	**(Resolution 6)**		
Re-election of Tahir Jalaluddin Bin Hussain	**(Resolution 7)**		
Re-appointment of Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	**(Resolution 8)**		
Appointment of Auditors	**(Resolution 9)**		
As Special Business Authorising Directors to issue shares not exceeding 10% of the issued share capital	**(Resolution 10)**		
Renewal of Shareholder's Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature	**(Resolution 11)**		

(Please indicate with "X" how you wish to cast your vote)

Date: ____________________ 2013

____
Signature / Seal

Notes:

1. For the purpose of determining a member who shall be entitled to attend at the 19th Annual General Meeting, the Company shall be requesting a General Meeting Record of Depositors as at 20 November 2013. Only a depositor whose name appears on the Record of Depositors as at 20 November 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

2. Every member of the Company is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his stead. A proxy need not be a member of the Company. The Proxy Form must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.

3. The Proxy Form must be deposited at the Registered Office of the Company at 87, Muntri Street, 10200 Penang, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

fold along this line

fold along this line

STAMP
HERE

TO

PENSONIC HOLDINGS BERHAD

(COMPANY NO. 300426-P)

87, MUNTRI STREET, 10200 PENANG.

fold along this line

TVB Wellness On The Go

Venue : Kuala Lumpur, Cameron Highlands, Penang, Ipoh, Kuantan, Bentong
Date : 20th July - 22nd September 2013








WORLDWIDE
Pensonic Sales & Service Centre

PENSONIC
Your Enjoyment

CHINA

5F, Block 16, Xiang Zhou Technology Industrial District, No 2372 Meihua Xi Road, XiangZhou, Zhuhai City, 519075 China
Tel.Fax (0756) 8525 922/933 / 2655 271

HONG KONG

Unit 1303, Wanchai Commercial Centre
194-204 Johnston Road, Hong Kong
Tel.Fax (852) 2727 0997 / 2758 5088

SINGAPORE

2 Leng Kee Road, #06-03 Thye Hong Centre, Singapore 159086
Tel.Fax (65) 6472 6504 / 6475 9534

INDONESIA

Jl Kamal Muara VII, Sentra Industri Terpadu
Pantai Indah Kapuk Blok I/ 1 No. 28
14450 Jakarta Utara, Indonesia
Tel.Fax (6221) 5698 2889 / 5698 3100

BRUNEI

No. D1, Spg 396, Jln Jerudong,
Bangunan Perkasa 1, Kampung Sengkurong B,
Bg 1321, Brunei Darussalam
Tel.Fax (673)2611 918 / 2610 801

THAILAND

83/ 161-162 Moo 6, Soi Chinaket 2,
Ngamwongwan Rd. , Thungsonghong, Laksi,
Bangkok 10210, Thailand
Tel.Fax (622) 9545 281-3 / 5807 443

VIETNAM

58-295 Bahmai Str. , Haibatrung Dist. , Hanoi,
Hanoi
Tel.Fax (844) 6251 976 / 6252 228

299 Ton That Thuyet, Ward 1, District 4,
Ho Chi Minh City, Vietnam
Tel.Fax (848) 3945 3483 / 3945 3482

MYANMAR

Building 2, Room #22, Pyi Yeikmon Housing,
Narnattaw St, Kamaryut Township,
Yangon, Myanmar
Tel. Fax (95) 0153 9656

CAMBODIA

#436 Ceo, St. 163-360,
Sangkat Boeung Keng Kang 3,
Khan Chamkarmon, Phnom Penh, Cambodia
Tel.Fax (855) 1285 8888 / 2321 3128

PHILIPPINES

Unit 1, 131 Olympia Bldg. , Quirino Highway,
Baesa, Quezon City, Manila, Philippines, 1115
Tel.Fax (632) 334 1212

#606 Evangelista St. Quiapo Manila
Tel. 7357690 / 7332851

YEMEN

Taiz Street Sana'a Republic Of Yemen
Tel.Fax (9671) 609 798 / 444 752

LEBANON

Verdun-Bekaa Str-Zahraa, Bldg-3 Flr,
P. O. Box 155150 Beirut-Lebanon
Tel.Fax (961) 1817 681 / 1318 152

EGYPT

Usama Shahin St of Saad Zaglol St. , El Bar
Elsharkey Shibin El Kom Menofia
POB 32514 Egypt
Tel.Fax (201) 0009 3033

PAPUA NEW GUINEA

Lot 1, Section 479, Kennedy Road, Gordon,
P. O. Box 3655 Boroko NCD, Papua New Guinea
Tel.Fax (675) 325 1122

