



PENSONIC HOLDINGS BERHAD

**Registration No : 199401014746 (300426-P)
(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021**

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The figures have not been audited

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31-May-21 RM'000	31-May-20 RM'000	31-May-21 RM'000	31-May-20 RM'000
Revenue	9	91,663	62,394	339,159	280,071
Cost of sales		(73,626)	(52,334)	(271,388)	(233,677)
Gross profit		18,037	10,060	67,771	46,394
Other operating income		(45)	201	3,217	12,026
Interest income		12	30	21	86
Operating expenses		(13,594)	(10,655)	(50,196)	(51,190)
Results from operating activities		4,410	(364)	20,813	7,316
Finance costs		(806)	(1,128)	(3,305)	(4,224)
Operating profit/(loss)		3,604	(1,492)	17,508	3,092
Share of profit of equity accounted associates		225	87	223	11
Profit/(Loss) before tax		3,829	(1,405)	17,731	3,103
Tax expenses	18	774	668	(1,751)	(541)
Profit/(Loss) after tax		4,603	(737)	15,980	2,562
Other comprehensive expenses, net of tax					
Foreign currency translation differences		1	342	(527)	468
Total comprehensive profit/(loss) for the year		4,604	(395)	15,453	3,030
Profit/(Loss) attributable to :					
Shareholders of the Company		4,689	(768)	16,317	2,882
Non-controlling interests		(86)	31	(337)	(320)
		4,603	(737)	15,980	2,562
Total comprehensive profit/(loss) attributable to					
Shareholders of the Company		4,710	(256)	15,884	3,520
Non-controlling interests		(106)	(139)	(431)	(490)
		4,604	(395)	15,453	3,030
Basic earnings/(loss) per ordinary share (sen)	24	3.62	(0.59)	12.58	2.22
Diluted earnings/(loss) per ordinary share (sen)	24	#	#	#	#

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE FINANCIAL AS AT 31 MAY 2021
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 31-May-21 RM'000	(Audited) 31-May-20 RM'000
ASSETS			
Property, plant and equipment		119,514	125,513
Intangible assets		870	870
Investments in associates		1,365	551
Deferred tax assets		701	476
Total non-current assets		<u>122,450</u>	<u>127,410</u>
Inventories		68,763	44,596
Trade and other receivables		57,674	58,925
Current tax assets		2,758	738
Fixed deposit		528	513
Cash and cash equivalents		26,846	26,146
Total current assets		<u>156,569</u>	<u>130,918</u>
TOTAL ASSETS		<u><u>279,019</u></u>	<u><u>258,328</u></u>
EQUITY			
Share capital		67,671	67,671
Treasury shares		(1,954)	-
Reserves		63,343	49,150
Total equity, attributable to owners of the Company		<u>129,060</u>	<u>116,821</u>
Non-controlling interests		1,320	1,751
TOTAL EQUITY		<u>130,380</u>	<u>118,572</u>
LIABILITIES			
Loans and borrowings	21	34,850	40,329
Deferred tax liabilities		392	220
Lease liability		118	780
Total non-current liabilities		<u>35,360</u>	<u>41,329</u>
Trade and other payables		57,438	39,728
Loans and borrowings	21	46,746	51,885
Current tax liabilities		8,759	5,977
Lease liability		336	837
Total current liabilities		<u>113,279</u>	<u>98,427</u>
TOTAL LIABILITIES		<u>148,639</u>	<u>139,756</u>
TOTAL EQUITY AND LIABILITIES		<u><u>279,019</u></u>	<u><u>258,328</u></u>
Net assets per share attributable to equity holders (RM)		1.01	0.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2021

