



PENSONIC HOLDINGS BERHAD

Registration No : 199401014746 (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter Ended 30 November 2021

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30-Nov-21 RM'000	30-Nov-20 RM'000	30-Nov-21 RM'000	30-Nov-20 RM'000
Revenue	9	85,230	79,160	159,939	163,829
Cost of sales		(69,494)	(62,038)	(130,322)	(132,185)
Gross profit		15,736	17,122	29,617	31,644
Other operating income		936	1,015	1,056	2,155
Interest income		10	8	10	9
Operating expenses		(12,610)	(11,597)	(23,552)	(24,264)
Results from operating activities		4,072	6,548	7,131	9,544
Finance costs		(854)	(833)	(1,658)	(1,801)
Operating profit		3,218	5,715	5,473	7,743
Share of results of associates		71	(12)	113	3
Profit before tax		3,289	5,703	5,586	7,746
Tax expenses	18	(231)	(681)	(453)	(1,207)
Profit after tax		3,058	5,022	5,133	6,539
Other comprehensive expenses, net of tax					
Foreign currency translation differences		(251)	(153)	67	(323)
Total comprehensive profit for the period		2,807	4,869	5,200	6,216
Profit attributable to :					
Shareholders of the Company		3,191	5,070	5,347	6,623
Non-controlling interests		(133)	(48)	(214)	(84)
		<u>3,058</u>	<u>5,022</u>	<u>5,133</u>	<u>6,539</u>
Total comprehensive profit attributable to :					
Shareholders of the Company		2,944	4,962	5,382	6,327
Non-controlling interests		(137)	(93)	(182)	(111)
		<u>2,807</u>	<u>4,869</u>	<u>5,200</u>	<u>6,216</u>
Basic earnings per ordinary share (sen)	24	2.53	3.91	4.23	5.11
Diluted earnings per ordinary share (sen)	24	2.38	#	3.98	#

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 30 November 2021

	Note	(Unaudited) 30-Nov-21 RM'000	(Audited) 31-May-21 RM'000
ASSETS			
Property, plant and equipment		113,650	115,639
Investment properties		3,840	3,875
Intangible assets		870	870
Investment in associates		887	1,365
Deferred tax assets		562	562
Total non-current assets		119,809	122,311
Inventories		76,038	68,471
Trade and other receivables		50,069	66,971
Current tax assets		3,488	734
Fixed deposit		537	528
Cash and bank balances		26,207	22,359
Total current assets		156,339	159,063
TOTAL ASSETS		276,148	281,374
EQUITY			
Share capital		67,671	67,671
Reserves		66,197	60,890
Total equity attributable to owners of the Company		133,868	128,561
Non-controlling interests		1,137	1,319
TOTAL EQUITY		135,005	129,880
LIABILITIES			
Loans and borrowings		32,215	35,810
Deferred tax liabilities		253	253
Lease liabilities		243	118
Total non-current liabilities		32,711	38,181
Trade and other payables		37,411	63,703
Loans and borrowings		64,348	45,787
Current tax liabilities		6,145	5,487
Lease liability		528	336
Total current liabilities		108,432	115,313
TOTAL LIABILITIES		141,143	151,494
TOTAL EQUITY AND LIABILITIES		276,148	281,374
Net assets per share attributable to equity holders (RM)		1.04	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 30 November 2021

	← Attributable to owners of the Company →						Distributable Retained Earnings	Total	Non- Controlling Interests	Total Equity
	Share Capital	Treasury Share	Non-Distributable		Warrant Reserve	Other Reserve				
	RM'000	RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2020	67,671	-	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
Profit for the period	-	-	-	-	-	-	6,623	6,623	(84)	6,539
Foreign currency translation differences	-	-	(323)	-	-	-	-	(323)	(27)	(350)
Total comprehensive profit for the period	-	-	(323)	-	-	-	6,623	6,300	(111)	6,189
Dividend paid	-	-	-	-	-	-	-	-	-	-
Own shares acquired	-	(382)	-	-	-	-	-	(382)	-	(382)
At 30 Nov 2020	67,671	(382)	401	4,488	6,483	(638)	44,716	122,739	1,640	124,379
At 1 June 2021	67,671	(1,955)	197	4,488	6,483	(639)	52,314	128,559	1,319	129,878
Profit for the period	-	-	-	-	-	-	5,347	5,347	(214)	5,133
Foreign currency translation differences	-	-	36	-	-	-	-	36	32	68
Total comprehensive profit for the period	-	-	36	-	-	-	5,347	5,383	(182)	5,201
Dividend paid	-	-	-	-	-	-	-	-	-	-
Own shares acquired	-	(74)	-	-	-	-	-	(74)	-	(74)
At 30 Nov 2021	67,671	(2,029)	233	4,488	6,483	(639)	57,661	133,868	1,137	135,005

