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

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MAY 2013

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MAY 2013 (*Unaudited*)

	Note	Individual Quarter 31 May 2013 2012		Cumulative Quarter 31 May 2013 2012	
		RM'000	RM'000	RM'000	RM'000
Revenue	9	99,626	90,273	362,524	348,643
Cost of sales		(82,772)	(84,589)	(292,751)	(292,105)
Gross profit		16,854	5,684	69,773	56,538
Other operating income Interest income Operating expenses		998 32 (18,031)	813 13 (18,777)	3,414 80 (64,614)	2,601 54 (66,529)
Results from operating activities		(147)	(12,267)	8,653	(7,336)
Finance costs		(1,174)	(962)	(4,498)	(3,792)
Operating profit/(loss)		(1,321)	(13,229)	4,155	(11,128)
Share of profit of equity accounted associates		21	64	21	64
Profit/(loss) before tax		(1,300)	(13,165)	4,176	(11,064)
Tax (expense)/ income	21	(314)	117	(357)	77
Profit/(loss) for the period	29	(1,614)	(13,048)	3,819	(10,987)
<b>Other comprehensive expense, net of tax</b> Foreign currency translation differences		(33)	365	32	363
Total comprehensive income/(expense) for the period	l	(1,647)	(12,683)	3,851	(10,624)
<b>Profit/(loss) attributable to:</b> Shareholders of the Company Non-controlling interests		(1,496) (118)	(12,856) (192)	3,853 (34)	(10,615) (372)
		(1,614)	(13,048)	3,819	(10,987)
Total comprehensive income/(expense) attributable to:					
Shareholders of the Company Non-controlling interests		(1,529) (118)	(12,491) (192)	3,885 (34)	(10,252) (372)
		(1,647)	(12,683)	3,851	(10,624)
Basic earnings/(loss) per ordinary share (sen)	:	(1.62)	(13.88)	4.16	(11.46)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2013 (*Unaudited*)

AS AT 51 MAT 2015 (Unauaueu)	Note	Unaudited 31-May-13 RM'000	Audited 31-May-12 RM'000
ASSETS			
Property, plant and equipment		64,184	56,995
Investment properties		506	514
Investment properties		248	227
Intangible assets		1,025	1,026
Deferred tax assets		221	1,245
Defended un assets			1,245
Total non-current assets	-	66,184	60,007
Trade and other receivables		70,843	70,393
Inventories		74,549	88,861
Current tax assets		2,092	1,517
Cash and cash equivalents		24,082	20,092
Non-current assets held for sale		-	653
	-	171 544	101 516
Total current assets	-	171,566	181,516
TOTAL ASSETS	=	237,750	241,523
EQUITY			
Share capital		46,310	46,310
Reserves		41,850	39,181
		11,000	57,101
Total equity attributable to owners of the Company	-	88,160	85,491
Non-controlling interests		(106)	(192)
TOTAL EQUITY	-	88,054	85,299
LIABILITIES			
Loans and borrowings	25	13,507	10,482
Deferred tax liabilities		273	705
		210	100
Total non-current liabilities	-	13,780	11,187
Loans and borrowings	25	83,499	95,655
Trade and other payables		52,417	49,369
Current tax liabilities		-	13
Total current liabilities	-	135,916	145,037
Total liabilities	-	149,696	156,224
TOTAL EQUITY AND LIABILITIES	=	237,750	241,523
Net assets per share attributable to equity holders (RM)		0.95	0.92

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MAY 2013 (Unaudited)

