



PENSONIC HOLDINGS BERHAD

Registration No : 199401014746 (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Fourth Quarter Ended 31 May 2023

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-May-23 RM'000	31-May-22 RM'000	31-May-23 RM'000	31-May-22 RM'000
Revenue	9	78,588	81,850	273,180	325,005
Cost of sales		(64,850)	(67,065)	(221,490)	(265,470)
Gross profit		13,738	14,785	51,690	59,535
Other operating income		420	10,820	1,036	11,998
Interest income		11	1	18	15
Operating expenses		(13,851)	(17,296)	(51,061)	(53,525)
Results from operating activities		318	8,310	1,683	18,023
Finance costs		(1,071)	(857)	(4,301)	(3,397)
Operating (loss)/profit		(753)	7,453	(2,618)	14,626
Share of results of associates		52	74	80	188
(Loss)/Profit before tax		(701)	7,527	(2,538)	14,814
Tax expenses	18	(587)	(568)	(1,395)	(1,761)
(Loss)/Profit after tax		(1,288)	6,959	(3,933)	13,053
Other comprehensive expenses, net of tax					
Foreign currency translation differences		775	604	1,088	821
Total comprehensive (loss)/profit for the period		(513)	7,563	(2,845)	13,874
(Loss)/Profit attributable to :					
Shareholders of the Company		(712)	7,797	(2,972)	14,356
Non-controlling interests		(576)	(874)	(961)	(1,303)
		(1,288)	6,959	(3,933)	13,053
Total comprehensive (loss)/profit attributable to :					
Shareholders of the Company		13	8,395	(2,028)	15,140
Non-controlling interests		(526)	(868)	(817)	(1,266)
		(513)	7,563	(2,845)	13,874
Basic (loss)/earnings per ordinary share (sen)	24	(0.57)	6.18	(2.36)	11.38
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 May 2023

	Note	(Unaudited) 31-May-23 RM'000	(Audited) 31-May-22 RM'000
ASSETS			
Property, plant and equipment		109,302	112,403
Intangible assets		870	870
Investment in associates		1,386	963
Deferred tax assets		184	151
Total non-current assets		111,680	114,387
Inventories		79,572	96,872
Trade and other receivables		51,301	79,984
Current tax assets		1,072	881
Fixed deposit		548	539
Cash and bank balances		27,676	22,590
Total current assets		160,169	200,866
TOTAL ASSETS		271,911	315,253
EQUITY			
Share capital		67,671	67,671
Reserves		70,746	74,428
Total equity attributable to owners of the Company		138,417	142,099
Non-controlling interests		325	53
TOTAL EQUITY		138,742	142,152
LIABILITIES			
Loans and borrowings		24,524	31,266
Deferred tax liabilities		301	255
Lease liabilities		135	286
Total non-current liabilities		24,960	31,807
Trade and other payables		48,482	59,249
Loans and borrowings		58,857	79,348
Current tax liabilities		350	2,016
Lease liability		520	681
Total current liabilities		108,209	141,294
TOTAL LIABILITIES		133,169	173,101
TOTAL EQUITY AND LIABILITIES		271,911	315,253
Net assets per share attributable to equity holders (RM)		1.10	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 Year Ended 31 May 2023

	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	Foreign Currency Translation Reserve RM'000	Capital Reserve RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	-	14,356	14,356	(1,303)	13,053
Foreign currency translation differences	-	-	784	-	-	-	-	784	37	821
Total comprehensive profit for the period	-	-	784	-	-	-	14,356	15,140	(1,266)	13,874
Dividend Paid	-	-	-	-	-	-	(1,263)	(1,263)	-	(1,263)
Own shares acquired	-	(339)	-	-	-	-	-	(339)	-	(339)
At 31 May 2022	67,671	(2,294)	981	4,488	6,483	(639)	65,407	142,097	53	142,150
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	-	-	-	-	-	-	(2,972)	(2,972)	(961)	(3,933)
Foreign currency translation differences	-	-	945	-	-	-	-	945	144	1,089
Total comprehensive profit for the period	-	-	945	-	-	-	(2,972)	(2,027)	(817)	(2,844)
Dividend Paid	-	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
Additional NCI	-	-	-	-	-	-	-	-	1,089	1,089
Own shares acquired	-	(82)	-	-	-	-	-	(82)	-	(82)
At 31 May 2023	67,671	(2,376)	1,926	4,488	6,483	(639)	60,864	138,417	325	138,742

