



ANNUAL
REPORT
2014

PENSONIC *Your Enjoyment* Holdings Berhad
Incorporated in Malaysia (300426-P)



Pensonic R&D and Global Operational Centre



Pensonic Holdings Berhad Welcomes Visitors

MIDA 20.5.2014	JCI 18.7.2014	4U 4.8.2014	MPC 12.9.2014
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Pensonic Gala Dinner 2014

Sunway Carnival Convention Centre Hall, penang
8.2.2014



amberchia
mesmerized by
PENSONIC



www.pensonic.com

CoreLine
1-800-881-770
call this number for any enquiries

Amber Chia Mesmerized by Pensonic Launch

Mai Bar Aloft Hotel
8.11.2013



Amber Chia Academy Graduation 2014

Paradigm Mall
2.5.2014



Bella NTV7

23.1.2014





"Inspire your culinary creativity"

Ismail
Dato' Chef Ismail



chef's like

The kitchen is the heart of every home. It is a place to meet and eat, and to get creative. There is nothing like a glass of refreshing fruit juice and a table of sumptuous meal sharing with your family, especially in the comfort of your own house. A mouth watering meal is always incomplete without a set of cooking appliances.

Pensonic's Chef's Like products are designed to make life in the kitchen a daily pleasure for you. Anticipate all your needs and desires, style and versatility. Whether you are a busy kitchen-mom who's always on the go, a budding Celebrity Chef in the making or a dinner party host, Chef's Like products are your perfect kitchen partner.

Chef's Like Launch and Event

Rebung
30.4.2014

Bella NTV 7
26.6.2014

Kota Kinabalu
9.8.2014

Kuala Lumpur
16.8.2014

Kota Bharu
17.8.2014

Penang
23.8.2014

Kuantan
24.8.2014



TVB Wellness On The Go II

Paradigm Mall
26.4.2014

Cycling
25.5.2014

1 Shamelin
4.5.2014

Astro TV Program
Episode 1- 8



CORnell[®]
a simpler life

A kitchen may not only meant to be a place to cook, but to foster good family bonding sometimes.



Personal Blender



Stand Mixer

Portable Electric Oven



Food Steamer



Cornell Sales & Service Sdn Bhd (604369-P)
Lot 11B, Jalan 223, Section 51A, 46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

InfoLine: 1-800-881-770

Website: www.cornellappliances.com

Cornell Malaysia



Cornell Paradigm Mall

Chef Wan's Cooking Show | Cooking Competition
25.5.2013 | 25.5.2013



Cornell KLCC

HOMEDEC
1.10.2013



* Available only in Singapore

Sandwich Maker



Bread Toaster



Jug Kettle



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BOARD OF DIRECTORS

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

Chew Chuon Jin
Chief Executive Officer

Chew Chuon Ghee
Managing Director

**Y. Bhg. Tan Sri Dato' Seri Tan King Tai
@ Tan Khoon Hai**
Executive Director

Loh Eng Wee
Independent Non Executive Director

Khairilnuar Bin Tun Abdul Rahman
Independent Non Executive Director

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

Tahir Jalaluddin Bin Hussain
Independent Non Executive Director

Lee Hong Lim
Independent Non Executive Director

SECRETARY

Yeong Ah Lek (LS 01929)

REGISTERED OFFICE

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

PRINCIPAL OFFICE

Plot 98 Perusahaan Maju 8,
Bukit Tengah Industrial Park,
13600 Perai,
Penang.
Tel : 604- 5070393
Fax : 604- 5073825
Email : pensonic@com
Website : www.pensonic.com

REGISTRAR

Plantation Agencies Sdn. Bhd.
3rd Floor, Standard Chartered Bank Chambers
Lebuh Pantai, 10300 Penang.
Tel : 604-2625 333
Fax : 604-2622 018
Email : general@plantationagencies.com.my

