



PENSONIC HOLDINGS BERHAD
Registration No : 199401014746 (300426-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2021

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter Ended 31 August 2021

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31-Aug-21 RM'000	31-Aug-20 RM'000	31-Aug-21 RM'000	31-Aug-20 RM'000
Revenue	9	74,709	84,669	74,709	84,669
Cost of sales		(60,828)	(70,147)	(60,828)	(70,147)
Gross profit		13,881	14,522	13,881	14,522
Other operating income		120	1,140	120	1,140
Interest income		-	1	-	1
Operating expenses		(10,942)	(12,667)	(10,942)	(12,667)
Results from operating activities		3,059	2,996	3,059	2,996
Finance costs		(804)	(968)	(804)	(968)
Operating profit		2,255	2,028	2,255	2,028
Share of results of associates		42	15	42	15
Profit before tax		2,297	2,043	2,297	2,043
Tax expenses	18	(222)	(526)	(222)	(526)
Profit after tax		2,075	1,517	2,075	1,517
Other comprehensive expenses, net of tax					
Foreign currency translation differences		318	(170)	318	(170)
Total comprehensive profit for the period		2,393	1,347	2,393	1,347
Profit attributable to :					
Shareholders of the Company		2,156	1,553	2,156	1,553
Non-controlling interests		(81)	(36)	(81)	(36)
		2,075	1,517	2,075	1,517
Total comprehensive profit attributable to :					
Shareholders of the Company		2,438	1,365	2,438	1,365
Non-controlling interests		(45)	(18)	(45)	(18)
		2,393	1,347	2,393	1,347
Basic earnings per ordinary share (sen)	24	1.71	1.20	1.71	1.20
Diluted earnings per ordinary share (sen)	24	1.60	#	1.60	#

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2021

	Note	(Unaudited) 31-Aug-21 RM'000	(Audited) 31-May-21 RM'000
ASSETS			
Property, plant and equipment		114,860	115,639
Investment properties		3,840	3,875
Intangible assets		870	870
Investment in associates		1,407	1,365
Deferred tax assets		564	562
Total non-current assets		121,541	122,311
Inventories		84,771	68,471
Trade and other receivables		44,388	66,971
Current tax assets		1,429	734
Fixed deposit		533	528
Cash and bank balances		24,058	22,359
Total current assets		155,179	159,063
TOTAL ASSETS		276,720	281,374
EQUITY			
Share capital		67,671	67,671
Reserves		63,291	60,890
Total equity attributable to owners of the Company		130,962	128,561
Non-controlling interests		1,274	1,319
TOTAL EQUITY		132,236	129,880
LIABILITIES			
Loans and borrowings		33,503	35,810
Deferred tax liabilities		253	253
Lease liabilities		282	118
Total non-current liabilities		34,038	38,181
Trade and other payables		44,493	63,703
Loans and borrowings		60,850	45,787
Current tax liabilities		4,580	5,487
Lease liability		523	336
Total current liabilities		110,446	115,313
TOTAL LIABILITIES		144,485	151,494
TOTAL EQUITY AND LIABILITIES		276,720	281,374
Net assets per share attributable to equity holders (RM)		1.05	1.00

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 August 2021

	← Attributable to owners of the Company →						Distributable Retained Earnings	Total	Non- Controlling Interests	Total Equity
	Share Capital	Treasury Share	Non-Distributable							
	RM'000	RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2020	67,671	-	724	4,488	6,483	(639)	38,094	116,821	1,751	118,572
Profit for the period	-	-	-	-	-	-	1,553	1,553	(18)	1,535
Foreign currency translation differences	-	-	(170)	-	-	-	-	(170)	-	(170)
Total comprehensive profit for the period	-	-	(170)	-	-	-	1,553	1,383	(18)	1,365
Dividend paid	-	-	-	-	-	-	-	-	-	-
Own shares acquired	-	-	-	-	-	-	-	-	-	-
At 31 August 2020	67,671	-	554	4,488	6,483	(639)	39,647	118,204	1,733	119,937
At 1 June 2021	67,671	(1,955)	198	4,488	6,483	(639)	52,315	128,561	1,319	129,880
Profit for the period	-	-	-	-	-	-	2,156	2,156	(81)	2,075
Foreign currency translation differences	-	-	282	-	-	-	-	282	36	318
Total comprehensive profit for the period	-	-	282	-	-	-	2,156	2,438	(45)	2,393
Dividend paid	-	-	-	-	-	-	-	-	-	--
Own shares acquired	-	(37)	-	-	-	-	-	(37)	-	(37)
At 31 August 2021	67,671	(1,992)	480	4,488	6,483	(639)	54,471	130,962	1,274	132,236