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 Year Ended 31 May 2023

	Cumulative Quarters	
	12 months ended	
	31-May-23	31-May-22
	RM'000	RM'000
Cash Flows from operating activities		
(Loss)/Profit before tax	(2,538)	14,814
Adjustments for :		
Depreciation of property, plant and equipment	5,362	5,841
Depreciation of investment properties	-	128
Interest expense	4,236	3,309
Accretion of interest on lease liabilities	51	87
Gain on disposal of plant, equipment and right-of-used assets	(298)	(29)
Gain on derecognition of right-of-use-asset	-	55
Gain on disposal of investment properties	-	(10,552)
Property, plant and equipment written off	28	74
Interest income	(18)	(15)
Share of results of associates	(80)	(188)
Impairment loss on amount owing from associate	766	719
Operating profits before working capital changes	7,509	14,243
Changes in working capital :		
Inventories	17,839	(28,106)
Trade and other receivables	28,964	(13,361)
Trade and other payables	(11,740)	(4,918)
	35,063	(46,385)
Cash generated from/(used in) operations	42,572	(32,142)
Income tax paid	(3,271)	(4,935)
Net cash from/(used in) operating activities	39,301	(37,077)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	295	240
Net proceeds from disposal of investment properties	-	14,299
Purchase of property, plant and equipment	(1,785)	(1,766)
Interest Received	18	15
Acquisition/ Proceeds from issuance of shares to NCI	1,088	-
(Investment in)/Capital reduction of an associate	(344)	591
Net cash from investing activities	(728)	13,379
Cash flows from financing activities		
(Repayment)/Drawdown of loans and borrowings, net	(26,394)	29,254
Repayment of hire purchase creditors, net	(91)	(643)
Repayment of lease liability	(792)	(679)
Placement of fixed deposits	(9)	(11)
Repurchase of treasury share	(82)	(339)
Dividend paid to owners of the Company	(1,572)	(1,263)
Interest paid	(4,287)	(3,397)
Net cash used in financing activities	(33,227)	22,922
Net increase/(decrease) in cash and cash equivalents	5,346	(776)
Cash and cash equivalents at beginning of the year	20,955	21,129
Effect of exchange differences on cash and cash equivalents	486	602
Cash and cash equivalents at end of the year	26,787	20,955

Unaudited Condensed Consolidated Statement of Cash Flows for the Year Ended 31 May 2023
(Cont'd)

	Cumulative Quarters	
	12 months ended	
	31-May-23	31-May-22
	RM'000	RM'000
Cash and cash equivalents comprised the followings:		
Cash and bank balances	27,676	22,590
Bank overdraft	(889)	(1,635)
	<u>26,787</u>	<u>20,955</u>

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 May 2023**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 31 May 2023.

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 year 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 year ended 31 May 2023, the Company repurchased 170,500 of its issued share capital from the open market for an average price of RM0.48 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 1.25 sen per ordinary share in respect of year ended 31 May 2022 has been paid in December 2022.

9. Segmental Information

				For the 12 months ended 31 May 2023		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	7,889	265,291	-	273,180	-	273,180
Segment profit	1,589	(3,079)	(2,667)	(4,157)	1,619	(2,538)
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	189	1,475	134	1,798	(13)	1,785
				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 loss/profit	10,944	7,039	1,738	19,721	(4,907)	14,814
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	299	3,359	60	3,718	(760)	2,958

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 year 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 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:

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-23	31-May-22	31-May-23	31-May-22
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
Sales	375	1,372	3,853	4,501
Transaction with related party				
Purchases		1,547	2,391	2,270
Services acquired		101	396	495
Sales		33	34	-

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			12 months ended		
	31-May-23	31-May-22	%	31-May-23	31-May-22	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	78,588	81,850	(4)	273,180	325,005	(16)
(Loss)/Profit before tax	(701)	7,527	(109)	(2,538)	14,814	(117)
(Loss)/Profit after tax	(1,288)	6,959	(119)	(3,933)	13,053	(130)
(Loss)/Profit attributable to owner of the Company	(712)	7,797	(109)	(2,972)	14,356	(121)

The Group registered revenue of RM78.6 million compared to RM81.8 million in the preceding year corresponding quarter. The Group recorded a loss before tax of RM0.7 million compared to profit before tax of RM7.5 million in the preceding year corresponding quarter. There was a gain of disposal of investment properties of RM10.6 million in preceding year corresponding quarter.

