

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 AUGUST 2015

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2015 (Unaudited)**

| | Note | Individual Quarter | | Cumulative Period | |
|--|------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | 3 months ended 31.08.15 RM'000 | 3 months ended 31.08.14 RM'000 | 3 months ended 31.08.15 RM'000 | 3 months ended 31.08.14 RM'000 |
| Revenue | 9 | 98,935 | 106,029 | 98,935 | 106,029 |
| Cost of sales | | (80,408) | (86,462) | (80,408) | (86,462) |
| Gross profit | | 18,527 | 19,567 | 18,527 | 19,567 |
| Other operating income | | 247 | 198 | 247 | 198 |
| Interest income | | 68 | 51 | 68 | 51 |
| Operating expenses | | (15,184) | (16,654) | (15,184) | (16,654) |
| Results from operating activities | | 3,658 | 3,162 | 3,658 | 3,162 |
| Finance costs | | (1,216) | (1,229) | (1,216) | (1,229) |
| Operating profit | | 2,442 | 1,933 | 2,442 | 1,933 |
| Share of profit of equity accounted associates | | - | - | - | - |
| Profit before tax | | 2,442 | 1,933 | 2,442 | 1,933 |
| Tax expense | 21 | (191) | (27) | (191) | (27) |
| Profit for the period | 29 | 2,251 | 1,906 | 2,251 | 1,906 |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences | | 247 | (5) | 247 | (5) |
| Total comprehensive income for the period | | 2,498 | 1,901 | 2,498 | 2,695 |
| Profit attributable to: | | | | | |
| Shareholders of the Company | | 2,256 | 2,198 | 2,256 | 2,198 |
| Non-controlling interests | | (5) | (292) | (5) | (292) |
| | | 2,251 | 1,906 | 2,251 | 1,906 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of the Company | | 2,503 | 2,193 | 2,503 | 2,193 |
| Non-controlling interests | | (5) | (292) | (5) | (292) |
| | | 2,498 | 1,901 | 2,498 | 1,901 |
| Basic earnings per ordinary share (sen) | 28 | 1.74 | 1.70 | 1.74 | 1.70 |
| Diluted earnings per ordinary share (sen) | 28 | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2015 (Unaudited)**

| | Note | Unaudited 31.08.15 RM'000 | Audited 31.05.15 RM'000 |
|---|------|---------------------------------|-------------------------------|
| ASSETS | | | |
| Property, plant and equipment | | 97,352 | 98,302 |
| Investment properties | | 487 | 489 |
| Investments in associates | | 259 | 259 |
| Intangible assets | | 1,048 | 1,043 |
| Deferred tax assets | | 30 | 31 |
| Total non-current assets | | <u>99,176</u> | <u>100,124</u> |
| Inventories | | 69,361 | 61,172 |
| Trade and other receivables | | 68,051 | 68,950 |
| Current tax assets | | 1,799 | 749 |
| Cash and cash equivalents | | 31,225 | 34,173 |
| Total current assets | | <u>170,436</u> | <u>165,044</u> |
| TOTAL ASSETS | | <u>269,612</u> | <u>265,168</u> |
| EQUITY | | | |
| Share capital | | 64,834 | 64,834 |
| Reserves | | 45,993 | 43,490 |
| Total equity attributable to owners of the Company | | <u>110,827</u> | <u>108,324</u> |
| Non-controlling interests | | (12) | (7) |
| TOTAL EQUITY | | <u>110,815</u> | <u>108,317</u> |
| LIABILITIES | | | |
| Loans and borrowings | 25 | 26,153 | 28,608 |
| Deferred tax liabilities | | 178 | 45 |
| Total non-current liabilities | | <u>26,331</u> | <u>28,653</u> |
| Loans and borrowings | 25 | 72,892 | 67,041 |
| Trade and other payables | | 58,646 | 61,110 |
| Current tax liabilities | | 928 | 47 |
| Total current liabilities | | <u>132,466</u> | <u>128,198</u> |
| Total liabilities | | <u>158,797</u> | <u>156,851</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>269,612</u> | <u>265,168</u> |
| Net assets per share attributable to equity holders (RM) | | 0.85 | 0.84 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 2015 (Unaudited)

