



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Fourth Quarter Ended 31 May 2022

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-May-22 RM'000	31-May-21 RM'000	31-May-22 RM'000	31-May-21 RM'000
Revenue	9	81,850	91,663	325,005	339,159
Cost of sales		(67,364)	(73,307)	(265,769)	(271,069)
Gross profit		14,486	18,356	59,236	68,090
Other operating income		12,042	794	13,220	4,056
Interest income		10	100	24	109
Operating expenses		(17,927)	(15,393)	(54,156)	(51,995)
Results from operating activities		8,611	3,857	18,324	20,260
Finance costs		(973)	(783)	(3,477)	(3,282)
Operating profit		7,638	3,074	14,847	16,978
Share of results of associates		75	225	189	223
Profit before tax		7,713	3,299	15,036	17,201
Tax expenses	18	(677)	(806)	(1,870)	(1,719)
Profit after tax		7,036	4,105	13,166	15,482
Other comprehensive expenses, net of tax					
Foreign currency translation differences		613	(93)	830	(621)
Total comprehensive profit for the period		7,649	4,012	13,996	14,861
Profit attributable to :					
Shareholders of the Company		7,910	4,191	14,469	15,819
Non-controlling interests		(874)	(86)	(1,303)	(337)
		7,036	4,105	13,166	15,482
Total comprehensive profit attributable to :					
Shareholders of the Company		8,517	4,118	15,262	15,292
Non-controlling interests		(868)	(106)	(1,266)	(431)
		7,649	4,012	13,996	14,861
Basic earnings per ordinary share (sen)	24	6.27	3.24	11.47	12.32
Diluted earnings per ordinary share (sen)	24	#	3.01	11.18	#

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 May 2022

	Note	(Unaudited) 31-May-22 RM'000	(Audited) 31-May-21 RM'000
ASSETS			
Property, plant and equipment		112,472	115,639
Investment properties		-	3,875
Intangible assets		870	870
Investment in associates		963	1,365
Deferred tax assets		94	562
Total non-current assets		<u>114,399</u>	<u>122,311</u>
Inventories		96,567	68,471
Trade and other receivables		72,544	66,971
Current tax assets		2,216	734
Fixed deposit		539	528
Cash and bank balances		24,836	22,359
Total current assets		<u>196,702</u>	<u>159,063</u>
TOTAL ASSETS		<u>311,101</u>	<u>281,374</u>
EQUITY			
Share capital		67,671	67,671
Reserves		74,550	60,890
Total equity attributable to owners of the Company		<u>142,221</u>	<u>128,561</u>
Non-controlling interests		53	1,319
TOTAL EQUITY		<u>142,274</u>	<u>129,880</u>
LIABILITIES			
Loans and borrowings	21	29,179	35,810
Deferred tax liabilities		236	253
Lease liabilities		255	118
Total non-current liabilities		<u>29,670</u>	<u>36,181</u>
Trade and other payables		53,401	63,703
Loans and borrowings	21	81,598	45,787
Current tax liabilities		3,436	5,487
Lease liability		722	336
Total current liabilities		<u>139,157</u>	<u>115,313</u>
TOTAL LIABILITIES		<u>168,827</u>	<u>151,494</u>
TOTAL EQUITY AND LIABILITIES		<u>311,101</u>	<u>281,374</u>
Net assets per share attributable to equity holders (RM)		1.13	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 Year Ended 31 May 2022

	← Attributable to owners of the Company →						Total	Non-Controlling Interests	Total Equity	
	← Non-Distributable →			Distributable						
	Share Capital	Treasury Share	Exchange Translation Reserve	Capital Reserve	Warrant Reserve	Other Reserve				Retained Earnings
RM'000	RM'000	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	-	-	-	-	-	-	15,819	15,819	(337)	15,482
Foreign currency translation differences	-	-	(527)	-	-	-	-	(527)	(95)	(622)
Total comprehensive profit for the period	-	-	(527)	-	-	-	15,819	15,292	(432)	14,860
Dividend paid	-	-	-	-	-	-	(1,597)	(1,597)	-	(1,597)
Own shares acquired	-	(1,955)	-	-	-	-	-	(1,955)	-	(1,955)
At 31 May 2021	67,671	(1,955)	197	4,488	6,483	(638)	52,315	128,561	1,319	129,880
At 1 June 2021	67,671	(1,955)	197	4,488	6,483	(638)	52,315	128,561	1,319	129,880
Profit for the period	-	-	-	-	-	-	14,469	14,469	(1,303)	13,166
Foreign currency translation differences	-	-	793	-	-	-	-	793	37	830
Total comprehensive profit for the period	-	-	793	-	-	-	14,469	15,262	(1,266)	13,996
Dividend paid	-	-	-	-	-	-	(1,263)	(339)	-	(339)
Own shares acquired	-	(339)	-	-	-	-	-	(1,263)	-	(1,263)
At 31 May 2022	67,671	(2,294)	990	4,488	6,483	(638)	65,521	142,221	53	142,274