AUDITORS

KPMG (AF 0758)
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad

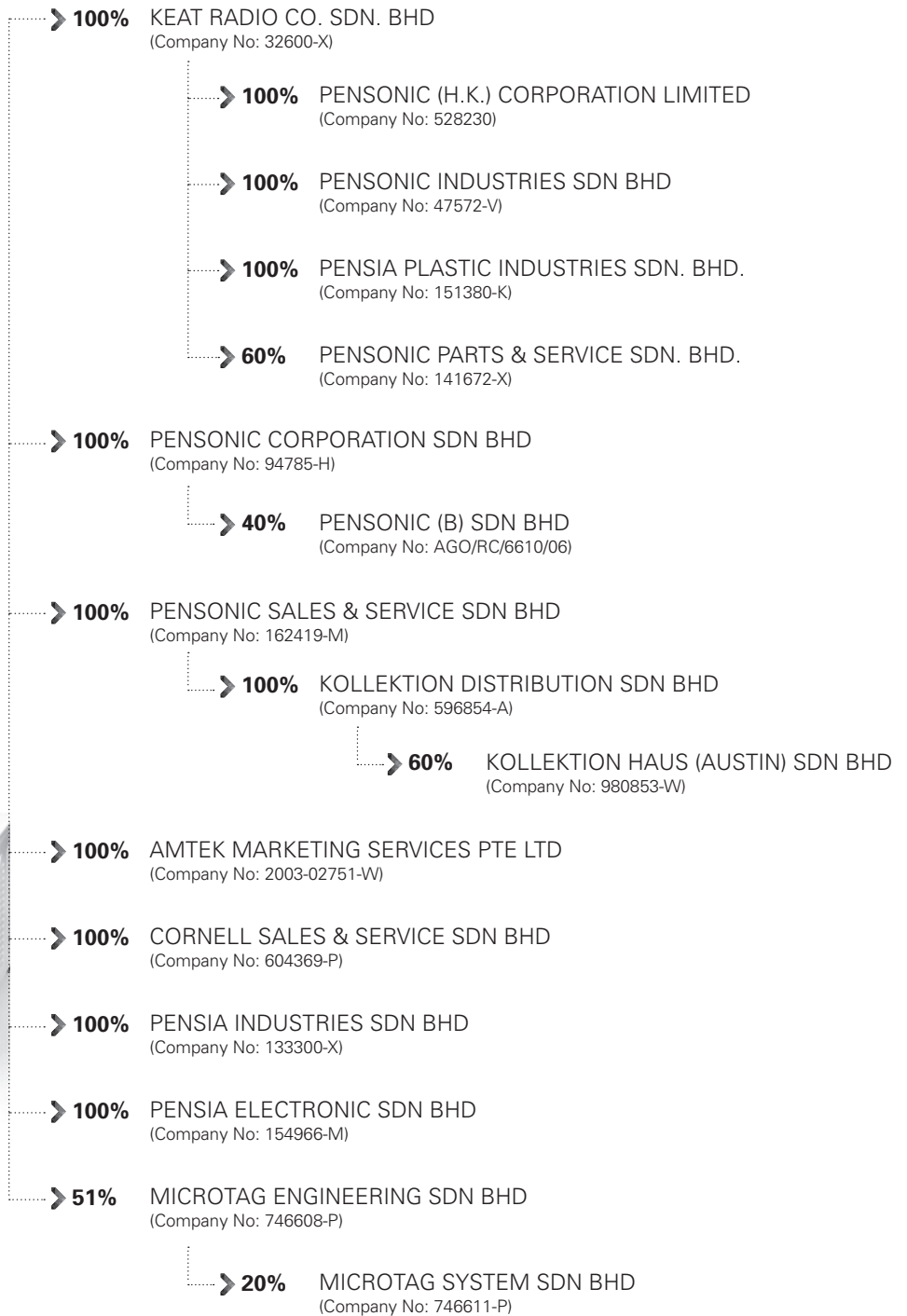
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 13 September 1995)
Stock name : PENSONI
Stock code : 9997

CORPORATE STRUCTURE

As at 26 September 2014

PENSONIC
Pensonic Holdings Berhad (300426-P)



➤ NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th 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, 26th day of November, 2014 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