	← Attributable to owners of the Company								
		Non-	Distributable F	Reserve ——		Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation Reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
At 1 June 2011 Effect of transition to MFRS	46,310	21,361	387 (387)	(61) 61	4,488	24,474 326	96,959 -	- 180	97,139
	46,310	21,361	-	-	4,488	24,800	96,959	180	97,139
Foreign currency translation differences Loss for the year	-	-	-	363	-	(10,615)	363 (10,615)	(372)	363 (10,987)
Total comprehensive income/ (expense) for the year	-	-	-	363	-	(10,615)	(10,252)	(372)	(10,624)
Dividend to owners of the Company	-	-	-	-	-	(1,216)	(1,216)	-	(1,216)
At 31 May 2012	46,310	21,361	-	363	4,488	12,969	85,491	(192)	85,299
At 1 June 2012 Effect of transition to MFRS	46,310 -	21,361	387 (387)	302 61	4,488	12,643 326	85,491 -	(192)	85,299
	46,310	21,361	-	363	4,488	12,969	85,491	(192)	85,299
Foreign currency translation differences Profit for the year	-	-	-	- 32	-	3,853	32 3,853	- (34)	32 3,819
Total comprehensive income for the period	-	-	-	32	-	3,853	3,885	(34)	3,851
Shares issued to non-controlling interests Dividend to owners of the Company	- -	- -	-	-	-	- (1,216)	- (1,216)	- 120	120 (1,216)
At 31 May 2013	46,310	21,361	-	395	4,488	15,606	88,160	(106)	88,054

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MAY 2013 (*Unaudited*)

31 May 2013 RM'000Cash flows from operating activities Profit/(loss) before taxation Adjustments for: Depreciation of property, plant and equipment Depreciation of property, plant and equipment Interest expense4,176(11,064)Adjustments for: Depreciation of investment properties and on disposal of non-current assets held for sale Interest income Gain on disposal of plant and equipment (23) Grin on disposal of plant and equipment (23) (67) Share of profit of associates, net of tax(1,638) (21)-Operating profit/(loss) before changes in working capital Inventories11,615(3,441)Changes in working capital: Inventories(4,253) (4,243)(2,602) (4,243)Trade and other payables28,632 (6,23)6,841 (1,252)Cash flows used in investing activities28,632 (6,252)6,841 (1,246)Proceeds from disposal of plant and equipment Proceeds from disposal of banes to non-controlling interests Interest received Interest received Drawdown of term loans Drawdown of term loans Cash flow strest in cash and cash equivalents10,144 (1,263) (1,143)Cash and cash equivalents6,2161,487Cash and cash equivalents6,2161,487 <td< th=""><th>TOK THE QUARTER ENDED ST MAT 2015 (Unuuuuuu)</th><th colspan="2">12 months ended</th></td<>	TOK THE QUARTER ENDED ST MAT 2015 (Unuuuuuu)	12 months ended		
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Operating profit/(loss) before changes in working capital11,615(3,441)Changes in working capital: Inventories14,253(2,602)Trade and other receivables(623)4,423Trade and other receivables(623)4,423Trade and other payables3,3878,461Cash generated from operations28,6326,841Income tax paid(352)(1,746)Net cash from operating activities28,2805,095Cash flows used in investing activities28,2805,095Proceeds from disposal of plant and equipment13467Proceeds from disposal of plant and equipment13467Proceeds from disposal of plant and equipment7553Purchase of property, plant and equipment(9,375)(17,143)Cash flows from financing activities(9,375)(10,144Drawdown of term loans6,52210,144Drawdown of finance lease liabilities(3,342)(2,380)Dividend paid to owners of the Company(1,216)(1,216)Placement of pledged fixed deposits(28)(149)Net cash (used in)/ from financing activities(12,689)13,535Net cash (used in)/ from financing activities(216)(1,216)Net cash (used in)/ from financing activities(216)(14,49)Net cash (used in)/ from financing activities(228)(149)Net cash (used in)/ from financing activities(228)(216)Net cash (used in)/ from financing activities(226)(216)				
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Cash and cash equivalents at beginning of year5,2843,583Effect of exchange differences on cash and cash equivalents(28)214		(12,689)	13,535	
Effect of exchange differences on cash and cash equivalents    (28)    214	Net increase in cash and cash equivalents	6,216	1,487	
Effect of exchange differences on cash and cash equivalents    (28)    214	Cash and cash equivalents at beginning of year	5,284	3.583	
Cash and cash equivalents at end of year11,4725,284				
	Cash and cash equivalents at end of year	11,472	5,284	

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) FOR THE QUARTER ENDED 31 MAY 2013 (*Unaudited*)

	12 months ended 31 May		
	2013 RM'000	2012 RM'000	
Cash and cash equivalents comprised the following:			
Cash and bank balances	20,861	17,096	
Bank overdrafts	(9,410)	(11,837)	
Short term deposits with licensed banks	3,221	2,996	
	14,672	8,255	
Fixed deposits pledged to bank	(3,200)	(2,917)	
	11,472	5,284	

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

# NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MAY 2013

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

#### **1. Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 May 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

This Condensed Report is the Group's first MFRS compliant Condensed Report for the twelve months ended 31 May 2013 and hence *MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards* (MFRS1) has been applied.

