



PENSONIC HOLDINGS BERHAD

Registration No : 199401014746 (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2022**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Third Quarter Ended 28 February 2022

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		28-Feb-22 RM'000	28-Feb-21 RM'000	28-Feb-22 RM'000	28-Feb-21 RM'000
Revenue	9	83,216	83,667	243,155	247,496
Cost of sales		(68,083)	(65,577)	(198,405)	(197,762)
Gross profit		15,133	18,090	44,750	49,734
Other operating income		122	1,107	1,178	3,262
Interest income		4	-	14	9
Operating expenses		(12,677)	(12,338)	(36,229)	(36,602)
Results from operating activities		2,582	6,859	9,713	16,403
Finance costs		(846)	(698)	(2,540)	(2,499)
Operating profit		1,736	6,161	7,209	13,904
Share of results of associates		1	(5)	114	(2)
Profit before tax		1,737	6,156	7,323	13,902
Tax expenses	18	(740)	(1,318)	(1,193)	(2,525)
Profit after tax		997	4,838	6,130	11,377
Other comprehensive expenses, net of tax					
Foreign currency translation differences		150	(205)	217	(528)
Total comprehensive profit for the period		1,147	4,633	6,347	10,849
Profit attributable to :					
Shareholders of the Company		1,212	5,005	6,559	11,628
Non-controlling interests		(215)	(167)	(429)	(251)
		997	4,838	6,130	11,377
Total comprehensive profit attributable to :					
Shareholders of the Company		1,363	4,847	6,745	11,174
Non-controlling interests		(216)	(214)	(398)	(325)
		1,147	4,633	6,347	10,849
Basic earnings per ordinary share (sen)	24	0.96	3.86	5.20	8.97
Diluted earnings per ordinary share (sen)	24	#	3.82	4.99	#

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 28 February 2022

	Note	(Unaudited) 28-Feb-22 RM'000	(Audited) 31-May-21 RM'000
ASSETS			
Property, plant and equipment		112,664	115,639
Investment properties		3,840	3,875
Intangible assets		870	870
Investment in associates		888	1,365
Deferred tax assets		561	562
Total non-current assets		118,823	122,311
Inventories		83,506	68,471
Trade and other receivables		55,647	66,971
Current tax assets		3,816	734
Fixed deposit		537	528
Cash and bank balances		22,807	22,359
Total current assets		166,313	159,063
TOTAL ASSETS		285,136	281,374
EQUITY			
Share capital		67,671	67,671
Reserves		66,112	60,890
Total equity attributable to owners of the Company		133,783	128,561
Non-controlling interests		921	1,319
TOTAL EQUITY		134,704	129,880
LIABILITIES			
Loans and borrowings	21	30,503	35,810
Deferred tax liabilities		253	253
Lease liabilities		145	118
Total non-current liabilities		30,901	36,181
Trade and other payables		34,181	63,703
Loans and borrowings	21	78,976	45,787
Current tax liabilities		5,860	5,487
Lease liability		514	336
Total current liabilities		119,531	115,313
TOTAL LIABILITIES		150,432	151,494
TOTAL EQUITY AND LIABILITIES		285,136	281,374
Net assets per share attributable to equity holders (RM)		1.07	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 28 February 2022

	← Attributable to owners of the Company →						Distributable Retained Earnings	Total	Non- Controlling Interests	Total Equity
	← Non-Distributable →									
	Share Capital	Treasury Share	Exchange Translation Reserve	Capital Reserve	Warrant Reserve	Other Reserve				
At 1 June 2020	67,671	-	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
Profit for the period	-	-	-	-	-	-	11,628	11,628	(251)	11,377
Foreign currency translation differences	-	-	(528)	-	-	-	-	(528)	(74)	(602)
Total comprehensive profit for the period	-	-	(528)	-	-	-	11,628	11,100	(325)	10,775
Dividend paid	-	-	-	-	-	-	-	-	-	-
Own shares acquired	-	(966)	-	-	-	-	-	(966)	-	(966)
At 28 Feb 2021	67,671	(966)	196	4,488	6,483	(638)	49,721	126,955	1,426	128,381
At 1 June 2021	67,671	(1,955)	197	4,488	6,483	(638)	52,313	128,559	1,319	129,878
Profit for the period	-	-	-	-	-	-	6,559	6,559	(429)	6,130
Foreign currency translation differences	-	-	186	-	-	-	-	186	31	217
Total comprehensive profit for the period	-	-	186	-	-	-	6,559	6,745	(398)	6,347
Dividend paid	-	-	-	-	-	-	(1,263)	(1,263)	-	(1,263)
Own shares acquired	-	(258)	-	-	-	-	-	(258)	-	(258)
At 28 Feb 2022	67,671	(2,213)	383	4,488	6,483	(638)	57,609	133,783	921	134,704