AGENDA

As Ordinary Businesses

1. To receive the Audited Financial Statements for the financial year ended 31 May 2014 together with the Report of Directors and Auditors thereon. (Please refer to Note A)
2. To approve a first and final single-tier dividend of 2.00 sen per ordinary share for the financial year ended 31 May 2014 as recommended by the Directors in their report. (Resolution 1)
3. To approve the Directors' Fees of RM100,000/- for the financial year ended 31 May 2014. (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 Ghee (Resolution 3)
 - b) Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Resolution 4)
 - c) Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (Resolution 5)
5. To re-elect the following Directors who retire in accordance with Article 134 of the Company's Articles of Association:-
 - a) Lee Hong Lim (Resolution 6)
6. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"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 appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto as "Annexure" has been received by the Company for the nomination of Messrs UHY who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolutions:

"That Messrs UHY be and are hereby appointed as Auditors of the Company in place of the resigning Auditors, Messrs KPMG to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolution:-

8. Ordinary Resolution
AUTHORITY TO ISSUE SHARES (Resolution 9)

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

➤ NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 20th Annual General Meeting, the first and final single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 May 2014 will be paid on 31 December 2014 to depositors registered in the Records of Depositors at the close of business on 12 December 2014.

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 2014 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

Yeong Ah Lek (LS 01929)
Company Secretary

Penang
Date : 4 November 2014

Note:-

- 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 Annual General Meeting, the Company shall be requesting a General Meeting Record of Depositors as at 19 November 2014. Only a depositor whose name appears on the Record of Depositors as at 19 November 2014 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) *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- 3) *Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
- 4) *The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.*
- 5) *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.*
- 6) *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.*

Explanatory Note of Special Business:

1. Authority to Issue Shares

The proposed Resolution No. 9, 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 2013 which will lapse at the conclusion of the 20th AGM.

Lim Lieng Piau
Blok 5-2-10,
Jalan Kampung Perlis,
11900 Bayan Lepas,
Pulau Pinang.

Date: 7 October 2014

The Board of Directors
PENSONIC HOLDINGS BERHAD
(Co. No. 300426-P)
87, Muntri Street,
10200 Penang.

Dear Sirs / Madams,

NOTICE OF NOMINATION FOR APPOINTMENT OF AUDITORS

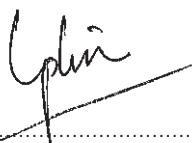
I, the undersigned, being the registered shareholder of Pensonic Holdings Berhad ("the Company"), hereby nominate Messrs. UHY for appointment as new Auditors of the Company in place of the resigning Auditors, Messrs. KPMG at the forthcoming Annual General Meeting of the Company, pursuant to Section 172(11) of the Companies Act, 1965.

Therefore, I propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company.

"That Subject to their consent to act, Messrs. UHY be and are hereby appointed as the Auditors of the Company in place of the resigning Auditors, Messrs. KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully,



.....
Lim Lieng Piau

STATEMENT ACCOMPANYING NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF THE COMPANY

(Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements)

1. Name of Directors who are standing for re-election are as follow :-
 - a) Chew Chuon Ghee (retiring pursuant to Article 129 of the Articles of Association)
 - b) Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (retiring pursuant to Article 129 of the Articles of Association)
 - c) Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (retiring pursuant to Article 129 of the Articles of Association)
 - d) Lee Hong Lim (retiring pursuant to Article 134 of the Articles of Association)
2. The Executive Director who is standing for re-appointment at the 20th 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, 2013 to 31 May, 2014. 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	4
Chew Chuon Jin	4
Chew Chuon Ghee	4
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	4
Loh Eng Wee	4
Khairilnuar Bin Tun Abdul Rahman	4
Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	3
Tahir Jalaluddin Bin Hussain	4

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

All four (4) Board of Directors' Meeting held during the financial year ended 31 May, 2014 took place at Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.

Date of Meeting	Time
28 October, 2013	12.00 noon
23 January, 2014	12.00 noon
28 April, 2014	3.00 p.m.
24 July, 2014	3.00 p.m.

5. Details of the profile of Directors are set out in the Board of Directors on page 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 23 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 Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, Loh Eng Wee and Khairilnuar Bin Tun Abdul Rahman. Y. Bhg. 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 of Denko Industrial Corporation Berhad. Loh Eng Wee is the Independent Non Executive Director of Tatt Giap Group Berhad and Ideal Sun City Holdings Berhad. Khairilnuar 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 page 108 to 113 of the Annual Report.