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2021 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 August 2021

	Cumulative Quarters	
	3 months ended	
	31-Aug-21	31-Aug-20
	RM'000	RM'000
Cash Flows from operating activities		
Profit before tax	2,197	2,043
Adjustments for :		
Depreciation of property, plant and equipment	1,624	1,853
Interest expense	778	937
Accretion of interest on lease liabilities	20	26
Loss/(Gain) on disposal of plant, equipment and right-of-used assets	-	(56)
Interest income	-	(1)
Share of results of associates	(42)	(15)
Operating profits before working capital changes	4,677	4,787
Changes in working capital :		
Inventories	(16,142)	3,434
Trade and other receivables	22,753	6,455
Trade and other payables	(19,505)	1,994
	(12,894)	11,883
Cash generated from operations	(8,217)	16,670
Income tax paid	(1,825)	(78)
Net cash from operating activities	(10,042)	16,592
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	1	154
Purchase of property, plant and equipment	(296)	(1,449)
Interest received	-	1
Net cash used in investing activities	(295)	(1,294)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	12,270	(6,893)
Drawdown/(Repayment) of hire purchase creditors, net	(180)	617
Repayment of lease liability	(160)	(227)
Withdrawal/(Placement) of fixed deposits	(5)	(8)
Repurchase of treasury share	(37)	-
Dividend paid to owners of the Company	-	-
Interest paid	(798)	(963)
Net cash used in financing activities	11,090	(7,474)
Net increase/(decrease) in cash and cash equivalents	756	7,824
Cash and cash equivalents at beginning of the period	21,130	20,738
Effect of exchange differences on cash and cash equivalents	280	(160)
Cash and cash equivalents at end of the period	22,163	28,402
Cash and cash equivalents comprised the followings:		
Cash and bank balances	24,058	30,423
Bank overdraft	(1,895)	(2,021)
	22,163	28,402

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2021 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the Period Ended 31 August 2021**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 2021. 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 2021.

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 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 2021

- Amendments to MFRS 9, Financial Instruments, MFRS 136, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments; Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

MFRSs and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021

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
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 amendments, where applicable in the respective financial years when the abovementioned 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 amendments is 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 2021 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 2022.

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 2021.

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 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 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 year under review except for the following :

During the financial period ended 31 August 2021, the Company repurchased 51,500 of its issued share capital from the open market for an average price of RM0.72 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

There was no dividend paid during the period under review.

9. Segmental Information

	Manufacturing	Trading	Others	For the 3 months ended 31 August 2021		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	315	74,394	-	74,709	-	74,709
Segment profit	(137)	2,295	107	2,265	31	2,297

Segment assets

Included in the measure of segment assets is:

Capital expenditure	146	142	9	296	-	296
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	Manufacturing	Trading	Others	For the 3 months ended 31 August 2020		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	126	85,543	-	84,669	-	84,669
Segment loss/profit	377	1,929	(118)	2,188	(145)	2,043

Segment assets

Included in the measure of segment assets is:

Capital expenditure	38	1,392	19	1,449	-	1,449
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10. Event after the Reporting Period

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

11. Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter.

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 period.

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		3 months ended	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
- Sales		1,031	1,043	1,031
Transaction with related party				
- Purchases		586	457	586
- Services acquired		149	16	149

14. Review of Performance

	<u>Individual Quarter</u>			<u>Cumulative Period</u>		
	<u>3 months ended</u>			<u>3 months ended</u>		
	<u>31-Aug-21</u>	<u>31-Aug-20</u>	<u>%</u>	<u>31-Aug-21</u>	<u>31-Aug-20</u>	<u>%</u>
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>		
Revenue	74,709	84,669	(12)	74,709	84,669	(12)
Profit before tax	2,297	2,043	12	2,297	2,043	12
Profit after tax	2,075	1,517	37	2,075	1,517	37
Profit attributable to owner of the Company	2,156	1,553	39	2,156	1,553	39

The Group registered revenue of RM74.7 million compared to RM84.7 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM2.3 million compared to profit before tax of RM2.0 million in the preceding year corresponding quarter. Lower revenue in the current quarter is due to Malaysia Government has imposed a Full Movement Control Order following a rise in COVID-19 cases in Malaysia. Throughout this duration, all economic sectors are not allowed to operate with the exception of essential economic and service sectors.