The MFRS are effective for the Group from 1 June 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant Condensed Report is 1 June 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

#### 2. Significant Accounting Policies

#### 2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 May 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report is consistent with those of the audited financial statements for the year ended 31 May 2012 except as discussed below:

#### (a) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. At the date of transition to MFRs, cumulative foreign currency translation differences for all foreign operations are deemed to be nil and reclassified to retained earnings.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM 60,600 as at 1 June 2011 were adjusted to retained earnings.

#### (b) **Property, plant and equipment**

The Group has previously adopted a cost model for its property, plant and machinery except for the short-term leasehold land stated was revalued by the directors in 1994 based on the valuation carried out by independent professional valuers on an open market value basis. The unamortised revalued amount has been retained as the surrogate carrying amount of the leasehold land.

(Incorporated in Malaysia)

#### 2. Significant Accounting Policies (continued)

#### 2.1 Application of MFRS 1 (continued)

Upon transition to MFRS, the Group has elected to measure its property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group uses the previous revaluation at or before the date of transition as deemed cost. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

The impact arising from the above on the statement of financial position are summarised as follows:-

#### Reconciliation of equity as at 1 June 2011:-

	FRSs as at 1-June-2011 RM'000	Effect of adopting MFRSs RM'000	MRFSs as at 1-June-2011 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	(61)	61	-
Revaluation reserve	387	(387)	-
Retained earnings	24,474	326	24,800

#### Reconciliation of equity as at 31 May 2012:-

	FRSs as at 31-May-2012 RM'000	Effect of adopting MFRSs RM'000	MRFSs as at 31-May-2012 RM'000
<u>Equity</u>			
Exchange fluctuation reserve	302	61	363
Revaluation reserve	387	(387)	-
Retained earnings	12,643	326	12,969

#### 2.2 MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:

MFRS, Amendment	beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10 MFRS 11	Consolidated Financial Statements Joint Arrangements	1 January 2013 1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013

(Incorporated in Malaysia)

#### 2. Significant Accounting Policies (continued)

## 2.2 MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective (continued)

MFRS, Amendments to MI	beginning on or after	
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

#### **3.** Audit Qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 May 2012.

#### 4. Seasonality of Operations

The Group's business operations are generally affected by festive seasons, school holidays and carnival sales in Malaysia.

#### 5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current year ended 31 May 2013.

#### 6. Significant Estimates and Changes In Estimates

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

## 7. Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares by the Company during the financial year under review.

(Incorporated in Malaysia)

#### 8. Dividend Paid

#### (i) In respect of the financial year ended 31 May 2013

The board is recommending a final dividend of 1.75sen per share less 25% tax amounting to approximately RM1,701,893 for the financial year ended 31 May 2013.

#### (ii) In respect of the financial year ended 31 May 2012

A first and final dividend of 1.75 sen per share less 25% tax amounting to approximately RM1,215,638 for the financial year ended 31 May 2012 was paid on 31 December 2012.

#### 9. Segmental Information

#### (i) **Operating Segments**

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

#### (ii) Geographical Segments

The business segment of the Group is managed principally in Malaysia, China (including Hong Kong), Indonesia, Sri Lanka, Brunei, Middle East, Thailand, Myanmar, Singapore etc. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of the assets. The amounts of segment assets do not include instruments (including investment in associates) and deferred tax assets.

	For the 12 months ended				
		31 N	Лау		
	2013	2012	2013	2012	
	Segment	Revenue	Segment	t Assets	
	RM'000	RM'000	RM'000	RM'000	
Malaysia	270,145	259,485	209,657	216,709	
Other Asian countries	70,443	72,237	24,825	20,960	
Others	21,936	16,921	552	866	
	362,524	348,643	235,034	238,535	

#### **10. Property, Plant and Equipment**

During the current financial year ended 31 May 2013, the Group has acquired assets at a cost of RM12 million (31 May 2012: RM17.3 million)

(Incorporated in Malaysia)

#### **11.** Events after the Reporting Period

Saved as disclosed in Note 24 on the Status of the Corporate Proposals, there were no other material events subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter under review.