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

A Malaysian, aged 72, 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 Berhad's Group. He has more than 43 years experience in the manufacturing and distribution of electrical and electronic products. His vision and stewardship over the past 43 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 Group Managing Director and Executive Director of Pensonic Holdings Berhad respectively.

CHEW CHUON JIN

A Malaysian, aged 45, is the Chief Executive Officer of Pensonic Holdings Berhad. He was appointed to the Board of Pensonic Holdings Berhad 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 42, is the Managing Director 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 59, was appointed as the Executive Director of Pensonic Holdings Berhad on 13 September 1995. He is a member of The Institute of Certified Public Accountants, Ireland and is currently the Council Member of the Malaysian Association of Companies Secretaries. He has over 33 years of working experience in the fields of auditing, accounting and corporate finance. He is a director of Pensia Industries Sdn Bhd and Pensonic Corporation Sdn Bhd., under the Pensonic Group. He was the Executive Director of Pensonic Holdings Berhad from 13 September 1995 to 13 December 2003 and was subsequently re-designated as a Non-Executive Director. However, he was re-designated as Executive Director on 28 April 2014. He was resigned the position in Audit Committee, Nomination Committee and Remuneration Committee on 25 July 2014.

Y. Bhg. Tan Sri is a 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 45, was appointed as the Independent Non-Executive Director and Chairman of Audit Committee of Pensonic Holdings Berhad on 15 September 2011 and was subsequently re-designated as Audit Committee Chairman on 4 June 2013. He was appointed as member in Nomination and Remuneration Committee on 1 July

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 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 49, was appointed as the Independent Non-Executive Director and the Audit Committee member of Pensonic Holdings Berhad on 28 June 2013. He was appointed as Chairman of Nomination Committee and member of Remuneration Committee on 1 July 2014. Subsequently, the position hold in Remuneration Committee was re-designated as Chairman will effective from 25 July 2014. He graduated from the Institute of Technology Mara in 1988 and was an entrepreneur from 1989 to 1993 dealing with electric cables and ballast. Encik Khairilnuar 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 an Independent Non-Executive Director of Muar Ban Lee Group Berhad (since 30 June 2009) , Farlim Group (M) Berhad (since 18 August 2011) and Unimech Group Berhad (since 1 October 2013), all of the companies are also 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 67, was appointed as the Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad on 16 August 2013. He was appointed as member in Nomination Committee on 25 July 2014. 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 July

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 51, was appointed as the Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad on 16 August 2013. He was appointed as Remuneration Committee on 25 July 2014. 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.

LEE HONG LIM*

A Malaysian, aged 44, was appointed as the Independent Non-Executive Director, member of Audit Committee, Nomination Committee and Remuneration Committee of Pensonic Holdings Berhad on 24 October 2014. He is a member of the Malaysian Institute of Accountants (MIA) since 1998 and a Fellow of the Association of Certified Chartered Accountants (ACCA) since 1997. He is also an approved company auditor under Section 8 of the Malaysian Companies Act, 1965. He is currently in public practice and has 23 years of working experience in audit practicing. He started his career with a local accounting firm in late 1991 until November 1999 when he was appointed by the Minister of Finance Malaysia to practice as a company auditor. He is presently the sole proprietor of the auditing firm, Honglim & Associates, Chartered Accountants.

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

* Directors who are standing for re-election

Dear Shareholders

On behalf of the board of directors ("Board"), I would like to take this opportunity to present you the Annual Report of Pensonic Holdings Berhad (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 May 2014 ("FY2014").



FINANCIAL REVIEW

Despite the various global economic challenges and political uncertainty in the FY2014, the Group's revenue still increase by 6.3% to RM374 million compared to prior years of RM351 million reported during the financial year ended 31 May 2013 ("FY2013"), riding on the growing demand in overseas market.

The Group business achievement was mainly due to its markets development and continuous marketing effort in penetrating the newly developed and huge degree of market urbanization in overseas by being competitive in terms of pricing and quality. For the record, the Group's revenue increased by 6.3% or 23 million mainly contributed by overseas sales especially from Philippine, Vietnam and the Middle-East Countries.