| | ← Attributable to owners of the Company → | | | | | | | Total RM'000 | Non- controlling interests RM'000 | Total Equity RM'000 |
|--|---|----------------------------|--|------------------------------|------------------------------|----------------------------|--------------------------------|-----------------|--|------------------------|
| | ← Non-Distributable Reserve | | | Distributable | | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Exchange translation Reserve RM'000 | Capital reserve RM'000 | Warrant reserve RM'000 | Other reserve RM'000 | Retained earnings RM'000 | | | |
| At 1 June 2014 | 64,834 | 2,837 | 381 | 4,488 | 6,483 | - | 16,550 | 95,573 | (300) | 95,273 |
| Foreign currency translation differences | - | - | 202 | - | - | - | - | 202 | - | 202 |
| Profit for the period | - | - | - | - | - | - | 17,726 | 17,726 | (296) | 17,430 |
| Total comprehensive income for the period | - | - | 202 | - | - | - | 17,726 | 17,928 | (296) | 17,632 |
| Dividend to owners of the Company | - | - | - | - | - | - | (4,538) | (4,538) | - | (4,538) |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | - | 589 | 589 |
| Premium paid on acquisition of non-controlling interests | - | - | - | - | - | (639) | - | (639) | - | (639) |
| At 31 May 2015 | 64,834 | 2,837 | 583 | 4,488 | 6,483 | (639) | 29,738 | 108,324 | (7) | 108,317 |
| At 1 June 2015 | 64,834 | 2,837 | 583 | 4,488 | 6,483 | (639) | 29,738 | 108,324 | (7) | 108,317 |
| Foreign currency translation differences | - | - | 247 | - | - | - | - | 247 | - | 247 |
| Profit for the period | - | - | - | - | - | - | 2,256 | 2,256 | (5) | 2,251 |
| Total comprehensive income for the period | - | - | 247 | - | - | - | 2,256 | 2,503 | (5) | 2,498 |
| At 31 August 2015 | 64,834 | 2,837 | 830 | 4,488 | 6,483 | (639) | 31,994 | 110,827 | (12) | 110,815 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 AUGUST 2015 (Unaudited)**

| | 3 months ended 31 August | |
|---|-------------------------------------|------------------------|
| Note | 2015 RM'000 | 2014 RM'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 2,442 | 1,933 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,494 | 1,202 |
| Depreciation of investment properties | 2 | 2 |
| Interest expense | 1,216 | 1,229 |
| Interest income | (68) | (51) |
| Gain on disposal of plant and equipment | (28) | (15) |
| Operating profit before changes in working capital | 5,058 | 4,300 |
| Changes in working capital: | | |
| Inventories | (8,189) | (1,169) |
| Trade and other receivables | 899 | 8,674 |
| Trade and other payables | (519) | (13,660) |
| Cash generated from operations | (2,751) | (1,855) |
| Income tax refunded | (226) | (80) |
| Net cash used in operating activities | (2,977) | (1,935) |
| Cash flows used in investing activities | | |
| Interest received | 68 | 51 |
| Purchase of property, plant and equipment | (544) | (5,186) |
| Proceeds from disposal of plant and equipment | 28 | 15 |
| Net cash used in investing activities | (448) | (5,120) |
| Cash flows from financing activities | | |
| Drawdown of term loans | - | 11,241 |
| Repayment of term loans | (2,632) | (1,739) |
| Drawdown/(Repayment) of finance lease liabilities, net | 162 | 2 |
| Drawdown of borrowings, net | 3,366 | 2,430 |
| Interest paid | (1,216) | (1,229) |
| Withdrawal /(placement) of pledged fixed deposits | (706) | 6 |
| Dividend paid | (1,945) | - |
| Proceeds from warrants issue | - | - |
| Net cash (used in)/generated from financing activities | (2,971) | 10,711 |
| Net (decrease)/increase in cash and cash equivalents | (6,396) | 3,656 |
| Cash and cash equivalents at beginning of period | 26,940 | 6,458 |
| Effect of exchange differences on cash and cash equivalents | 241 | (5) |
| Cash and cash equivalents at end of period | 20,785 | 10,109 |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE QUARTER ENDED 31 AUGUST 2015 (Unaudited)**

| | 3 months ended 31 August | |
|---|-------------------------------------|----------------|
| | 2015 | 2014 |
| | RM'000 | RM'000 |
| Cash and cash equivalents comprised the following: | | |
| Cash and bank balances | 26,670 | 18,586 |
| Bank overdrafts | (7,187) | (11,427) |
| Short term deposits with licensed banks | 4,555 | 4,946 |
| | <u>24,038</u> | <u>12,105</u> |
| | | |
| Fixed deposits pledged to bank | <u>(3,253)</u> | <u>(1,996)</u> |
| | <u>20,785</u> | <u>10,109</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2015 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2015 (Unaudited)

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

1. Basis of preparation

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

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2015. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2015.

