



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2022

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Second Quarter Ended 30 November 2022

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30-Nov-22 RM'000	30-Nov-21 RM'000	30-Nov-22 RM'000	30-Nov-21 RM'000
Revenue	9	58,456	85,230	131,861	159,939
Cost of sales		(47,507)	(69,494)	(106,622)	(130,322)
Gross profit		10,949	15,736	25,239	29,617
Other operating income		555	936	415	1,056
Interest income		4	10	4	10
Operating expenses		(11,238)	(12,610)	(24,804)	(23,552)
Results from operating activities		270	4,072	854	7,131
Finance costs		(1,152)	(854)	(2,236)	(1,658)
Operating (loss)/profit		(882)	3,218	(1,382)	5,473
Share of results of associates		11	71	20	113
(Loss)/Profit before tax		(871)	3,289	(1,362)	5,586
Tax expenses	18	(101)	(231)	(375)	(453)
(Loss)/Profit after tax		(972)	3,058	(1,737)	5,133
Other comprehensive expenses, net of tax					
Foreign currency translation differences		641	(251)	1,220	67
Total comprehensive (loss)/profit for the period		(331)	2,807	(517)	5,200
(Loss)/Profit attributable to :					
Shareholders of the Company		(834)	3,191	(1,451)	5,347
Non-controlling interests		(138)	(133)	(286)	(214)
		(972)	3,058	(1,737)	5,133
Total comprehensive (loss)/profit attributable to :					
Shareholders of the Company		(205)	2,944	(392)	5,382
Non-controlling interests		(126)	(137)	(125)	(182)
		(331)	2,807	(517)	5,200
Basic (loss)/earnings per ordinary share (sen)	24	(0.66)	2.53	(1.15)	4.23
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 2022 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position as at 30 November 2022

	Note	(Unaudited) 30-Nov-22 RM'000	(Audited) 31-May-22 RM'000
ASSETS			
Property, plant and equipment		111,192	112,403
Investment properties		-	-
Intangible assets		870	870
Investment in associates		983	963
Deferred tax assets		157	151
Total non-current assets		<u>113,202</u>	<u>114,387</u>
Inventories		91,103	96,872
Trade and other receivables		57,098	79,984
Current tax assets		1,601	881
Fixed deposit		545	539
Cash and bank balances		17,835	22,590
Total current assets		<u>168,182</u>	<u>200,866</u>
TOTAL ASSETS		<u>281,384</u>	<u>315,253</u>
EQUITY			
Share capital		67,671	67,671
Reserves		73,991	74,428
Total equity attributable to owners of the Company		<u>141,662</u>	<u>142,099</u>
Non-controlling interests		1,017	53
TOTAL EQUITY		<u>142,679</u>	<u>142,152</u>
LIABILITIES			
Loans and borrowings		30,185	31,266
Deferred tax liabilities		287	255
Lease liabilities		319	286
Total non-current liabilities		<u>30,791</u>	<u>31,807</u>
Trade and other payables		35,892	59,249
Loans and borrowings		70,168	79,348
Current tax liabilities		1,231	2,016
Lease liability		623	681
Total current liabilities		<u>107,914</u>	<u>141,294</u>
TOTAL LIABILITIES		<u>138,705</u>	<u>173,101</u>
TOTAL EQUITY AND LIABILITIES		<u>281,384</u>	<u>315,253</u>
Net assets per share attributable to equity holders (RM)		1.13	1.13

The Condensed Consolidated Statement of Financial Position 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 Changes in Equity for the Period Ended 30 November 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)	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
Additional NCI	-	-	-	-	-	-	-	-	-	-
Own shares acquired	-	(74)	-	-	-	-	-	(74)	-	(74)
At 30 November 2021	67,671	(2,029)	233	4,488	6,483	(639)	57,661	133,868	1,137	135,005
At 1 June 2022	67,671	(2,294)	981	4,488	6,483	(639)	65,409	142,099	53	142,152
Loss for the period	-	-	-	-	-	-	(1,451)	(1,451)	(286)	(1,737)
Foreign currency translation differences	-	-	1,058	-	-	-	-	1,058	161	1,219
Total comprehensive profit for the period	-	-	1,058	-	-	-	(1,451)	(393)	(125)	(518)
Additional NCI	-	-	-	-	-	-	-	-	1,089	1,089
Own shares acquired	-	(44)	-	-	-	-	-	(44)	-	(44)
At 30 November 2022	67,671	(2,338)	2,039	4,488	6,483	(639)	63,958	141,662	1,017	142,679