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 28 February 2022

	Cumulative Quarters	
	9 months ended	
	28 Feb 2022	28 Feb 2021
	RM'000	RM'000
Cash Flows from operating activities		
Profit before tax	7,323	13,902
Adjustments for :		
Depreciation of property, plant and equipment	4,577	5,333
Interest expense	2,437	2,422
Accretion of interest on lease liabilities	53	61
Loss/(Gain) on disposal of plant, equipment and right-of-used assets	(8)	(162)
Property, plant and equipment written off	27	144
Interest income	(14)	(9)
Share of results of associates	(114)	2
Operating profits before working capital changes	14,281	21,693
Changes in working capital :		
Inventories	(14,928)	(15,782)
Trade and other receivables	11,273	9,112
Trade and other payables	(29,640)	(73)
	(33,295)	6,743
Cash generated from operations	(19,014)	14,950
Income tax paid	(3,901)	(546)
Net cash from operating activities	(22,915)	14,404
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	4	266
Purchase of property, plant and equipment	(920)	(4,448)
Capital repayment in Associate	591	-
Interest received	14	9
Net cash generated from/(used in) investing activities	(311)	(4,173)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	25,736	(3,415)
Drawdown/(Repayment) of hire purchase creditors, net	(496)	488
Repayment of lease liability	(462)	(649)
Withdrawal/(Placement) of fixed deposits	(9)	(12)
Repurchase of treasury share	(258)	(966)
Dividend paid to owners of the Company	(1,263)	-
Interest paid	(2,490)	(2,483)
Net cash generated from/(used in) financing activities	20,758	(7,037)
Net (decrease)/increase in cash and cash equivalents	(2,468)	3,194
Cash and cash equivalents at beginning of the period	21,129	20,738
Effect of exchange differences on cash and cash equivalents	275	35
Cash and cash equivalents at end of the period	18,936	23,967
Cash and cash equivalents comprised the followings:		
Cash and bank balances	22,807	26,866
Bank overdraft	(3,871)	(2,899)
	18,936	23,967

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 28 February 2022**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 28 February 2022.

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 28 February 2022, the Company repurchased 428,200 of its issued share capital from the open market for an average price of RM0.60 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

	Manufacturing	Trading	Others	For the 9 months ended 28 February 2022		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	3,478	239,677	-	243,155	-	243,155
Segment profit	763	6,698	(290)	7,171	152	7,323

Segment assets

Included in the measure of segment assets is:

Capital expenditure	190	683	47	920	-	920
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	Manufacturing	Trading	Others	For the 9 months ended 28 February 2021		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,111	246,385	-	247,496	-	247,496
Segment loss/profit	2,012	12,649	2,066	16,727	(2,825)	13,902

Segment assets

Included in the measure of segment assets is:

Capital expenditure	38	4,384	26	4,448	-	4,448
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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		9 months ended	
	28-Feb-22	28-Feb-21	28-Feb-22	28-Feb-21
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
-Sales	678	1,383	3,131	3,753
Transaction with related party				
- Purchases	720	466	1,779	1,372
- Services acquired	136	59	335	90

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			9 months ended		
	28-Feb-22	28-Feb-21	%	28-Feb-22	28-Feb-21	%
RM'000	RM'000	RM'000		RM'000		
Revenue	83,216	83,667	(1)	243,155	247,496	(2)
Profit before tax	1,737	6,156	(72)	7,323	13,902	(47)
Profit after tax	997	4,838	(79)	6,130	11,377	(46)
Profit attributable to owner of the Company	1,212	5,005	(76)	6,559	11,628	(44)

The Group registered revenue of RM83.2 million compared to RM83.6 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM1.7 million compared to profit before tax of RM6.1 million in the preceding year corresponding quarter.

The Group registered revenue of RM243.1 million compared to RM247.4 million in the preceding year corresponding period. The Group recorded a profit before tax of RM7.3 million compared to profit before tax of RM13.9 million in the preceding year corresponding period. Lower profit before tax for this financial period is due to the higher cost of sales and depreciation of Ringgit Malaysia.