2. Significant Accounting Policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 31 May 2015.

At the date of authorization of these interim financial statements, The Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB"):

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operation (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities – Investment Entities :Applying the Consolidation Exception*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Consolidated and Separate Financial Statement - Equity Method in Separate Financial Statements*
- Amendments to MFRS 128, *Investment in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (cont'd)

- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments*

3. Audit Qualification

There were no audit qualifications on the annual financial statements of the Company for the year ended 31 August 2015.

4. Seasonality of Operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current period ended 31 August 2015.

6. Significant Estimates and Changes in Estimates

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

7. Debt and Equity Securities

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

8. Dividend Paid

A first interim single-tier dividend of 1.5 sen per ordinary share amount to RM1,945,020 in respect of the financial year ended 31 May 2015 have been declared on 20 July 2015 by the Board and paid on 21 August 2015.

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9. Segmental Information

(i) Operating Segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategic. For each of the strategic business units, the Group's Chief Executive Chairman and Managing Director review internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Manufacturing - manufacture, assembly and sales of electrical and electronic appliances

Trading - sales and distribution of electrical and electronic appliances

Other - investment holding activities, provision of management services and leases offices

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9. Segmental Information (cont'd)

(i) Operating Segments (cont'd)

| | For the 3 months ending 31.08.2015 | | | | | |
|---|---|----------------|----------------|----------------|------------------|----------------------|
| | Manufacturing | Trading | Others | Total | Elimination | Profit before tax |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from external customers | 87 | 98,848 | - | 98,935 | - | 98,935 |
| Inter-segment revenue | 21,795 | 1,887 | 1,464 | 25,146 | (25,146) | - |
| | <u>21,882</u> | <u>100,735</u> | <u>1,464</u> | <u>120,081</u> | <u>(25,146)</u> | <u>98,935</u> |
| Segment profit | <u>(252)</u> | <u>3,460</u> | <u>(724)</u> | <u>2,484</u> | <u>(42)</u> | <u>2,442</u> |
| <i>Included in the measure of segment profit are:</i> | | | | | | |
| Depreciation and amortisation | (774) | (390) | (334) | (1,498) | - | (1,498) |
| Interest income | - | 61 | 7 | 68 | - | 68 |
| Net gain / (loss) on foreign exchange | (226) | (1,916) | - | (2,142) | - | (2,142) |
| Inventories provision | (300) | - | - | (300) | - | (300) |
| Bad debts written off | - | - | - | - | - | - |
| Gain on disposal of property, plant and equipment | 21 | 7 | - | 28 | - | 28 |
| <i>Not included in the measure of segment profit but provided to Group Managing Director:</i> | | | | | | |
| Finance costs | (295) | (527) | (394) | (1,216) | - | (1,216) |
| Segment assets | <u>77,799</u> | <u>184,505</u> | <u>108,240</u> | <u>370,544</u> | <u>(103,198)</u> | <u>267,346</u> |
| <i>Included in the measure of segment assets are:</i> | | | | | | |
| Additions to non-current assets others than financial instruments and deferred tax assets | 356 | 170 | 17 | 543 | - | 543 |

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9. Segmental Information (cont'd)

(i) Operating Segments (cont'd)

| | For the 3 months ending 31.08.2014 | | | | | |
|---|---|----------------|----------------|----------------|------------------|----------------------|
| | Manufacturing | Trading | Others | Total | Elimination | Profit before tax |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from external customers | 366 | 105,663 | - | 106,029 | - | 106,029 |
| Inter-segment revenue | 24,657 | 3,140 | 1,250 | 29,047 | (29,047) | - |
| | <u>25,023</u> | <u>108,803</u> | <u>1,250</u> | <u>135,076</u> | <u>(29,047)</u> | <u>106,029</u> |
| Segment profit | <u>196</u> | <u>2,708</u> | <u>(1,011)</u> | <u>1,893</u> | <u>40</u> | <u>1,933</u> |
| <i>Included in the measure of segment profit are:</i> | | | | | | |
| Depreciation and amortisation | (787) | (371) | (46) | (1,204) | - | (1,204) |
| Interest income | - | 46 | 5 | 51 | - | 51 |
| Net gain / (loss) on foreign exchange | 191 | (324) | - | (133) | - | (133) |
| Bad debts written off | - | (5) | - | (5) | - | (5) |
| Gain on disposal of property, plant and equipment | 3 | 12 | - | 15 | - | 15 |
| <i>Not included in the measure of segment profit but provided to Group Managing Director:</i> | | | | | | |
| Finance costs | (216) | (726) | (287) | (1,229) | - | (1,229) |
| Segment assets | <u>83,404</u> | <u>180,432</u> | <u>108,722</u> | <u>372,558</u> | <u>(120,693)</u> | <u>251,865</u> |
| <i>Included in the measure of segment assets are:</i> | | | | | | |
| Additions to non-current assets others than financial instruments and deferred tax assets | 65 | 416 | 4,705 | 5,186 | - | 5,186 |