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 Year Ended 31 May 2022

	Cumulative Quarters	
	12 months ended	
	31-May-22	31-May-21
	RM'000	RM'000
Cash Flows from operating activities		
Profit before tax	15,036	17,201
Adjustments for :		
Depreciation of property, plant and equipment	5,969	6,922
Interest expense	3,375	3,213
Accretion of interest on lease liabilities	83	70
Gain on derecognition of right-of-use assets	-	(18)
Loss/(Gain) on disposal of plant, equipment and right-of-used assets	(12,050)	527
Property, plant and equipment written off	44	2,712
Interest income	(24)	(109)
Share of results of associates	(189)	(223)
Operating profits before working capital changes	12,244	30,295
Changes in working capital :		
Inventories	(27,706)	(23,829)
Trade and other receivables	(4,903)	(8,472)
Trade and other payables	(11,076)	24,190
	(43,685)	(8,111)
Cash (used in)/generated from operations	(31,441)	22,184
Income tax paid	(4,952)	(2,257)
Net cash (used in)/generated from operating activities	(36,393)	19,927
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	16,003	322
Purchase of property, plant and equipment	(1,767)	(3,711)
Capital repayment in Associate	591	(591)
Interest received	24	109
Net cash generated from/(used in) investing activities	14,851	(3,871)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	29,254	(6,716)
Drawdown/(Repayment) of hire purchase creditors, net	(643)	(846)
Repayment of lease liability	(639)	(807)
Withdrawal/(Placement) of fixed deposits	(11)	(15)
Repurchase of treasury share	(339)	(1,955)
Dividend paid to owners of the Company	(1,263)	(1,597)
Interest paid	(3,458)	(3,283)
Net cash generated from/(used in) financing activities	22,901	(15,219)
Net increase in cash and cash equivalents	1,359	837
Cash and cash equivalents at beginning of the year	21,129	20,738
Effect of exchange differences on cash and cash equivalents	549	(445)
Cash and cash equivalents at end of the year	23,037	21,130
Cash and cash equivalents comprised the followings:		
Cash and bank balances	24,836	22,359
Bank overdraft	(1,799)	(1,229)
	23,037	21,130

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 Year Ended 31 May 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 year ended 31 May 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 year ended 31 May 2022, the Company repurchased 573,200 of its issued share capital from the open market for an average price of RM0.59 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 12 months ended 31 May 2022					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	4,380	320,625	-	325,005	-	325,005
Segment profit	10,945	7,271	2,547	21,426	(5,727)	15,036

Segment assets

Included in the measure of segment assets is:

Capital expenditure	223	1,484	60	1,767	-	1,767
---------------------	-----	-------	----	-------	---	-------

	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 loss/profit	1,838	14,433	2,110	18,381	(1,180)	17,201

Segment assets

Included in the measure of segment assets is:

Capital expenditure	205	6,111	343	6,659	(2,948)	3,711
---------------------	-----	-------	-----	-------	---------	-------

10. Event after the Reporting Year

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 year under review.

11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current year 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 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:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>		
	<u>3 months ended</u>		<u>12 months ended</u>		
	<u>31-May-22</u>	<u>31-May-21</u>	<u>31-May-22</u>	<u>31-May-21</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Transaction with associate					
- Sales		1,373	1,115	4,504	4,868
Transaction with related party					
- Purchases		491	578	2,270	1,950
- Services acquired		160	92	495	182
- Sales		2	-	2	-

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			12 months ended		
	31-May-22	31-May-21	%	31-May-22	31-May-21	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	81,850	91,663	(11)	325,005	339,159	(4)
Profit before tax	7,713	3,299	(134)	15,036	17,201	(13)
Profit after tax	7,036	4,105	(71)	13,166	15,482	(15)
Profit attributable to owner of the Company	7,910	4,191	(89)	14,469	15,819	(9)

The Group registered revenue of RM81.9 million compared to RM91.7 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM7.7 million compared to profit before tax of RM3.3 million in the preceding year corresponding quarter, mainly due to disposal of property in the current quarter.

The Group registered revenue of RM325.0 million compared to RM339.2 million in the preceding year corresponding period. The Group recorded a profit before tax of RM15.0 million compared to profit before tax of RM17.2 million in the preceding year corresponding period. Higher cost of sales and depreciation of Ringgit Malaysia has eroded the profit before tax for the year.