#### 12. Changes in Composition of the Group

- (a) On 12 July 2012, the Company announced the disposal of the entire shares comprising of 2 ordinary shares of RM 1 each in its wholly-owned subsidiary, Pensia Air Conditioner to Mr. Lim Lieng Piau and Mr. Chew Yeng Paik for a total cash consideration of RM 2. Consequently, Pensia Air Conditioner will cease to be a subsidiary company of the Group.
- (b) On 21 September 2012, a subsidiary of the Company, Kollektion Distribution Sdn. Bhd.("KDSB") has entered into an agreement with Wong Pow Yee ("WPY") whereby both parties agree that KDSB shall subscribe 60% shareholding in Kolletion Haus (Austin) Sdn Bhd ("KHA") and WPY shall subscribe 40% shareholding in KHA to jointly develop, manage and operate an outlet to bear the brand name of KOLLEKTION HAUS in Johor in accordance to the terms and conditions as agreed in the said agreement.

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

#### 13. Contingent Liabilities

A subsidiary of the Company had been issued with prior years' notices of additional tax arising from the Inland Revenue Board ("IRB") disallowing certain expenses claimed as a deduction for income tax purposes covering assessment years 2000 to 2004 (including penalties) amounting to approximately RM 2.5 million of which, the subsidiary had paid and recognised approximately RM 2.1 million as tax expense in the financial statements previously.

The subsidiary had submitted its appeal to the High Court on the above matter. Pending the hearing by the High Court, the management after consulting their tax lawyers, is of the opinion that there are grounds for the subsidiary's appeal and as such, no provision has been made in the financial statements at 31 May 2013 for the remaining unpaid balance of RM 0.4 million.

#### 14. Commitments

Capital expenditure contracted but not provided for property, plant and equipment at the reporting date amounted to RM15,947,534.

(Incorporated in Malaysia)

## **15.** Significant Related Party Transactions

The significant transactions with companies in which certain Directors and persons connected to Directors have substantial financial interests are as follows:

	Unaudited 31-May-2013 RM'000	Audited 31-May-2012 RM'000
Purchase of raw materials from -Pensia Plastic Industries Sdn. Bhd. -Pensonic Technology Sdn. Bhd.	8,562	7,872 175
Subcon and service charge income from -Pensia Plastic Industries Sdn. Bhd. -Pensonic Technology Sdn. Bhd.	611	603 8
Sale of goods to an associate -Pensonic (B) Sdn Bhd	1,314	1,767
Rental income charged for sub-letting of factory premises -Pensia Plastic Industries Sdn. Bhd. -Pensonic Technology Sdn. Bhd.	216	120 12
Rental expenses charged by - Directors of the Group	156	60

#### 16. Disclosure of Realised and Unrealised Profit

	Unaudited 31-May-2013 RM'000	Audited 31-May-2012 RM'000
- realised - unrealised	19,655 525	15,585 321
Total retained earnings of associates	20,180	15,906
- realised	43	22
Less: Consolidation adjustments	(4,617)	(2,959)
Total retained earnings	15,606	12,969

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(Incorporated in Malaysia)

# NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MAY 2013

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

#### 17. Review of Performance

Group revenue for the current quarter ended 31 May 2013 recorded an increase of 10.4% to RM99.6 million against RM90.3 million achieved in the corresponding period in the preceding year. Loss after tax has reduced to RM1.6 million compare with RM13 million in the preceding corresponding period. Gross profit margin has increased to 17% as compared to gross profit margin of 6.3% in the preceding corresponding period.

Cumulative group revenue for the year ended 31 May 2013 jumped 4% to RM362.5 million from RM348.6 million the year before. Local market experienced higher growth rate of 4.1% in financial year 2013, overseas developing markets also had a high percentage growth rate of 29.6% especially Middle East countries, with their increasing demand for new appliances as a result of rapid economy growth. The Group has recorded cumulative net profit of RM3.8 million, significant improved from the loss after tax of RM11 million the year before as there were no significant one-off expenses i.e. inventories written down and impairment of receivables recorded in the current financial year ended 31 May 2013.