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9. Segmental Information (cont'd)

(ii) Geographical Segments

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

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|-----------------------|---------------------------|-------------------|--------------------------|-------------------|
| | <u>3 months ended</u> | | <u>3 months ended</u> | |
| | <u>31.08.2015</u> | <u>31.08.2014</u> | <u>31.08.2015</u> | <u>31.08.2014</u> |
| | Segment Revenue | | | |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | 65,474 | 72,109 | 65,474 | 72,109 |
| Other Asian countries | 24,918 | 24,585 | 24,918 | 24,585 |
| Others | 8,543 | 9,335 | 8,543 | 9,335 |
| | <u>98,935</u> | <u>106,029</u> | <u>98,935</u> | <u>106,029</u> |

| | <u>As at</u> | |
|-----------------------|-------------------------------------|----------------|
| | <u>31.08.2015</u> <u>31.05.2015</u> | |
| | <u>Segment Assets</u> | |
| | <u>RM'000</u> | <u>RM'000</u> |
| Malaysia | 244,716 | 243,702 |
| Other Asian countries | 22,166 | 19,790 |
| Others | 464 | 464 |
| | <u>267,346</u> | <u>263,956</u> |

10. Property, Plant and Equipment

During the current financial period ended 31 August 2015, the Group has acquired assets at a cost of RM0.5 million including RM0.24 million of finance liabilities. (31 August 2014: RM5.1 million, RM0.07 million)

11. Events after the Reporting Period

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

12. Changes in Composition of the Group

There were no changes in the composition of the Group since the last annual reporting period.

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13. Changes in Contingent Liabilities

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

14. Commitments

There was no capital expenditure contracted but not provided for property, plant and equipment at the reporting date.

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:

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|-------------------------------|---------------------------|-----------------|--------------------------|-----------------|
| | <u>3 months ended</u> | | <u>3 months ended</u> | |
| | <u>31.08.15</u> | <u>31.08.14</u> | <u>31.08.15</u> | <u>31.08.14</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Sale of goods to an associate | | | | |
| -Pensonic (B) Sdn Bhd | 300 | 158 | 300 | 158 |

16. Disclosure of Realised and Unrealised Retained Earnings

| | <u>Unaudited</u> | <u>Audited</u> |
|---------------------------------------|-------------------|-------------------|
| | <u>31.08.2015</u> | <u>31.05.2015</u> |
| | <u>RM'000</u> | <u>RM'000</u> |
| - realised | 32,401 | 30,518 |
| - unrealised | 1,599 | 1,168 |
| | <u>34,000</u> | <u>31,686</u> |
| Total retained earnings of associates | | |
| - realised | 44 | 55 |
| Less: Consolidation adjustments | (2,050) | (2,003) |
| Total retained earnings | <u>31,994</u> | <u>29,738</u> |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2015 (Unaudited)**PART B : ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****17. Review of Performance****For the Quarter**

The Group had registered revenue of RM98.9 million for the current quarter as compared to RM106.0 million reported in the corresponding quarter last year, it representing slightly decrease in sales of RM7.1 million or 6.6% due to current adverse development economy situation and the depreciation of the Ringgit Malaysia.

However, the Group has posted a profit before tax (“PBT”) of RM2.4 million compared to PBT of RM1.9 million in the corresponding period last year. The slight increase in PBT is resulted from better margin control and cost management.

18. Variation of results Against Preceding Quarter

| | Current Quarter 31.08.2015 RM'000 | Immediate Preceding Quarter 31.05.2015 RM'000 | Variance Increased/ (decreased) RM'000 % | |
|---------------------|--|--|--|---------|
| - Revenue | 98,935 | 90,036 | 8,899 | 9.9% |
| - Profit Before Tax | 2,442 | 13,089 | (10,647) | (81.3)% |

Revenue for the first quarter is higher by RM8.9 million if compare to the immediate preceding quarter. The local sales increase by RM4.0 million and the export sales increase by RM4.9 million. The export sales main contributor was from Middle East Country and the overall sales for local and oversea increase 9.9% comparing to last year.

However, the Group recorded low pre-tax profit of RM2.4 million in the current quarter as compared to pre-tax profit of RM13.1 million in the immediate preceding quarter. This significant variance between current quarter and last quarter is due to gain on disposal of property RM8.4 million in preceding quarter. Moreover, the Group has recognised net loss in foreign exchange of RM2.1 million in the current quarter compared to RM1.5 million gain in the preceding quarter.