However, the group after-tax profit has decrease by RM0.8 million to RM2.7 million (2013: RM3.5million) mainly due to the groups' written off its bad debts, impairment of receivable and write down of slow moving stock during the financial year with the new Stock Aging Policy which has been in place since last year to better manage the slow moving or aged stocks value in accordance to business practice. The net profit attributable to shareholders of the Company was RM2.7 million (2013: RM3.6million) for the full year of 2014. The group's basic earnings per share is 2.21 cents in year 2014, as compare to RM2.80 cents in year 2013.

Notwithstanding any unforeseen circumstances to the economic climate, we expect the financial performance for the next financial year remaining satisfactory. Let me assure all our shareholders that we are committed and working hard to further enhance our future business performance in a sustainable manner.

STRATEGIES AND DIRECTIONS

With its well established product brand name and quality, PENSONIC has now become a major player not only in the local market but it has also ventured into the Asean and Middle East region. One of the reasons for these successes were the continual effort that the Group had taken in developing its brand-building. In order to remain competitive in the market, much attention was focused on making the PENSONIC presence felt through various promotions carried out in elevating its brand name such as the **Amber Chia Mesmerized by Pensonic** and **Chef Room program**, besides the brand roadshows and advertisements.

We believe marketing strategies serve as the fundamental underpinning of marketing plans designed to fulfil market needs and to achieve its objective. In long term planning, the Company has invested in multiple brands platform for almost 10 years already. Leveraging on the platform of performance analysis, customer feedback, targeted market studies, we formulated strategy to focus on various market segments which are the mass, mid high and niche. Mid to premium brands for example **Cornell, Lebensstil Kollektion, Indesit, GE and Gaggia brands** where they are still able to contribute a better margin despite slow market. This Brands mix strategy has helped to sustain the business in the market even during the economy downtime. The product mix strategy has also assisted in the business growth and profit recently with the mushrooming of property development in Malaysia for the last few years, for example Built-in Kitchen Appliance.

Nevertheless, our Original Equipment Manufacturer (OEM) business has been the main driver for FY2014 as it has contributed significantly to the group revenue and this serve as an opportunity for global market expansion and penetration into countries such as Philippines, Vietnam and the Middle-East countries.

In addition to that, we strongly believe in educating consumers to favour local brands, where PENSONIC products are well known for their reliability and durability through various campaigns throughout our wide distribution network. We are confident, with the rising disposable income and with greater consumer purchasing power in

the urban market, this would be an opportunity to expand our business in this region which is in line with the market demand.

Under the Economic Transformation Programme ("ETP"), to reap the full benefits of the initial investments that our Government has poured into this program, Pensonic is establishing a new Design and Development Centre cum International Distribution Hub in Bukit Minyak Industrial Park which is expected to be completed by 4th quarter of 2014. With the new Design and Development Centre, the Group is developing new segment of product range through its strong Research and Development. As competition heightens, we are committed to hold to our proprietary rights. We will always protect our in house technology and patents not only for the benefit of the Group but also safeguards to our shareholder's interest as this will secure our future earnings which will enable us to maintain our competitive edge.

Moving forward, the Management is taking the opportunity to re-organize and re-strategize our workflow in developing and introducing new product range to be in line with the current market trend in fulfilling the growing needs of our customers. We will have human capital developed and reorganized for better management and focus in the core business of the Group. We plan to devote significant effort in product research and development that will strengthen and enhance the identity of the product range through own branding and this initiatives will further boost the market branding strategies.

By having this ETP program, PENSONIC serves the distribution centre and in expanding its distribution network together with the support of small & medium enterprises (SMEs) by bringing its innovative products to the market. Ideas and latest market feedback shall then be converted into commercialization through promotions and product branding via these distribution centres.

We are fully committed to the development of our business and by having such facilities and infrastructures available in our country, PENSONIC continuously strives to enhance its competitiveness through product innovation and development, capitalizing on its effective product marketing and to capture the rising market demand especially in emerging consumer market segment.

FUTURE PROSPECTS

With the uncertain economic outlook, PENSONIC prospects for the coming years are expected to be more challenging. In view of this situation, it is imperative for the Group to strive for continuous improvement to further increase operation efficiency. As such, we shall continue to exercise stringent credit control, inventory management, cost saving management, cash management and overhead cost rationalisation

Barring any unforeseen circumstances, PENSONIC Group's performance for the coming financial year will remain positive and will continue to grow despite the challenges that the group has to face such as the implementation of minimum wages, rising cost of doing business and new government policies.