Overall, the improvement in both revenue and profit during the current quarter mainly resulted from the increase in average selling prices, contribution from the new high-margin products, increase in local market demand and contribution from the new overseas market.

#### 18. Variation of results Against Preceding Quarter

Group revenue for the current quarter ended 31 May 2013 jumped 20% to RM99.6 million from RM82.9 million achieved in the immediate preceding quarter. The increase in turnover in the fourth half of financial year 2013 was mainly due to the increase in local market demand during the Raya Festival.

Despite the increase in group revenue, the Group has recorded loss after tax of RM1.6 million during the current quarter. This was mainly due to year-end adjustments on provisional expenses, i.e. dealers' rebates/incentives of RM0.6 million, stocks written down of RM1.1 million.

#### **19.** Commentary on Prospect

Facing the complex and volatile market environment, the Group will maintain its focus on cost containment, productivity and operation efficiency to strengthen the Group's competitiveness in the market.

The Board of directors is confident that the financial result of the Group would remain positive for the coming year.

#### 20. Profit Forecast

Not applicable as no profit forecast was published.

(Incorporated in Malaysia)

#### 21. Taxation

Taxation comprises the following:

	Individual	Individual Quarter 31 May		Cumulative Quarter		
	31 M			31 May		
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000		
Current tax expense Deferred tax	1 313	112 (229)	44 313	152 (229)		
	314	117	357	77		

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Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

#### 22. Sales of Unquoted Investments and Properties

The gain on disposal of plant, equipment and non-current assets held for sales for the financial year ended 31 May 2013 is RM1.7 million. (31 May 2012: RM 0.07 million)

#### 23. Investment in Quoted Securities

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

#### 24. Status of Corporate Proposal

#### (i) Bonus Issue

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

#### (ii) Rights issue of Warrants

Proposed renounceable rights issue of 64,834,000 warrants in PHB ("Warrant(s)") at an indicative issue price of RM0.10 per Warrant on the basis of one (1) Warrant for every two (2) PHB Shares held by the shareholders of PHB after the Proposed Bonus Issue ("Proposed Rights Issue of Warrants"). The Warrants shall be exercisable at anytime within the period commencing on, and inclusive of, the date of issue of the Warrants and ending on the date preceding the tenth (10th) anniversary of the date of issue of the Warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cases to be valid for any purpose.

Based on the indicative issue price of the Warrants of RM0.10 each and assuming all Entitled Shareholders subscribe in full for their respective entitlements, the Proposed Rights Issue of Warrants will raise gross proceeds of up to approximately RM6.48 million. The gross proceeds arising from the issuance of the Warrants are proposed to be used for working capital including but not limited to purchase of raw material, expenses for advertising and promotion activities etc.

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## 24. Status of Corporate Proposal (cont'd)

Barring any unforeseen circumstances, the Board expects the Proposals to be completed by fourth (4th) quarter of 2013.