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19. Commentary on Prospect

Looking ahead, the Group anticipates that competition will remain intense. The Group will continue explore new market, product innovation, maintaining excellent customer relationship, placing emphasis in cost control, inventory management and overhead cost rationalisation.

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

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

20. Profit Forecast

Not applicable as no profit forecast was published.

21. Taxation

Taxation comprises the following:

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|---------------------|---------------------------|-----------------|--------------------------|-----------------|
| | <u>3 months ended</u> | | <u>3 months ended</u> | |
| | <u>31.08.15</u> | <u>31.08.14</u> | <u>31.08.15</u> | <u>31.08.14</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Current tax expense | 191 | 27 | 191 | 27 |
| | <u>191</u> | <u>27</u> | <u>191</u> | <u>27</u> |

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

22. Sales of Unquoted Investments and Properties

There was no other disposal of unquoted investments and properties during the current period.

23. Investment in Quoted Securities

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

24. Status of Corporate Proposal

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

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25. Borrowings and Debts Securities

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

| | Unaudited 31.08.15 RM'000 | Audited 31.05.15 RM'000 |
|---------------------------------------|--|--|
| <u>Current</u> | | |
| Unsecured | | |
| Bank overdraft | 7,187 | 4,446 |
| Bankers' acceptance | 54,515 | 49,829 |
| Term loans | - | - |
| | <u>61,702</u> | <u>54,275</u> |
| Secured | | |
| Bank overdraft | - | 241 |
| Bankers' acceptance | 350 | 1,670 |
| Trust receipts | - | - |
| Term loans | 10,531 | 10,579 |
| Finance lease liabilities | 309 | 276 |
| | <u>11,190</u> | <u>12,766</u> |
| | <u><u>72,892</u></u> | <u><u>67,041</u></u> |
| <u>Non – current</u> | | |
| Secured | | |
| Term loans | 25,395 | 27,979 |
| Finance lease liabilities | 758 | 629 |
| | <u>26,153</u> | <u>28,608</u> |
| | <u><u>26,153</u></u> | <u><u>28,608</u></u> |
| <u>Currency Denominated In</u> | | |
| Ringgit Malaysia ("MYR") | <u>99,045</u> | <u>95,649</u> |

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

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

26. Material Litigation

The Group is not engaged in any material litigation for the current financial period ended 31 August 2015.

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27. Proposed Dividend

The Board also recommends final dividend of 2.0 sen per ordinary share for the financial year ended 31 May 2015, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting on 17 November 2015.

The final dividend, if approved, will be paid on 31 December 2015 to shareholders whose names appear in the Record of Depositors at the close of business on 10 December 2015.

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

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|--|---------------------------|-----------------|--------------------------|-----------------|
| | <u>3 months ended</u> | | <u>3 months ended</u> | |
| | <u>31.08.15</u> | <u>31.08.14</u> | <u>31.08.15</u> | <u>31.08.14</u> |
| Net profit for the period attributable to owners of the Company (RM'000) | 2,256 | 2,198 | 2,256 | 2,198 |
| Number of ordinary shares in issue ('000) | 129,668 | 129,668 | 129,668 | 129,668 |
| Basic earnings per share (sen) | <u>1.74</u> | <u>1.70</u> | <u>1.74</u> | <u>1.70</u> |

(ii) Diluted EPS

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

29. Profit for the period

Profit for the period has been arrived at:

| | <u>Individual Quarter</u> | | <u>Cumulative Period</u> | |
|---|---------------------------|-----------------|--------------------------|-----------------|
| | <u>3 months ended</u> | | <u>3 months ended</u> | |
| | <u>31.08.15</u> | <u>31.08.14</u> | <u>31.08.15</u> | <u>31.08.14</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| After charging:- | | | | |
| Depreciation & amortization | 1,496 | 1,204 | 1,496 | 1,204 |
| Inventories provision | 300 | - | 300 | - |
| Inventories written off | - | 1,989 | - | 1,989 |
| Bad debts written off | - | 5 | - | 5 |
| After crediting/(charging):- | | | | |
| Gain on disposal of property, plant and equipment | 28 | 15 | 28 | 15 |
| Net (loss) / gain on foreign exchange | (2,142) | (133) | (2,142) | (133) |
| Government grants | 106 | 94 | 106 | 94 |

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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 26 October 2015.

BY ORDER OF THE BOARD

Yeong Ah Lek

Secretary

Date: 26 October 2015