



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2022

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31-Aug-22 RM'000	31-Aug-21 RM'000	31-Aug-22 RM'000	31-Aug-21 RM'000
Revenue	9	73,405	74,709	73,405	74,709
Cost of sales		(59,115)	(60,828)	(59,115)	(60,828)
Gross profit		14,290	13,881	14,290	13,881
Other operating income		(140)	120	(140)	120
Interest income		-	-	-	-
Operating expenses		(13,566)	(10,942)	(13,566)	(10,942)
Results from operating activities		584	3,059	584	3,059
Finance costs		(1,084)	(804)	(1,084)	(804)
Operating (loss)/profit		(500)	2,255	(500)	2,255
Share of results of associates		9	42	9	42
(Loss)/Profit before tax		(491)	2,297	(491)	2,297
Tax expenses	18	(274)	(222)	(274)	(222)
(Loss)/Profit after tax		(765)	2,075	(765)	2,075
Other comprehensive expenses, net of tax					
Foreign currency translation differences		579	318	579	318
Total comprehensive (loss)/profit for the period		(186)	2,393	(186)	2,393
(Loss)/Profit attributable to :					
Shareholders of the Company		(617)	2,156	(617)	2,156
Non-controlling interests		(148)	(81)	(148)	(81)
		(765)	2,075	(765)	2,075
Total comprehensive (loss)/profit attributable to :					
Shareholders of the Company		(187)	2,438	(187)	2,438
Non-controlling interests		1	(45)	1	(45)
		(186)	2,393	(186)	2,393
Basic earnings per ordinary share (sen)	24	(0.49)	1.71	(0.49)	1.71
Diluted earnings 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position as at 31 August 2022

	Note	(Unaudited) 31-Aug-22 RM'000	(Audited) 31-May-22 RM'000
ASSETS			
Property, plant and equipment		112,125	112,403
Investment properties		-	-
Intangible assets		870	870
Investment in associates		972	963
Deferred tax assets		161	151
Total non-current assets		114,128	114,387
Inventories		90,439	96,872
Trade and other receivables		64,592	79,984
Current tax assets		2,539	881
Fixed deposit		543	539
Cash and bank balances		21,883	22,590
Total current assets		179,996	200,866
TOTAL ASSETS		294,124	315,253
EQUITY			
Share capital		67,671	67,671
Reserves		74,207	74,428
Total equity attributable to owners of the Company		141,878	142,099
Non-controlling interests		1,143	53
TOTAL EQUITY		143,021	142,152
LIABILITIES			
Loans and borrowings		30,910	31,266
Deferred tax liabilities		286	255
Lease liabilities		209	286
Total non-current liabilities		31,405	31,807
Trade and other payables		42,084	59,249
Loans and borrowings		74,059	79,348
Current tax liabilities		2,921	2,016
Lease liability		634	681
Total current liabilities		119,698	141,294
TOTAL LIABILITIES		151,103	173,101
TOTAL EQUITY AND LIABILITIES		294,124	315,253
Net assets per share attributable to equity holders (RM)		1.14	1.13

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May2022 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 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 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
Additional NCI	-	-	-	-	-	-	-	-	-	-
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
At 1 June 2022	67,671	(2,294)	981	4,488	6,483	(639)	65,408	142,098	53	142,151
Loss for the period	-	-	-	-	-	-	(617)	(617)	(148)	(765)
Foreign currency translation differences	-	-	430	-	-	-	-	430	149	579
Total comprehensive profit for the period	-	-	430	-	-	-	(617)	(187)	1	(186)
Additional NCI	-	-	-	-	-	-	-	-	1,089	1,089
Own shares acquired	-	(33)	-	-	-	-	-	(33)	-	(33)
At 31 August 2022	67,671	(2,327)	1,411	4,488	6,483	(639)	64,791	141,878	1,143	143,021

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2022 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 31 August 2022

	Cumulative Quarters	
	3 months ended	
	31-Aug-22	31-Aug-21
	RM'000	RM'000
Cash Flows from operating activities		
(Loss)/Profit before tax	(491)	2,297
Adjustments for :		
Depreciation of property, plant and equipment	1,372	1,624
Interest expense	1,044	778
Accretion of interest on lease liabilities	36	20
Loss/(Gain) on disposal of plant, equipment and right-of-used assets	(152)	-
Interest income	-	-
Share of results of associates	(9)	(42)
Operating profits before working capital changes	1,800	4,677
Changes in working capital :		
Inventories	6,654	(16,142)
Trade and other receivables	15,959	22,753
Trade and other payables	(17,619)	(19,505)
	4,994	12,894
Cash generated from/(used in) operations	6,794	(8,217)
Income tax paid	(1,037)	(1,825)
Net cash from/(used in) operating activities	5,757	(10,042)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	164	1
Purchase of property, plant and equipment	(998)	(296)
Acquisition/Proceeds from issuance share to NCI	1,089	
Net cash from/(used in) investing activities	255	(295)
Cash flows from financing activities		
(Repayment)/Drawdown of loans and borrowings, net	(7,794)	12,270
Drawdown/(Repayment) of hire purchase creditors, net	159	(180)
Repayment of lease liability	(200)	(160)
Placement of fixed deposits	(5)	(5)
Repurchase of treasury share	(33)	(37)
Dividend paid to owners of the Company	-	-
Interest paid	(1,080)	(798)
Net cash used in financing activities	(8,953)	11,090
Net (decrease)/increase in cash and cash equivalents	(2,941)	753
Cash and cash equivalents at beginning of the period	20,955	21,130
Effect of exchange differences on cash and cash equivalents	242	280
Cash and cash equivalents at end of the period	18,257	22,163
Cash and cash equivalents comprised the followings:		
Cash and bank balances	21,883	24,058
Bank overdraft	(3,626)	(1,895)
	18,257	22,163

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2022 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 2022. 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 2022.