15. Review of Performance

	Current Quarter Ended	Immediate Preceding Quarter Ended	%
	31-May-22	28-Feb-22	
	RM'000	RM'000	
Revenue	81,850	83,216	(2)
Profit before tax	7,713	1,737	344
Profit after tax	7,036	997	606
Profit attributable to owner of the Company	7,910	1,212	553

The Group registered revenue of RM81.8 million for the current financial quarter compared to RM83.2 million reported in the immediate preceding financial quarter ended 28 Feb 2022. The Group recorded a profit before tax of RM7.7 million compared with profit before tax of RM1.7 million in the preceding financial period, mainly due to disposal of property in the current quarter.

16. Commentary on Prospects

There has been a surge in demand for electrical home appliances which has boosted the sales of the Group during the various phases of movement control in Malaysia. As the country is transitioning into the endemic stage, where the economic and social activities are resuming to normal, the market demand for electrical home appliances has experienced certain degree of moderation as the public gradually return to workplace.

The volatility of the raw material prices due to the COVID-19 pandemic and the Russia-Ukraine conflict caused disruptions to the supply of raw materials. Hence, the increase in the prices of raw materials impact manufacturing costs for businesses. The Group has adopted stringent costs control measurements and passed on the increased cost of key supplies to the customers by increasing the selling price progressively to improve our GP margin. Given the backdrop, the Group remains cautiously optimistic of delivery of a satisfactory performance in FY2023 and will continue its prudent business strategy to ensure sustainable growth.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31-May-22</u>	<u>31-May-21</u>	<u>31-May-22</u>	<u>31-May-21</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expenses				
- Current year	231	282	1,419	2,764
- Prior year	-	(1,086)	5	(993)
Deferred tax expense				
- Current year	484	(451)	484	(501)
- Prior year	(38)	449	(38)	449
	<u>677</u>	<u>(806)</u>	<u>1,870</u>	<u>1,719</u>

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:

	<u>Unaudited</u>	<u>Audited</u>
	<u>31-May-22</u>	<u>31-May-21</u>
	<u>RM'000</u>	<u>RM'000</u>
Neither past due nor impaired	45,157	45,963
Past due but not impaired:		
Less than 60 days	8,664	10,262
60 to 120 days	679	751
More than 120 days	2,661	2,321
	<u>12,004</u>	<u>13,334</u>
	57,161	59,297
Impaired	(874)	(1,563)
	<u>56,287</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 31-May-22 RM'000	Audited 31-May-21 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	93	260
Revolving credit	6,713	3,718
Bankers' acceptance	57,359	25,043
	<u>64,165</u>	<u>29,021</u>
Secured		
Bank overdraft	1,706	969
Term loans	6,347	5,570
Bankers' acceptance	8,813	9,587
Finance lease liabilities	567	640
	<u>17,433</u>	<u>16,766</u>
	<u>81,598</u>	<u>45,787</u>
<u>Non – current</u>		
Secured		
Term loans	28,407	34,467
Finance lease liabilities	772	1,343
	<u>29,179</u>	<u>35,810</u>
	<u>110,777</u>	<u>81,597</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>110,777</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 year ended 31 May 2022.

23. Dividend

The Board recommends a final dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 May 2022, 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 per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-22	31-May-21	31-May-22	31-May-21
Profit attributable to owners of the Company (RM'000)	7,910	4,191	14,469	15,819
Weighted average number of ordinary shares in issue (units'000)	126,171	128,455	126,171	128,455
Basic earnings per share (sen)	6.27	3.24	11.47	12.32

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

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-22	31-May-21	31-May-22	31-May-21
Profit attributable to owners of the Company (RM'000)	7,910	4,191	14,469	15,819
Weighted average number of ordinary shares in issue (units'000)	126,171	128,455	126,171	128,455
Adjusted for effect of conversion of warrants	(3,347)	9,574	3,234	(9,588)
Weighted average number of ordinary shares (diluted) ('000)	122,824	138,029	129,405	118,867
Diluted earnings per share (sen)	#	3.01	11.18	#

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		12 months ended	
	31-May-22	31-May-21	31-May-22	31-May-21
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting):-				
Property, plant & equipment written off	17	2,568	44	2,712
Gain on disposal of assets classified as held for sale	-	-	-	-
(Gain) on disposal of property, plant and equipment	(12,042)	689	(12,050)	527
Government Grant received	(82)	(134)	(423)	(564)
Interest income	(10)	(100)	(24)	(109)
Royalty income	(171)	(155)	(402)	(900)
Realised loss/(gain) on foreign exchange	(292)	684	(759)	(850)
Unrealised (gain) on foreign exchange	89	30	28	17
Interest expense	968	800	3,458	3,283

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.