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

#### 25. Borrowings and Debts Securities

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

$\begin{array}{c} \hline \textbf{Current} \\ \hline \textbf{Unsecured} \\ Bank overdraft \\ Bankers' acceptance \\ Term loans \\ \hline \begin{array}{c} 6,199 \\ 63,052 \\ 72 \\ 701 \\ \hline \begin{array}{c} 63,052 \\ 61,894 \\ 72 \\ 701 \\ \hline \begin{array}{c} 69,323 \\ 68,786 \\ \hline \end{array} \\ \hline \begin{array}{c} 69,323 \\ 68,786 \\ \hline \end{array} \\ \hline \begin{array}{c} 69,323 \\ 68,786 \\ \hline \end{array} \\ \hline \begin{array}{c} 69,323 \\ 72 \\ 701 \\ \hline \end{array} \\ \hline \begin{array}{c} 69,323 \\ 68,786 \\ \hline \end{array} \\ \hline \begin{array}{c} 83,211 \\ 7,508 \\ 17,840 \\ - \\ 7,508 \\ \hline \end{array} \\ \hline \begin{array}{c} 7,508 \\ 17,840 \\ - \\ 3,254 \\ 203 \\ \hline \end{array} \\ \hline \begin{array}{c} 17,11 \\ 14,176 \\ 26,869 \\ \hline \end{array} \\ \hline \begin{array}{c} 83,499 \\ 95,655 \\ \hline \end{array} \\ \hline \end{array} \\ \hline \begin{array}{c} Non - current \\ \hline \hline \\ Unsecured \\ Term loans \\ \hline \end{array} \\ \hline \begin{array}{c} Non - current \\ \hline \hline \\ Unsecured \\ Term loans \\ \hline \end{array} \\ \hline \begin{array}{c} 83,499 \\ 95,655 \\ \hline \end{array} \\ \hline \begin{array}{c} 83,499 \\ 409 \\ 471 \\ \hline \end{array} \\ \hline \begin{array}{c} 13,507 \\ 10,482 \\ \hline \end{array} \\ \hline \end{array} \\ \hline \end{array} $		Unaudited 31-May-13 RM'000	Audited 31-May-12 RM'000
Bank overdraft $6,199$ $6,191$ Bankers' acceptance $63,052$ $61,894$ Term loans $72$ $701$ Bank overdraft $3,211$ $5,646$ Bankers' acceptance $3,211$ $5,646$ Trust receipts $3,254$ $2,531$ Term loans $3,254$ $2,531$ Finance lease liabilities $14,176$ $26,869$ 83,499 $95,655$ $83,499$ $95,655$ Non - current $48$ $121$ Secured $48$ $121$ Secured $13,050$ $9,890$ Term loans $48$ $121$	Current		
Bankers' acceptance $63,052$ $61,894$ Term loans $72$ $701$ 69,323 $68,786$ Bank overdraft $3,211$ $5,646$ Bankers' acceptance $7,508$ $17,840$ Trust receipts $203$ $171$ Term loans $2,254$ $2,311$ Finance lease liabilities $14,176$ $26,869$ 83,499 $95,655$ Non - current $48$ $121$ Secured $48$ $121$ Secured $13,050$ $9,890$ Finance lease liabilities $13,050$ $9,890$ $41,176$ $26,869$ $9,890$ $14,176$ $26,869$ $9,890$ $14,176$ $26,869$ $9,890$ $13,459$ $10,361$ $13,050$ $9,890$	Unsecured		
Term loans       72       701         69,323 $68,786$ Bank overdraft $3,211$ $5,646$ Bankers' acceptance $7,508$ $17,840$ Trust receipts $3,254$ $2,531$ Term loans $3,254$ $2,531$ Finance lease liabilities $14,176$ $26,869$ 83,499 $95,655$ Non - current $48$ $121$ Secured $48$ $121$ Secured $13,050$ $9,890$ Finance lease liabilities $13,050$ $9,890$ 409 $471$ $13,459$ $10,361$	Bank overdraft	6,199	6,191
Secured $69,323$ $68,786$ Bank overdraft $3,211$ $5,646$ Bankers' acceptance $7,508$ $17,840$ Trust receipts $3,254$ $2,531$ Term loans $3,254$ $2,531$ Finance lease liabilities $14,176$ $26,869$ 83,499 $95,655$ Non - current $48$ $121$ Secured $48$ $121$ Secured $13,050$ $9,890$ Finance lease liabilities $13,050$ $9,890$ $471$ $13,459$ $10,361$	Bankers' acceptance	63,052	
Secured $3,211$ $5,646$ Bank overdraft $3,211$ $5,646$ Bankers' acceptance $7,508$ $17,840$ Trust receipts $3,254$ $2,531$ Term loans $203$ $171$ I4,176       26,869         83,499       95,655         Non - current $48$ 121         Secured $48$ 121         Secured $13,050$ $9,890$ Finance lease liabilities $13,050$ $9,890$ $409$ $471$ $13,459$ $10,361$	Term loans	72	701
Bank overdraft $3,211$ $5,646$ Bankers' acceptance $7,508$ $17,840$ Trust receipts $3,254$ $2,531$ Term loans $203$ $171$ Id,176 $26,869$ 83,499 $95,655$ Non - current $48$ $121$ Secured $48$ $121$ Secured $13,050$ $9,890$ Finance lease liabilities $13,050$ $9,890$ $471$ $13,459$ $10,361$		69,323	68,786
Bankers' acceptance       7,508       17,840         Trust receipts       3,254       2,531         Term loans       203       171         I4,176       26,869         83,499       95,655         Non - current       48       121         Secured       13,050       9,890         Term loans       13,459       10,361			1
Trust receipts       -       681         Term loans       3,254       2,531         Finance lease liabilities       14,176       26,869         83,499       95,655         Non - current       83,499       95,655         Non - current       48       121         Secured       13,050       9,890         Finance lease liabilities       13,050       9,890         409       471       13,459       10,361			
Term loans       3,254       2,531         Finance lease liabilities       14,176       26,869         83,499       95,655         Non - current       83,499       95,655         Non - current       48       121         Secured       13,050       9,890         Term loans       13,050       9,890         Finance lease liabilities       13,459       10,361		7,508	
Finance lease liabilities       203       171         14,176       26,869         83,499       95,655         Non - current       83,499       95,655         Non - current       48       121         Secured       13,050       9,890         Term loans       13,050       9,890         Finance lease liabilities       13,459       10,361		-	
14,176       26,869         14,176       26,869         83,499       95,655         Mon - current       1000         Unsecured       48         Term loans       48         Term loans       13,050         Finance lease liabilities       13,459         13,459       10,361			
Non - current       83,499       95,655         Non - current       121       121         Secured       13,050       9,890         Term loans       13,050       9,890         Finance lease liabilities       13,459       10,361	Finance lease liabilities	203	171
Non - current Unsecured Term loans48121Secured Term loans Finance lease liabilities13,050 4099,890 47113,45910,361		14,176	26,869
Unsecured         Term loans       48       121         Secured         Term loans       13,050       9,890         Finance lease liabilities       13,459       10,361         13,459       10,361		83,499	95,655
Secured         Term loans         Finance lease liabilities         13,050         409         13,459         10,361			
Term loans       13,050       9,890         Finance lease liabilities       409       471         13,459       10,361	Term loans	48	121
Finance lease liabilities       409       471         13,459       10,361	Secured		
13,459 10,361	Term loans	13,050	9,890
	Finance lease liabilities	409	471
13,507 10,482		13,459	10,361
		13,507	10,482