Our employees are our assets hence the achievement of the Group is fully supported by the strength of our employees. We strongly believe in employee engagement by way of unlocking their potential, talent and maximize their performance. We have been embarking on human capital investment and focusing on human management, with the aim of expanding our talent pool and establishing a succession planning programme in line with our business strategy.

In short, PENSONIC shall continue to explore new market opportunities, product innovation, maintaining excellent customer relationships and stringent control of the cost structures. Having said that, we are in pursuit of sustainable profit growth and this has been the measure of success of PENSONIC to stay competitive in this challenging environment by developing and focusing on our competitive edge in Electrical Home Appliances locally and abroad.

DIVIDENDS

The Board has proposed a first and final single-tier dividend of 2.00 sen per ordinary share for the financial year ended 31 May 2014 (2013: 1.75 sen) will be tabled for shareholders' approval for the forthcoming Annual General Meeting.

APPRECIATION

On behalf of the Board of Directors, I would like to express our utmost gratitude and appreciation to our shareholders, customers, business associates, regulatory bodies, financial institutions and suppliers for your continuous confidence in Pensonic and the various relevant authorities for their invaluable co-operation and unwavering support for the Group's undertaking.

I would also like to thank my fellow directors, management team and all employees for the group for their unwavering commitment and diligence to accomplish the objective and goals for the group.

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

Group Executive Chairman
26 September 2014



FINANCIAL HIGHLIGHTS

As of 31 May 2014

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
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STATEMENTS OF COMPREHENSIVE INCOME

Revenue	303,776	297,963	348,643	351,429	373,724
Profit/(Loss) before tax	5,266	5,278	(11,064)	3,943	1,846
Profit/ (Loss) for the year	3,169	3,016	(10,987)	3,562	2,707
Profit/ (Loss) for the year attributable to owners of the Company	3,348	3,338	(10,615)	3,627	2,870
Net dividend proposed	1,042	1,216	1,216	1,702	2,593

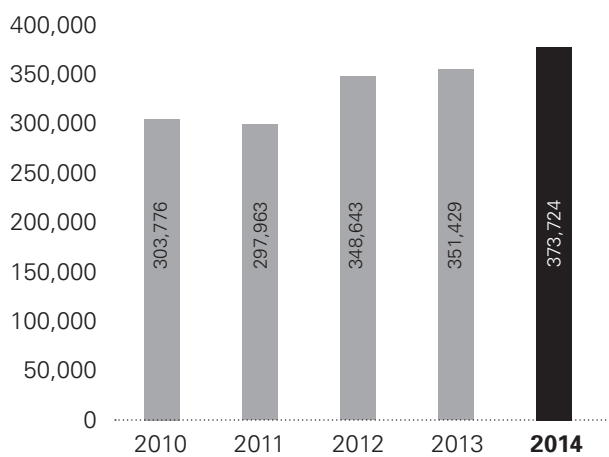
STATEMENTS OF FINANCIAL POSITION

Total Assets	220,173	223,421	241,523	240,017	254,730
Share Capital	46,310	46,310	46,310	46,310	64,834
Total equity attributable to owners of the Company	94,906	96,959	85,491	87,933	95,572

FINANCIAL RATIOS

Return on shareholders' equity	3.53%	3.44%	(12.42%)	4.12%	3.00%
Basic earnings/ (loss) per share (sen)	3.61	3.60	(11.46)	2.80	2.21
Net assets per share (RM)	1.03	1.06	0.92	0.95	0.74
Dividend rate	3.0%	3.5%	3.5%	3.5%	4.0%

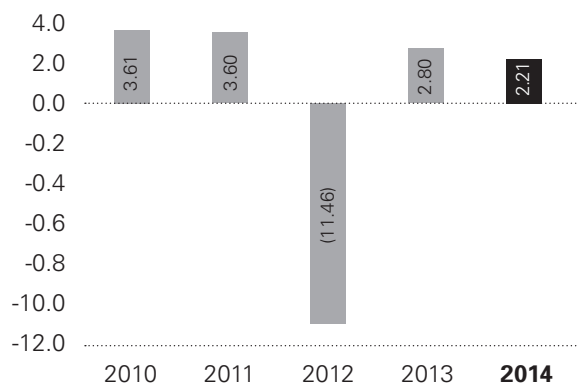
Revenue (RM'000)