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 30 November 2021

	Cumulative Quarters	
	6 months ended	
	30-Nov-21	30-Nov-20
	RM'000	RM'000
Cash Flows from operating activities		
Profit before tax	5,586	7,746
Adjustments for :		
Depreciation of property, plant and equipment	3,178	3,631
Interest expense	1,611	1,747
Accretion of interest on lease liabilities	37	44
Loss/(Gain) on disposal of plant, equipment and right-of-used assets	(8)	(161)
Property, plant and equipment written off	27	140
Interest income	(10)	(9)
Share of results of associates	(113)	(3)
Operating profits before working capital changes	10,308	13,135
Changes in working capital :		
Inventories	(7,536)	(3,663)
Trade and other receivables	16,657	7,991
Trade and other payables	(26,216)	735
	(17,095)	5,063
Cash generated from operations	(6,787)	18,198
Income tax paid	(2,549)	(403)
Net cash from operating activities	(9,336)	17,795
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	4	199
Purchase of property, plant and equipment	(543)	(3,067)
Capital repayment in Associate	591	(591)
Interest received	10	9
Net cash generated from/(used in) investing activities	62	(3,450)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	13,854	(8,921)
Drawdown/(Repayment) of hire purchase creditors, net	(336)	441
Repayment of lease liability	(317)	(437)
Withdrawal/(Placement) of fixed deposits	(9)	(12)
Repurchase of treasury share	(75)	(382)
Dividend paid to owners of the Company	-	-
Interest paid	(1,648)	(1,791)
Net cash generated from/(used in) financing activities	11,469	(11,102)
Net increase/(decrease) in cash and cash equivalents	2,195	3,243
Cash and cash equivalents at beginning of the period	21,129	20,738
Effect of exchange differences on cash and cash equivalents	204	(20)
Cash and cash equivalents at end of the period	23,528	23,961
Cash and cash equivalents comprised the followings:		
Cash and bank balances	26,207	26,877
Bank overdraft	(2,679)	(2,916)
	23,528	23,961

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 30 Nov 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 30 November 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 30 November 2021, the Company repurchased 114,800 of its issued share capital from the open market for an average price of RM0.65 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

A final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 May 2021 has been paid in December 2021.

9. Segmental Information

	For the 6 months ended 30 November 2021					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,729	158,210	-	159,939	-	159,939
Segment profit	289	5,217	(34)	5,472	114	5,586

Segment assets

Included in the measure of segment assets is:

Capital expenditure	179	345	19	543	-	543
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	For the 6 months ended 30 November 2020					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	965	162,864	-	163,829	-	163,829
Segment loss/profit	1,029	7,653	2,370	11,052	(3,306)	7,746

Segment assets

Included in the measure of segment assets is:

Capital expenditure	38	3,010	19	3,067	-	3,067
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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 current period under review.

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		6 months ended	
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
- Sales		1,424	1,327	2,455
				2,370
Transaction with related party				
- Purchases		473	448	1,060
- Services acquired		50	15	198
				906
				31

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended		%	6 months ended		%
	30-Nov-21	30-Nov-20		30-Nov-21	30-Nov-20	
	RM'000	RM'000		RM'000	RM'000	
Revenue	85,230	79,160	8	159,939	163,829	(2)
Profit before tax	3,289	5,703	(42)	5,586	7,746	(28)
Profit after tax	3,058	5,022	(39)	5,133	6,539	(22)
Profit attributable to owner of the Company	3,191	5,070	(37)	5,347	6,623	(19)

The Group registered revenue of RM85.2 million compared to RM79.1 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM3.3 million compared to profit before tax of RM5.7 million in the preceding year corresponding quarter.