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

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

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#### 26. Material Litigation

The Group is not engaged in any material litigation for the current financial year ended 31 May 2013.

#### 27. Proposed Dividend

The Board recommends a first and final dividend of RM1.75 sen per share less 25% tax amounting to RM1,701,893 in respect of the financial year ended 31 May 2013, which subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

The payment date for the recommend final dividend shall be determined by the Directors and to be announced at a later date.

Individual Quarter Cumulative Quarter

### 28. Earnings/ (loss) per Share

	<b>31 May</b>		31 May	
	2013	2012	2013	2012
Net profit for the year attributable to owners of the Company (RM'000) Ordinary shares in issue ('000) Basic earnings/(loss) per share (sen)	(1,496) 92,620 (1.62)	(12,856) 92,620 (13.88)	3,853 92,620 4.16	(10,615) 92,620 (11.46)

#### **29. Profit**/ (loss) for the year

Profit/(loss) for the year has been arrived at:

Torit (1055) for the year has been arrived at.	Individual Quarter 31 May		Cumulative Quarter 31 May	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
After charging:-				
Depreciation & amortization	1,267	1,113	4,609	3,931
Inventories written down	1,066	369	1,066	369
Bad debts written off	(41)	479	390	479
Inventories written off	109	5,316	109	5,316
Plant and equipment written off	-	84	94	84
Impairment loss for receivables	-	2,856	-	2,856
After crediting:				
Gain on disposal of non-current assets held for sale	-	-	1,638	-
Gain on disposal of plant and equipment	-	-	23	67
Net (loss)/ gain on foreign exchange	(185)	(350)	(15)	190

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## **30.** Authorization for Issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 29 July 2013.

## **BY ORDER OF THE BOARD**

Lee Hong Lim Secretary

Date: 29 July 2013