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 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 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- 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 2022 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 2023.

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 2022.

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 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 period under review except for the following :

During the financial period ended 31 August 2022, the Company repurchased 61,600 of its issued share capital from the open market for an average price of RM0.53 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 2022		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,410	71,995	-	73,405	-	73,405
Segment profit	933	(1,418)	(238)	(723)	232	(491)

Segment assets

Included in the measure of segment assets is:

Capital expenditure	12	883	103	998	-	998
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	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 loss/profit	(137)	2,295	107	2,265	32	2,297

Segment assets

Included in the measure of segment assets is:

Capital expenditure	146	142	8	296	-	296
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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

On 8 June 2022, Keat Radio Co. Sdn. Bhd., a wholly-owned subsidiary of the Company, had incorporated a wholly-owned subsidiary known as Pensonic (Zhuhai) Home Appliances Co. Ltd..

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-22	31-Aug-21	31-Aug-22	31-Aug-21
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
- Sales		1,144	1,031	1,136
Transaction with related party				
- Purchases		287	586	287
- Services acquired		151	149	151

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-22</u>	<u>31-Aug-21</u>	<u>%</u>	<u>31-Aug-22</u>	<u>31-Aug-21</u>	<u>%</u>
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>		
Revenue	73,405	74,709	(2)	73,405	74,709	(2)
(Loss)/Profit before tax	(491)	2,297	121	(491)	2,297	(121)
(Loss)/Profit after tax	(765)	2,075	137	(765)	2,075	(137)
(Loss)/Profit attributable to owner of the Company	(617)	2,156	129	(617)	2,156	(129)

The Group registered revenue of RM73.4 million compared to RM74.7 million in the preceding year corresponding quarter. The Group recorded a loss before tax of RM491,000 compared to profit before tax of RM2.3 million in the preceding year corresponding quarter. Lower profit in the current quarter is due to higher operating expenses in the current financial period.

15. Review of Performance

	<u>Current Quarter Ended</u>	<u>Immediate Preceding Quarter Ended</u>	<u>%</u>
	<u>31-Aug-22</u>	<u>31-May-22</u>	
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	73,405	81,849	(10)
(Loss)/Profit before tax	(491)	7,491	(107)
(Loss)/Profit after tax	(765)	6,923	(111)
(Loss)/Profit attributable to owner of the Company	(617)	7,797	(108)

The Group registered revenue of RM73.4 million for the current financial quarter compared to RM81.8 million reported in the immediate preceding financial quarter ended 31 May 2022. The Group recorded a loss before tax of RM491,000 compared with profit before tax of RM7.5 million in the preceding financial period. There was a gain in disposal of property in the immediate preceding financial quarter.

16. Commentary on Prospects

Whilst prices of raw materials and shipping costs are stabilising, these are still higher than earlier days. Higher labour costs coupled with strengthening of United States Dollar against Malaysian Ringgit would also adversely impact operating costs.

As a result, the Group has recalibrated product prices progressively but this can only partially offset expected operating costs in view of intense competition for our market share, inflationary impact and prevailing market conditions. Against this backdrop, consumers' sentiments are ebbing with cautious spending is likely to prevail.

Given this tough operating condition, the Board has been evaluating various business opportunities for mid and long term growth.

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-22	31-Aug-21	31-Aug-22	31-Aug-21
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	284	224	284	224
- Prior year	-	-	-	-
Deferred tax expenses				
- Current year	(10)	(2)	(10)	(2)
- Prior year	-	-	-	-
	<u>274</u>	<u>222</u>	<u>274</u>	<u>222</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:

	Unaudited	Audited
	31-Aug-22	31-May-22
	RM'000	RM'000
Neither past due nor impaired	37,650	39,639
Past due but not impaired:		
Less than 60 days	6,394	16,577
60 to 120 days	1,412	1,138
More than 120 days	2,170	2,385
	<u>9,976</u>	<u>20,100</u>
	47,626	59,739
Impaired	(860)	(874)
	<u>46,766</u>	<u>58,865</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-Aug-22 RM'000	Audited 31-May-22 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	162	470
Revolving credit	6,713	6,713
Bankers' acceptance	53,373	46,706
	<u>60,248</u>	<u>53,889</u>
Secured		
Bank overdraft	3,464	1,165
Term loans	3,376	4,265
Bankers' acceptance	6,354	19,466
Hire Purchase Creditors	617	563
	<u>13,811</u>	<u>25,459</u>
	<u>74,059</u>	<u>79,348</u>
<u>Non – current</u>		
Secured		
Term loans	30,028	30,490
Hire Purchase Creditors	882	776
	<u>30,910</u>	<u>31,266</u>
	<u>104,969</u>	<u>110,614</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>104,969</u>	<u>110,614</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 period ended 31 August 2022.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 31 August 2022.

24. Earnings per Share (“EPS”)

Basic earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Profit attributable to owners of the Company (RM'000)	(617)	2,156	(617)	2,156
Weighted average number of ordinary shares in issue (units'000)	117,515	126,374	117,515	126,374
Basic earnings per share (sen)	(0.52)	1.71	(0.52)	1.71

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. (Loss)/Profit for the Period

(Loss)/Profit for the period has been arrived at:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31-Aug-22</u>	<u>31-Aug-21</u>	<u>31-Aug-22</u>	<u>31-Aug-21</u>
After charging / (crediting):-				
(Gain) on disposal of property, plant and equipment	(152)	-	(152)	-
Government Grant received	(32)	(155)	(32)	(155)
Realised loss on foreign exchange	193	129	193	129
Unrealised loss/(gain) on foreign exchange	106	(130)	106	(130)
Interest expense	1,044	778	1,044	778

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.