GUINEA

Calle Ebebeyin
B. P: 177, Malabo, Equotarial Guinea
Tel.Fax (204) 096 444

SRI LANKA

No. 579 Kandy Road,
Bulugaha Junction, Kelaniya, Sri Lanka
Tel.Fax (9411) 5544 344 / 5544 454

FIJI

Centerpoint 1, Ratu Dovi Road
GPO Box 14416 Suva Fiji
Tel.Fax (679) 339 3111 / 334 0255

BAHRAIN

P. O. Box 10887,
Manama, Bahrain
Tel.Fax (973) 1722 4220 / 1770 0043

SUDAN

P. O. Box 682, Khartoum, Sudan
Tel.Fax (249-183) 762 173 / 781 683

SEYCHELLES

P.O.Box 1371, Victoria Mahe,
Seychelles
Tel.Fax (248) 323 680 / 324 724

SAUDI ARABIA

Homaidi Centre, Ateeqah Market
First Floor 0503167251 Sadiq
Near Ateeqah Bridge
11438 Riyadh Saudi Arabia
Tel.Fax (966) 1457 1111 / 1457 3835

JORDAN

P. O. Box 961057
Amman 11196, Jordan
Tel.Fax (962) 6515 3457 / 6516 0542

MALDIVES

S. Hithadhoo Ziyaaraiyfannu Magu
Addu Atoli Maldives
Tel. Fax (998) 71262 3999

IRAN

Unit 12, Level 3, Maleknia Building
Between Post Office and Shahrdary
Saheli Boulevard, Khorram Shahr Port
Khozestan, Iran
Tel.Fax: (98641) 222 3786 / 222 7375

NORTH KOREA

Potonggang District Pyongyang
The Democratic People's Republic of Korea
Tel. Fax: (03) 7982 5258 / 7987 5258

NAURU

P.O.Box 299
AIWO Nauru Central Pacific Islands
Tel.Fax (674) 444 3701 / 444 3916

MALAYSIA
Pensonic Sales & Service Centre

PENSONIC
Your Enjoyment

PENANG HEAD OFFICE & SHOWROOM

Plot 98, Perusahaan Maju 8,
Bukit Tengah Industrial Park,
13600 Prai, PENANG
Tel.Fax (604) 5070 393 / 5073 825

PENANG CUSTOMER CARE CENTRE

16, Jln Sultan Azlan Shah,
11700 Gelugor, PENANG

PENANG

143-145, Perak Rd. , 10150 PENANG

JOHOR BAHRU

31, Jln Ros Merah Satu/ 1,
Tmn Johor Jaya, 81100 J. Bahru, JOHOR

KOTA BHARU

PT-621, Ground Floor, Batu 2 Jln Pengkalan
Chepa, 15400 Kota Bharu, KELANTAN

KUANTAN

No. A 141 & A 143, Ground Floor, Jln Wong
Ah Jang, 25100 Kuantan, PAHANG

KUALA LUMPUR SHOWROOM & CUSTOMER CARE CENTRE

Lot 11A, Jln 223 Sec 51A,
46100 Petaling Jaya,
SELANGOR DARUL EHSAN
Showroom
Tel.Fax (603) 7954 5200 / 7954 5705
Customer Care Centre
Tel.Fax (603) 7954 5221 / 7954 5706

IPOH

31, Laluan Perusahaan Kledang 9,
Kaw Perindustrian Chandan Raya,
31450 Menglembu, Ipoh, PERAK

MALACCA

385-C, Jalan Melor Utama,
Taman Peringgit Jaya,
75400 MALACCA

SABAH

Lot 4, Ground Floor,
Towering Industrial Centre,
88300 Penampang, K. Kinabalu, SABAH

SARAWAK

Lot 1186, Pending Industrial Estate,
Jln Gedung, 93450 Kuching, SARAWAK

LABUAN

Lot 7 & 8, Wisma Wong Wo Lo,
Batu Arang, P. O. Box 82182,
87031 W. P. LABUAN
Tel.Fax (6-087) 4269 77 / 4259 77

CareLine

Please Call 1-800-881-770 **For Prompt After-Sales Service (For Malaysia Only)**

call this number for any enquiries

* **Operation Hours: Mon - Sat** 8:30am - 5:30pm / **Sunday & Public Holiday** Closed

PENSONIC SALES & SERVICE SDN. BHD. (162419-M)

www.pensonic.com

facebook
www.facebook.com/pensonicmalaysia

PENSONIC
Your Enjoyment

Pensonic Holdings Berhad - Incorporated in Malaysia (300426 - P)

Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.
Tel : 604-507 0393 Fax : 604-507 3825
info@pensonic.com