The Group registered revenue of RM273.2 million compared to RM325.0 million in the preceding year. The Group recorded a loss before tax of RM2.5 million compared to profit before tax of RM14.8 million in the preceding year. There was a gain of disposal of investment properties of RM10.6 million in preceding year corresponding quarter.

15. Review of Performance

	Current Quarter Ended	Immediate Preceding Quarter Ended	%
	31-May-23	28-Feb-23	
	RM'000	RM'000	
Revenue	78,588	62,731	25
Profit/(Loss) before tax	(701)	(475)	48
Loss after tax	(1,288)	(908)	42
Loss attributable to owner of the Company	(712)	(809)	(12)

The Group registered revenue of RM78.6 million for the current financial quarter compared to RM62.7 million reported in the immediate preceding financial quarter ended 28 Feb 2023. The Group recorded a loss before tax of RM0.7 million compared with loss before tax of RM0.5 million in the preceding financial quarter.

16. Commentary on Prospects

In light of the uncertain and upwardly tilted inflation outlook, driven by higher commodity prices and changes in government policy on subsidies and price control, our company recognizes the need for careful consideration and strategic planning. While households are expected to adjust their spending due to the increased cost of living, we remain optimistic about consumer spending due to ongoing improvements in the labor market.

By leveraging our strengths and adopting a resilient approach, we aim to apply new strategies in different market channels and further enhance our product mix and offering to diversify our revenue streams, implement cost control measures and optimize our operational processes to improve efficiency and reduce expenses.

We are confident that our company possesses the right balance of strength and resilience to adapt to these circumstances. We prioritize prudence and sound enterprise risk management to ensure the sustainability of our business operations. With this approach, we firmly believe that we can successfully navigate through the challenges ahead and continue to promote and grow our business in the coming years.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-May-23 RM'000	31-May-23 RM'000	31-May-23 RM'000	31-May-23 RM'000
Current tax expenses				
- Current year	619	181	1,320	1,368
- Prior year	-	(56)	105	(51)
Deferred tax expenses				
- Current year	27	436	29	437
- Prior year	(59)	7	(59)	7
	<u>1,144</u>	<u>568</u>	<u>1,395</u>	<u>1,761</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. 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 31-May-23 RM'000	Audited 31-May-22 RM'000
Neither past due nor impaired	40,464	39,639
Past due but not impaired:		
Less than 60 days	7,473	16,577
60 to 120 days	1,315	1,138
More than 120 days	1,915	2,385
	<u>10,703</u>	<u>20,100</u>
	51,167	59,739
Impaired	(1,413)	(874)
	<u>49,754</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-May-23 RM'000	Audited 31-May-22 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	315	470
Revolving credit	6,713	6,713
Bankers' acceptance	43,010	46,706
	<u>50,038</u>	<u>53,889</u>
Secured		
Bank overdraft	574	1,165
Term loans	2,269	4,265
Bankers' acceptance	5,405	19,466
Hire Purchase Creditors	571	563
	<u>8,819</u>	<u>25,459</u>
	<u>58,857</u>	<u>79,348</u>
<u>Non – current</u>		
Secured		
Term loans	23,847	30,490
Hire Purchase Creditors	677	776
	<u>24,524</u>	<u>31,266</u>
	<u>83,381</u>	<u>110,614</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia ("MYR")	<u>83,381</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 year ended 31 May 2023.

23. Dividend

The Board does not recommend any dividend for the current financial year ended 31 May 2023.

24. Earnings per Share ("EPS")

Basic (loss)/earnings per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-23	31-May-22	31-May-23	31-May-22
Profit attributable to owners of the Company (RM'000)	(712)	1,212	(2,972)	14,356
Weighted average number of ordinary shares in issue (units'000)	125,750	126,171	125,750	126,171
Basic (loss)/earnings per share (sen)	(0.57)	6.18	(2.36)	11.38

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 year.

25. (Loss)/Profit for the Period

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

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-23	31-May-22	31-May-23	31-May-22
After charging / (crediting):-				
Property, plant & equipment written off	4	47	28	74
(Gain) on disposal of property, plant and equipment	(145)	(21)	(298)	(29)
Gain on disposal of investment properties	-	(10,552)	-	(10,552)
Government Grant received	(161)	(82)	(210)	(423)
Interest Income	(11)	(1)	(18)	(15)
Royalty Income	-	(173)	(68)	(404)
Realised (gain)/loss on foreign exchange	(171)	(156)	(686)	(623)
Unrealised loss/(gain) on foreign exchange	95	89	214	28
Interest expense	1,072	819	4,235	3,309

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.