Condensed Consolidated Statement of Changes in Equity

The figures have not been audited

	← Attributable to owners of the Company →									
	← Non Distributable →						Distributable			
	Share Capital	Treasury Share	Exchange Translation Reserve	Capital Reverse	Warrant Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 June 2019	67,671	-	86	4,488	6,483	(638)	35,211	113,301	2,273	115,574
Profit for the year	-	-	-	-	-	-	2,882	2,882	(320)	2,562
Foreign currency translation differences	-	-	638	-	-	-	-	638	(170)	468
Total comprehensive profit for the year	-	-	638	-	-	-	2,882	3,520	(490)	3,030
Capital distribution of a subsidiary	-	-	-	-	-	-	-	-	(32)	(32)
At 31 May 2020	67,671	-	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
At 1 June 2020	67,671	-	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
Profit for the year	-	-	-	-	-	-	16,317	16,317	(337)	15,980
Foreign currency translation differences	-	-	(527)	-	-	-	-	(527)	(94)	(621)
Total comprehensive profit for the year	-	-	(527)	-	-	-	16,317	15,790	(431)	15,359
Treasury share	-	(1,954)	-	-	-	-	-	(1,954)	-	(1,954)
Dividend paid	-	-	-	-	-	-	(1,597)	(1,597)	-	(1,597)
At 31 May 2021	67,671	(1,954)	197	4,488	6,483	(638)	52,813	129,060	1,320	130,380

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2021
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

	Cumulative Quarters	
	12 months ended	
	31-May-21	31-May-20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	17,731	3,103
Adjustments for :		
Depreciation of property, plant and equipment	6,937	7,179
Interest expense	3,217	4,085
Accretion of interest on lease liabilities	69	139
Loss/(Gain) on disposal of plant and equipment and right-of-use assets	508	(9,431)
Gain on disposal of asset classified as held for sales	-	(436)
Property, plant and equipment written off	2,701	48
Interest income	(21)	(86)
Share of results of associates	(223)	(11)
Operating profit before working capital changes	30,919	4,590
Changes in working capital :		
Inventories	(24,239)	25,996
Trade and other receivables	85	9,066
Trade and other payables	18,377	(3,023)
	(5,777)	32,039
Cash generated from operations	25,142	36,629
Income tax paid	(1,040)	(949)
Net cash from operating activities	24,102	35,680
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-use assets	557	18,151
Proceeds from disposal of assets classified as held for sale	-	640
Purchase of property, plant and equipment	(5,053)	(24,377)
Investment in associate	(591)	-
Interest received	21	86
Net cash used in investing activities	(5,066)	(5,500)

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2021
Condensed Consolidated Statement of Cash Flows (Con't)
The figures have not been audited

	Cumulative Quarters	
	12 months ended	
	31-May-21	31-May-20
	RM'000	RM'000
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(6,717)	(23,610)
Drawdown/(Repayment) of hire purchase creditors, net	278	(188)
Repayment of lease liability	(807)	(857)
Withdrawal/(Placement) of fixed deposits	(15)	(15)
Interest paid	(3,286)	(5,098)
Purchase of treasury shares	(1,954)	-
Dividend paid	(1,597)	-
Capital distribution by a subsidiary	-	(32)
Net cash used in financing activities	(14,098)	(29,800)
Net decrease in cash and cash equivalents	4,938	380
Cash and cash equivalents at beginning of the year	20,738	20,266
Effect of exchange differences on cash and cash equivalents	(58)	92
Cash and cash equivalents at end of the year	<u>25,618</u>	<u>20,738</u>
Cash and cash equivalents comprised the following:		
Cash and bank balances	26,846	26,146
Bank overdrafts	(1,228)	(5,408)
	<u>25,618</u>	<u>20,738</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2021 (Unaudited)
Notes to the condensed consolidated interim financial statements**1. Basis of preparation**

These condensed consolidated interim financial statements ("Condensed Report") has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Reports also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The Condensed Report should be read in conjunction with the audited financial statements for the year ended 31 May 2020. The explanatory notes attached to these Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 May 2020.