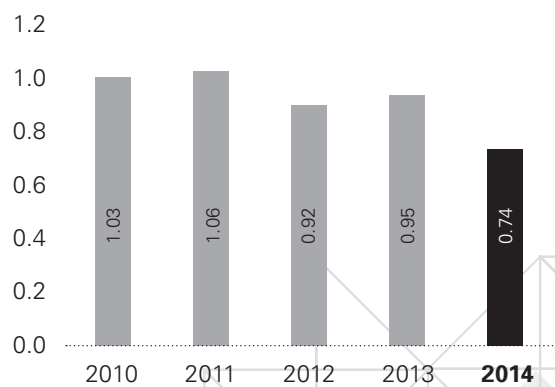
Profit/ (loss) for this year (RM'000)



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 the financial year 2014 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 four (4) executive directors and four (4) 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 Executive Directors 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 Executive Directors 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 meetings 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	4/4
Chew Chuon Jin	Chief Executive Officer	4/4
Chew Chuon Ghee	Managing Director	4/4
Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Executive Director (Re-designated from Non-Independent Non-Executive Director to Executive Director w.e.f. 28 April 2014)	4/4
Loh Eng Wee	Independent Non-Executive Director	4/4
Khairilnuar Bin Tun Abdul Rahman	Independent Non-Executive Director	4/4
Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	Independent Non-Executive Director	3/4
Tahir Jalaluddin Bin Hussain	Independent Non-Executive Director	4/4

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 Committees

(a) Audit Committee

The members of the Audit Committee are as follows:-

Designation	Directors	Directorship
Chairman	Loh Eng Wee	Independent Non-Executive Director
Member	Y. Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Resigned on 25 July 2014)	Executive Director (Re-designated from Non-Independent Non-Executive Director to Executive Director w.e.f. 28 April 2014)
Member	Khairilnuar Bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim	Independent Non-Executive Director
Member	Tahir Jalaluddin Bin Hussain	Independent Non-Executive Director

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.

A. DIRECTORS (Cont'd)

(b) Nomination Committee

The members of the Nomination Committee are as follows:-

Designation	Directors	Directorship
Chairman	Khairilnuar Bin Tun Abdul Rahman	Independent Non-Executive Director
Member	Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Resigned 25 July 2014)	Executive Director (Re-designated from Non-Independent Non-Executive Director to Executive Director w.e.f. 28 April 2014)
Member	Loh Eng Wee	Independent Non-Executive Director
Member	Y. Bhg. Dato' Lela Pahlawan Dato' Wira Ku Nahar Bin Ku Ibrahim (Appointed on 25 July 2014)	Independent Non-Executive Director

The Nomination Committee meets as and when required and a least once a year. The Nomination Committee met once during the financial year ended 31 May 2014.

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	Directorship
Chairman	Khairilnuar Bin Tun Abdul Rahman (Appointed as Chairman on 25 July 2014)	Independent Non-Executive Director
Chairman	Y.Bhg. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (Resigned on 25 July 2014)	Executive Director (Re-designated from Non-Independent Non-Executive Director to Executive Director w.e.f. 28 April 2014)
Member	Loh Eng Wee	Independent Non-Executive Director
Member	Tahir Jalaluddin Bin Hussain (Appointed on 25 July 2014)	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)

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. Seminar on Compliance Issues & Common offences under the Companies Act, 1965 on 20 December 2013.
2. Seminar on The Process & Marketing Merges Succeed on 24 January 2014.

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.

The aggregate remuneration of the Directors for the financial year ended 31 May 2014 is as follows:

Categories Fees	Fees RM	Salaries & Other Emoluments RM	Total RM
Executive Directors	50,000	1,385,279	1,435,279
Non-Executive Directors	50,000	123,933	173,933

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

Range of Remuneration In RM	Number of Directors	
	Executive Director	Non-Executive Director
Below 50,000	–	5
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.

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 Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act, 1965.

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 21 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 2014, 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 26 September 2014.