15. Review of Performance

	Current Quarter Ended 28-Feb-22	Immediate Preceding Quarter Ended 30-Nov-21	%
	RM'000	RM'000	
Revenue	83,216	85,230	(2)
Profit before tax	1,737	3,289	(47)
Profit after tax	997	3,058	(67)
Profit attributable to owner of the Company	1,212	3,191	(62)

The Group registered revenue of RM83.2 million for the current financial quarter compared to RM85.2 million reported in the immediate preceding financial quarter ended 30 Nov 2021. The Group recorded a profit before tax of RM1.7 million compared with profit before tax of RM3.3 million in the preceding financial period.

16. Commentary on Prospects

Effective April 1, 2022, the government had announced the country would enter into endemic phase with traveling and business operating hours restriction lifted. The group is optimistic businesses will gradually be back to pre-pandemic level with more relaxed COVID-19 rules and Standard Operating Procedures (SOP). However, while things seem to be improving, the sudden eruption of geopolitical war between Russia and Ukraine has caused a sharp surge in oil prices and material cost. This posed a new set of challenges to our Group's operation and the management is currently monitoring closely to ensure that the overall Group performance will not be severely affected.

The Board expects the outlook for the forthcoming quarter to remain cautiously optimistic. The Group will continue to monitor the development of the Covid-19 pandemic, the impact of the implementation of the RM1,500 minimum wage starting 1 May 2022 as well as geopolitical tensions and will take the necessary measures to mitigate against any potential impact on the financial position and operating results of the Group.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-22	28-Feb-21	28-Feb-22	28-Feb-21
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	478	1,248	931	2,381
- Prior year	5	93	5	93
Foreign statutory tax				
- Current year	256	(1)	256	101
Deferred tax expense				
- Current year	1	(22)	1	(50)
- Prior year	-	-	-	-
	740	1,318	1,193	2,525

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2021: 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
	28-Feb-22	31-May-21
	RM'000	RM'000
Neither past due nor impaired	38,835	45,963
Past due but not impaired:		
Less than 60 days	9,372	10,262
60 to 120 days	3,675	751
More than 120 days	1,313	2,321
	14,360	13,334
	53,195	59,297
Impaired	(1,520)	(1,563)
	51,675	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 28-Feb-22 RM'000	Audited 31-May-21 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	205	260
Revolving credit	5,717	3,718
Bankers' acceptance	54,042	25,043
	<u>59,964</u>	<u>29,021</u>
Secured		
Bank overdraft	3,666	969
Term loans	6,345	5,570
Bankers' acceptance	8,420	9,587
Finance lease liabilities	581	640
	<u>19,012</u>	<u>16,766</u>
	<u>78,976</u>	<u>45,787</u>
<u>Non – current</u>		
Secured		
Term loans	29,596	34,467
Finance lease liabilities	907	1,343
	<u>30,503</u>	<u>35,810</u>
	<u>109,479</u>	<u>81,597</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>109,479</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 28 February 2022.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 28 February 2022.

24. Earnings per Share (“EPS”)

(a) Basic earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-22	28-Feb-21	28-Feb-22	28-Feb-21
Profit attributable to owners of the Company (RM'000)	1,212	5,007	6,559	11,628
Weighted average number of ordinary shares in issue (units'000)	126,208	129,668	126,208	129,668
Basic earnings per share (sen)	0.96	3.86	5.20	8.97

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

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-22	28-Feb-21	28-Feb-22	28-Feb-21
Profit attributable to owners of the Company (RM'000)	1,212	5,005	6,559	11,628
Weighted average number of ordinary shares in issue (units'000)	126,208	129,668	126,208	129,668
Adjusted for effect of conversion of warrants	(1,881)	1,484	5,171	(76,683)
Weighted average number of ordinary shares (diluted) ('000)	124,327	131,152	131,379	52,985
Diluted earnings per share (sen)	#	3.82	4.99	#

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		9 months ended	
	28-Feb-22	28-Feb-21	28-Feb-22	28-Feb-21
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting):-				
Property, plant & equipment written off	27	144	27	144
Gain on disposal of assets classified as held for sale	-	-	-	-
(Gain) on disposal of property, plant and equipment	-	(1)	(8)	(162)
Government Grant received	(15)	(8)	(341)	(430)
Interest income	(4)	-	(14)	(9)
Royalty income	-	(107)	(231)	(745)
Realised loss/(gain) on foreign exchange	(72)	(929)	(467)	(1,534)
Unrealised (gain) on foreign exchange	-	111	(61)	(13)
Interest expense	842	692	2,490	2,483

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.