The Group registered revenue of RM159.9 million compared to RM163.8 million in the preceding year corresponding period. The Group recorded a profit before tax of RM5.5 million compared to profit before tax of RM7.7 million in the preceding year corresponding period. Lower profit before tax for this financial period is due to the depreciation of Ringgit Malaysia and the higher freight costs.

15. Review of Performance

	Current Quarter Ended 30-Nov-21	Immediate Preceding Quarter Ended 31-Aug-21	%
	RM'000	RM'000	
Revenue	85,230	74,709	14
Profit before tax	3,289	2,297	43
Profit after tax	3,058	2,075	47
Profit attributable to owner of the Company	3,191	2,156	48

The Group registered revenue of RM85.2 million for the current financial quarter compared to RM74.7 million reported in the immediate preceding financial quarter ended 31 Aug 2021. The Group recorded a profit before tax of RM3.3 million compared with profit before tax of RM2.3 million in the preceding financial period. Performance for the current quarter is better due to more sectors allowed to operate in the current quarter.

16. Commentary on Prospects

As our economy slowly recovers in line with the transition into less restrictive phase of the National Recovery Plan, it augurs well for business in general. However, worsening global supply chain disruptions and increasing costs of logistics have led to higher price pressures which, in turn, have hampered business recovery.

At the same time, emerging new Covid-19 variants renewed the concern of imposition of containment measures to arrest the spread of these new variants.

Given the backdrop, the Group remains cautiously optimistic of delivery of a strong performance in FY2022 and will continue its prudent business strategy to ensure sustainable growth.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	229	598	453	1,133
- Prior year	-	-	-	-
Foreign statutory tax				
- Current year		102		102
Deferred tax expense				
- Current year	2	(19)	-	(28)
- Prior year	-	-	-	-
	231	681	453	1,207

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
	30-Nov-21	31-May-21
	RM'000	RM'000
Neither past due nor impaired	37,995	45,963
Past due but not impaired:		
Less than 60 days	5,369	10,262
60 to 120 days	3,562	751
More than 120 days	907	2,321
	9,838	13,334
	47,833	59,297
Impaired	(1,529)	(1,563)
	46,304	57,734

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 30-Nov-21 RM'000	Audited 31-May-21 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	178	260
Revolving credit	5,718	3,718
Bankers' acceptance	43,666	25,043
	<u>49,562</u>	<u>29,021</u>
Secured		
Bank overdraft	2,501	969
Term loans	6,060	5,570
Bankers' acceptance	5,622	9,587
Finance lease liabilities	603	640
	<u>14,786</u>	<u>16,766</u>
	<u>64,348</u>	<u>45,787</u>
<u>Non – current</u>		
Secured		
Term loans	31,172	34,467
Finance lease liabilities	1,043	1,343
	<u>32,215</u>	<u>35,810</u>
	<u>96,563</u>	<u>81,597</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia ("MYR")	<u>96,563</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 30 November 2021.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 30 November 2021.

24. Earnings per Share (“EPS”)

(a) Basic earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
Profit attributable to owners of the Company (RM'000)	3,191	5,070	5,347	6,623
Weighted average number of ordinary shares in issue (units'000)	126,337	129,668	126,337	129,668
Basic earnings per share (sen)	2.53	3.91	4.23	5.11

(b) Diluted earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
Profit attributable to owners of the Company (RM'000)	3,191	5,070	5,347	6,623
Weighted average number of ordinary shares in issue (units'000)	134,132	129,668	134,473	129,668
Adjusted for effect of conversion of warrants	-	(20,692)	-	(34,910)
Weighted average number of ordinary shares (diluted) ('000)	134,132	108,976	134,473	94,758
Diluted earnings per share (sen)	2.38	#	3.98	#

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		6 months ended	
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting):-				
Property, plant & equipment written off	27	140	27	140
Gain on disposal of assets classified as held for sale	-	-	-	-
(Gain) on disposal of property, plant and equipment	(8)	(120)	(8)	(161)
Government Grant received	(171)	(149)	(326)	(422)
Interest income	(10)	(8)	(10)	(9)
Royalty income	(231)	-	(231)	-
Realised loss/(gain) on foreign exchange	(524)	(18)	(395)	(605)
Unrealised (gain) on foreign exchange	69	22	(61)	(124)
Interest expense	870	828	1,648	1,791

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.