15. Review of Performance

	<u>Current</u>	<u>Immediate</u>	<u>%</u>
	<u>Quarter</u>	<u>Preceding</u>	
	<u>Ended</u>	<u>Quarter Ended</u>	
	<u>31-Aug-21</u>	<u>31-May-21</u>	
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	74,709	91,663	(18)
Profit before tax	2,297	3,299	(30)
Profit after tax	2,075	4,105	(49)
Profit attributable to owner of the Company	2,156	4,191	(49)

The Group registered revenue of RM74.7 million for the current financial quarter compared to RM91.7 million reported in the immediate preceding financial quarter ended 31 May 2021. The Group recorded a profit before tax of RM2.3 million compared with profit before tax of RM3.3 million in the preceding financial period.

16. Commentary on Prospects

As the vaccination rate in the country has ramped up significantly, the Government is gradually opening up more sectors to individuals who have been fully vaccinated in an effort to rebuild parts of the economy that have been shut due to the Covid-19 outbreak. Although standard operating procedures such as physical distancing are still in effect, we have seen a return in economic activity. The Group will continue to leverage on domestic demand to drive revenue while we manage our cost base to align to the new operating environment.

The Group will continue to progress with its business activities within its core business segments and remain focused on building on its strengths and long-term strategies to mitigate the challenges in the current year. The Group will also continue to closely monitor the prolonged effect of the COVID-19 pandemic on the economy and the related financial effects and will continuously assess the impact of the COVID-19 pandemic on the Group's operations and financial position.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	224	535	224	535
- Prior year	-	-	-	-
Deferred tax expense				
- Current year	(2)	(9)	(2)	(9)
- Prior year	-	-	-	-
	<u>222</u>	<u>526</u>	<u>222</u>	<u>526</u>

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	Audited
	31-Aug-21	31-May-21
	RM'000	RM'000
Neither past due nor impaired	30,108	45,963
Past due but not impaired:		
Less than 60 days	6,730	10,262
60 to 120 days	4,036	751
More than 120 days	1,607	2,321
	<u>12,373</u>	<u>13,334</u>
	42,481	59,297
Impaired	<u>(1,540)</u>	<u>(1,563)</u>
	<u>40,941</u>	<u>57,734</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	Audited
	31-Aug-21	31-May-21
	RM'000	RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	-	260
Revolving credit	3,718	3,718
Bankers' acceptance	36,462	25,043
	<u>40,180</u>	<u>29,021</u>
Secured		
Bank overdraft	1,895	969
Term loans	6,349	5,570
Bankers' acceptance	11,799	9,587
Finance lease liabilities	626	640
	<u>20,670</u>	<u>16,766</u>
	<u>60,850</u>	<u>45,787</u>
<u>Non – current</u>		
Secured		
Term loans	32,326	34,467
Finance lease liabilities	1,177	1,343
	<u>33,503</u>	<u>35,810</u>
	<u>94,353</u>	<u>81,597</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>94,353</u>	<u>81,597</u>

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

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

22. Material Litigation

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

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 31 August 2021.

24. Earnings per Share (“EPS”)

(a) Basic earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
Profit attributable to owners of the Company (RM'000)	2,156	1,553	2,156	1,553
Weighted average number of ordinary shares in issue (units'000)	126,374	129,668	126,374	129,668
Basic earnings per share (sen)	1.71	1.20	1.71	1.20

(b) Diluted earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
Profit attributable to owners of the Company (RM'000)	2,156	-	2,156	-
Weighted average number of ordinary shares in issue (units'000)	134,851	-	134,851	-
Diluted earnings per share (sen)	1.60	#	1.60	#

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 period.

25. Profit for the Period

Profit for the period has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
After charging / (crediting):-				
Property, plant & equipment written off	-	-	-	-
Gain on disposal of assets classified as held for sale	-	-	-	-
(Gain) on disposal of property, plant and equipment	-	(56)	-	(56)
Government Grant received	(155)	(273)	(155)	(273)
Interest income	-	(1)	-	(1)
Royalty income	-	-	-	-
Realised loss/(gain) on foreign exchange	129	(587)	129	(587)
Unrealised (gain) on foreign exchange	(130)	(146)	(130)	(146)
Interest expense	778	963	778	963

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.