The following are accounting standards and amendments that have been issued by the Malaysia Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes Accounting Estimates and Error – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosure – Interest Rate Benchmark Reform

MFRSs and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, Leases – Covid-19 - Related Rent Concessions

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards and amendments, where applicable in the respective financial years when the abovementioned accounting standards and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the accounting standards or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

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 2020 except for those as disclosed in Note 1 above.

The changes in the accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 May 2021.

3. Audit Qualification

There was no audit qualification on the annual financial statements of the Company and the Group for the year ended 31 May 2020.

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 year ended 31 May 2021.

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 year 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 year under review except for the following :

During the financial year ended 31 May 2021, the Company repurchased 3,242,600 of its issued share capital from the open market for an average price of RM0.6028 per share. The repurchased transactions were financed by internally generated funds. All the shares bought are retained as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The treasury shares held had been accounted for using cost method. The amount of consideration paid, including directly attributable costs, is recognised as costs and set off against equity.

8. Dividend Paid

An interim dividend of 1.25 sen per ordinary share in respect of financial year ended 31 May 2021 has been paid in March 2021.

9. Segmental Information

				For the 12 months ended 31 May 2021		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	3,503	335,656	-	339,159	-	339,159
Segment profit	1,838	15,616	2,769	20,223	(1,201)	19,022
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	38	4,989	26	5,053	-	5,053
			For the 12 months ended 31 May 2020			
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,115	278,956	-	280,071	-	280,071
Segment loss/profit	(2,698)	7,260	9,589	14,151	(11,048)	3,103
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	1,347	25,920	50	27,317	(1,499)	25,818

10. Event after the Reporting Year

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

11. Changes in Composition of the Group

The Group has submitted the strike off application of Microtag Engineering Sdn. Bhd. on 16 June 2020, the strike off application of Angkasa Pensonic Trading Sdn. Bhd, on 8 October 2020, in relation to Section 550 of the Companies Act 2016. These strike off will not have any financial and operational impact on the Group for the financial year ended 31 May 2021, and no material losses are expected arising from the strike off proceedings.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets of a material nature as at the end of current financial year.

13. 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:

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-21	31-May-20	31-May-21	31-May-20
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
- Sales	1,197	1,217	4,943	3,595
Transaction with related party				
- Purchases	578	202	1,950	1,153
- Services acquired	92	-	182	120
- Rental expenses	-	-	-	42
- Sales	-	15	-	55

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			12 months ended		
	31-May-21	31-May-20	%	31-May-21	31-May-20	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	91,663	62,394	47	339,159	280,071	21
Profit/(Loss) before tax	3,829	(1,405)	373	17,731	3,103	471
Profit/(Loss) after tax	4,603	(737)	725	15,980	2,562	524
Profit/(Loss) attributable to owner of the Company	4,689	(768)	711	16,317	2,882	466

The Group registered revenue of RM91.7 million compared to RM62.4 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM3.8 million compared to loss before tax of RM1.4 million in the preceding year corresponding quarter. Lower revenue and loss before tax in the preceding year corresponding quarter was due to Malaysian Government imposed Movement Control Order ("MCO") and the Conditional Movement Control Order ("CMCO") beginning from 18 March 2020 to curb the spread of the Coronavirus Disease 2019 ("Covid-19"). The lockdown from the MCO and the restrictive working conditions during the CMCO had resulted in lower billings and revenues for that quarter.

The Group registered revenue of RM339.2 million compared to RM280.1 million in the preceding year. The Group recorded a profit before tax of RM17.7 million compared to profit before tax of RM3.1 million in the preceding year due to higher revenue and better margin.

15. Review of Performance

	Current Quarter Ended	Immediate Preceding Quarter Ended	%
	31-May-21	28-Feb-21	
	RM'000	RM'000	
Revenue	91,663	83,667	10
Profit before tax	3,829	6,156	(38)
Profit after tax	4,603	4,838	(5)
Profit attributable to owner of the Company	4,689	5,005	(6)

The Group registered revenue of RM91.7 million for the current financial quarter compared to RM83.7 million reported in the immediate preceding financial quarter ended 28 February 2021. The Group recorded a profit before tax of RM3.8 million compared with profit before tax of RM6.2 million in the preceding financial period.