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 30 November 2022

	Cumulative Quarters	
	6 months ended	
	30-Nov-22	30-Nov-21
	RM'000	RM'000
Cash Flows from operating activities		
(Loss)/Profit before tax	(1,362)	5,586
Adjustments for :		
Depreciation of property, plant and equipment	2,655	3,178
Interest expense	2,181	1,611
Accretion of interest on lease liabilities	47	37
Gain on disposal of plant, equipment and right-of-used assets	(152)	(8)
Property, plant and equipment written off	24	27
Interest income	(4)	(10)
Share of results of associates	(20)	(113)
Operating profits before working capital changes	3,369	10,308
Changes in working capital :		
Inventories	6,436	(7,536)
Trade and other receivables	24,894	16,657
Trade and other payables	(24,957)	(26,216)
	6,373	(17,095)
Cash generated from/(used in) operations	9,742	(6,787)
Income tax paid	(1,886)	(2,549)
Net cash from/(used in) operating activities	7,856	(9,336)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	163	4
Purchase of property, plant and equipment	(1,139)	(543)
Interest Received	4	10
Acquisition/Proceeds from issuance share to NCI	1,089	591
Net cash from investing activities	117	62
Cash flows from financing activities		
(Repayment)/Drawdown of loans and borrowings, net	(13,185)	13,854
Drawdown/(Repayment) of hire purchase creditors, net	37	(336)
Repayment of lease liability	(335)	(317)
Placement of fixed deposits	(7)	(9)
Repurchase of treasury share	(45)	(75)
Dividend paid to owners of the Company	-	-
Interest paid	(2,228)	(1,648)
Net cash used in financing activities	(15,763)	11,469
Net (decrease)/increase in cash and cash equivalents	(7,790)	2,195
Cash and cash equivalents at beginning of the period	20,955	21,129
Effect of exchange differences on cash and cash equivalents	147	204
Cash and cash equivalents at end of the period	13,312	23,528
Cash and cash equivalents comprised the followings:		
Cash and bank balances	17,835	26,207
Bank overdraft	(4,523)	(2,679)
	13,312	23,528

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 30 Nov 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 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 30 November 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 30 November 2022, the Company repurchased 86,600 of its issued share capital from the open market for an average price of RM0.51 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

	For the 6 months ended 30 November 2022					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,443	130,418	-	131,861	-	131,861
Segment profit	743	(2,212)	(383)	(1,852)	490	(1,362)
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	108	913	118	1,139	-	1,139
	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 loss/profit	289	5,217	(34)	5,472	114	5,586
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	179	345	19	543	-	543

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:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30-Nov-22</u>	<u>30-Nov-21</u>	<u>30-Nov-22</u>	<u>30-Nov-21</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Transaction with associate				
- Sales		1,076	1,424	2,223
Transaction with related party				
- Purchases		273	473	561
- Services acquired		1	50	152
				1,060
				198

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended		%	6 months ended		%
	30-Nov-22	30-Nov-21		30-Nov-22	30-Nov-21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	58,456	85,230	(31)	131,861	159,939	(18)
(Loss)/Profit before tax	(871)	3,289	126	(1,362)	5,586	(124)
(Loss)/Profit after tax	(972)	3,058	132	(1,737)	5,133	(134)
(Loss)/Profit attributable to owner of the Company	(834)	3,191	126	(1,451)	5,347	(127)

The Group registered revenue of RM58.5 million compared to RM85.2 million in the preceding year corresponding quarter. The Group recorded a loss before tax of RM871,000 compared to profit before tax of RM3.3 million in the preceding year corresponding quarter. Lower profit in the current quarter is due to lower sales and higher operating expenses in the current financial period.