16. Commentary on Prospects

Notwithstanding the ongoing vaccination rollout program, the Covid-19 pandemic continues to pose uncertainties and disruptions across many sectors in view of resurgence in reported cases and that only sectors deemed essential were allowed to operate during the ongoing lockdown. Consumers' spending has dropped due to limited disposable income.

The Group will continue its efforts to foster new customers' relationships, enhance its supply chain management, productivity and cost management to mitigate the weakening of Ringgit Malaysia, increase in material cost and shipping cost. Given these developments, the Directors are of the view that prospects of the Group for the coming financial year would continue to be challenging.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-21	31-May-20	31-May-21	31-May-20
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	283	(378)	2,765	413
- Prior year	(1,055)	(175)	(962)	210
Deferred tax expense				
- Current year	(451)	157	(501)	190
- Prior year	449	(272)	449	(272)
	(774)	(668)	1,751	541

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

19. Status of Corporate Proposal

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

20. Trade Receivables

The age analysis of trade receivables is as follow:

	Unaudited 31-May-21 RM'000	Audited 31-May-20 RM'000
Neither past due nor impaired	41,874	37,995
Past due but not impaired:		
Less than 60 days	9,363	9,035
60 to 120 days	713	4,453
More than 120 days	1,407	3,433
	<u>11,483</u>	<u>16,921</u>
	53,357	54,916
Impaired	(1,563)	(2,003)
	<u>51,794</u>	<u>52,913</u>

Except for the impairment provided, the Group is satisfied that recovery of the remaining amount is possible, therefore there is no impairment for past due trade receivables.

21. Borrowings and Debts Securities

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

	Unaudited 31-May-21 RM'000	Audited 31-May-20 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	125	3,636
Revolving credit	3,718	4,410
Bankers' acceptance	27,906	33,839
	<u>31,749</u>	<u>41,885</u>
<u>Secured</u>		
Bank overdraft	1,103	1,773
Term loans	6,524	4,582
Bankers' acceptance	6,725	3,015
Finance lease liabilities	645	630
	<u>14,997</u>	<u>10,000</u>
	<u>46,746</u>	<u>51,885</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	33,513	39,254
Finance lease liabilities	1,337	1,075
	<u>34,850</u>	<u>40,329</u>
	<u>81,596</u>	<u>92,214</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>81,596</u>	<u>92,214</u>

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

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

22. Material Litigation

The Group is not engaged in any material litigation for the current financial year ended 31 May 2021.

23. Dividend

The Board recommends a final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 May 2021, which is 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.

24. Earnings per Share (“EPS”)

(a) Basic earnings/(loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-21	31-May-20	31-May-21	31-May-20
Profit/(Loss) attributable to owners of the Company (RM'000)	4,689	(768)	16,317	2,882
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic profit/(loss) per share (sen)	3.62	(0.59)	12.58	2.22

(b) Diluted earnings/(loss) per ordinary share

Diluted earnings per share is not applicable as the exercise price of the warrants is higher than the average market price of the Company's ordinary shares during the year.

25. Profit/(Loss) for the year

Profit for the year has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-21	31-May-20	31-May-21	31-May-20
After charging / (crediting):-				
Property, plant & equipment written off	2,557	4	2,701	48
Gain on disposal of assets classified as held for sale	-	(436)	-	(436)
(Gain)/Loss on disposal of property, plant and equipment	670	1,812	508	(9,431)
Government Grant received	(135)	(663)	(565)	(696)
Interest income	(12)	(30)	(21)	(86)
Royalty income	(155)	(93)	(900)	(603)
Realised (gain)/loss on foreign exchange	358	(4)	(1,175)	(597)
Unrealised (gain)/loss on foreign exchange	51	350	38	(4)
Interest expense	803	2,002	3,286	5,098

26. 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.