The Group registered revenue of RM131.9 million compared to RM159.9 million in the preceding year corresponding period. The Group recorded a loss before tax of RM1.4 million compared to profit before tax of RM5.6 million in the preceding year corresponding period. Lower profit in the current period is due to lower sales and higher operation expenses.

15. Review of Performance

	Current Quarter Ended 30-Nov-22	Immediate Preceding Quarter Ended 31-Aug-22	%
	RM'000	RM'000	
Revenue	58,456	73,405	(20)
Loss before tax	(871)	(491)	77
Loss after tax	(972)	(765)	27
Loss attributable to owner of the Company	(834)	(617)	35

The Group registered revenue of RM58.5 million for the current financial quarter compared to RM73.4 million reported in the immediate preceding financial quarter ended 31 Aug 2022. The Group recorded a loss before tax of RM871,000 compared with loss before tax of RM491,000 in the preceding financial quarter.

16. Commentary on Prospects

Global macroeconomic issues from rising inflation to increasing interest rates and growing risk of a recession continue to beset our local economy resulting in weaker consumer confidence and purchasing power. Amidst these challenges, the Group has embarked on enhancing its supply chain through a collaboration that is expected to contribute to better financial performance.

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-22	30-Nov-21	30-Nov-22	30-Nov-21
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	97	229	381	453
- Prior year	-	-	-	-
Deferred tax expenses				
- Current year	4	2	(6)	-
- Prior year	-	-	-	-
	<u>101</u>	<u>231</u>	<u>375</u>	<u>453</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2022: 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-22	31-May-22
	RM'000	RM'000
Neither past due nor impaired	28,739	39,639
Past due but not impaired:		
Less than 60 days	5,589	16,577
60 to 120 days	3,620	1,138
More than 120 days	2,435	2,385
	<u>11,644</u>	<u>20,100</u>
	40,383	59,739
Impaired	(852)	(874)
	<u>39,531</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 30-Nov-22 RM'000	Audited 31-May-22 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	352	470
Revolving credit	6,713	6,713
Bankers' acceptance	50,792	46,706
	<u>57,857</u>	<u>53,889</u>
Secured		
Bank overdraft	4,171	1,165
Term loans	2,936	4,265
Bankers' acceptance	4,606	19,466
Hire Purchase Creditors	598	563
	<u>12,311</u>	<u>25,459</u>
	<u>70,168</u>	<u>79,348</u>
<u>Non – current</u>		
Secured		
Term loans	29,407	30,490
Hire Purchase Creditors	778	776
	<u>30,185</u>	<u>31,266</u>
	<u>100,353</u>	<u>110,614</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia ("MYR")	<u>100,353</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 30 November 2022.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 30 November 2022.

24. Earnings per Share ("EPS")

Basic (loss)/earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-22	30-Nov-21	30-Nov-22	30-Nov-21
Profit attributable to owners of the Company (RM'000)	(834)	3,191	(1,451)	5,347
Weighted average number of ordinary shares in issue (units'000)	125,776	126,337	125,776	126,337
Basic (loss)/earnings per share (sen)	(0.66)	2.53	(1.15)	4.23

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:

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-22	30-Nov-21	30-Nov-22	30-Nov-21
After charging / (crediting):-				
Property, plant & equipment written off	24	27	24	27
(Gain) on disposal of property, plant and equipment	-	(8)	(152)	(8)
Government Grant received	(17)	(171)	(49)	(326)
Interest Income	(4)	(10)	(4)	(10)
Royalty Income	(69)	(231)	(69)	(231)
Realised (gain)/loss on foreign exchange	(210)	(524)	(17)	(395)
Unrealised loss/(gain) on foreign exchange	(320)	69	(214)	(61)
Interest expense	1,137	870	2,181	1,648

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.