

PENSONIC HOLDINGS BERHAD (300426-P)

Quarterly Report on consolidated results for the 3rd financial quarter ended 28 February 2010

The Board of Directors of the Group are pleased to announce the following:

UNAUDITED RESULTS OF THE GROUP FOR THE 3rd QUARTER ENDED 28 FEBRUARY 2010

Condensed Consolidated Balance Sheet As At 28 February 2010

	Unaudited As At 28 Feb 2010 RM'000	Audited As At 31 May 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,333	29,142
Prepaid lease payments	9,664	9,796
Investment properties	1,320	1,324
Investment in associates	155	155
Intangible assets	1,654	1,648
Deferred tax assets	2,030	2,038
	<hr/> 47,156	<hr/> 44,103
Current assets		
Inventories	85,375	86,623
Trade receivables	50,562	59,884
Other receivables, deposits & prepayments	16,644	18,928
Tax recoverable	920	768
Cash and cash equivalents	15,970	15,334
	<hr/> 169,471	<hr/> 181,537
TOTAL ASSETS	<hr/> 216,627	<hr/> 225,640

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

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Condensed Consolidated Balance Sheet

As At 28 February 2010

(continued)

	Unaudited As At 28 Feb 2010 RM'000	Audited As At 31 May 2009 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	46,310	46,310
Reserves	46,106	46,145
	92,416	92,455
Minority interest	473	682
	92,889	93,137
Non-current liabilities		
Borrowings	2,900	3,692
Deferred taxation	1,200	1,200
	4,100	4,892
Current liabilities		
Trade payables	32,421	32,005
Other payables	6,451	6,973
Short-term borrowings	80,322	87,209
Taxation	444	1,424
	119,638	127,611
Total liabilities	123,738	132,503
TOTAL EQUITY AND LIABILITIES	216,627	225,640
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.00	1.00

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

PENSONIC HOLDINGS BERHAD (300426-P)

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Condensed Consolidated Income Statement For the period ended 28 February 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28 Feb 10 RM'000	Preceding Year Corresponding Quarter 28 Feb 09 RM'000	Current Period to Date 28 Feb 10 RM'000	Preceding Year Corresponding Period 28 Feb 09 RM'000
Revenue	73,301	62,549	211,106	209,380
Cost of sales	(56,869)	(47,840)	(163,608)	(162,768)
Gross profit	16,432	14,709	47,498	46,612
Other operating income	254	803	424	1,334
Distribution and administrative expenses	(14,746)	(13,232)	(41,703)	(40,710)
Profit from operations	1,940	2,280	6,219	7,236
Finance costs	(1,173)	(1,073)	(3,244)	(4,516)
Profit before taxation	767	1,207	2,975	2,720
Tax expense	(346)	(490)	(700)	(679)
Profit for the year	421	717	2,275	2,041
Attributable to:				
Equity holders of the parent	442	853	2,489	2,275
Minority interest	(21)	(136)	(214)	(234)
Profit for the period	421	717	2,275	2,041
Basic earnings per ordinary share (sen)	0.48	0.92	2.69	2.46
Diluted earnings per ordinary share (sen)	0.48	0.92	2.69	2.46

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009

PENSONIC HOLDINGS BERHAD (300426-P)

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Condensed Consolidated Statement of Changes in Equity For the period ended 28 February 2010

	< ----- Attributable to Equity Holders of the Parent ----- >					
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 June 2009	46,310	28,850	17,295	92,455	682	93,137
Currency translation differences	-	37	-	37	5	42
Net profit/(loss) for the year	-	-	2,489	2,489	(214)	2,275
Prior year adjustment	-	-	(1,697)	(1,697)	-	(1,697)
Dividends	-	-	(868)	(868)	-	(868)
At 28 Feb 2010	46,310	28,887	17,219	92,416	473	92,889
At 1 June 2008	46,310	28,806	15,735	90,851	937	91,788
Currency translation differences	-	44	-	44	-	44
Acquisition of subsidiaries	-	-	199	199	(203)	(4)
Net profit/(loss) for the year	-	-	2,229	2,229	(52)	2,177
Dividends	-	-	(868)	(868)	-	(868)
At 31 May 2009	46,310	28,850	17,295	92,455	682	93,137

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

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Condensed Consolidated Cash Flow Statement For the period ended 28 February 2010

	28 Feb 2010 RM'000	31 May 2009 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	2,975	3,792
Adjustments	4,771	6,488
Operating Profit Before Working Capital Changes	7,746	10,280
Changes in working capital		
Net changes in current assets	10,032	17,491
Net changes in current liabilities	1,069	(10,467)
Net Cash From Operations	18,847	17,304
Tax paid	(1,918)	(2,448)
Interest received	65	37
Interest paid	(3,034)	(5,543)
Net Cash (Used In) / From Operating Activities	13,960	9,350
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Equity investments	-	(7)
Other investments	(6,564)	(1,753)
Net Cash (Used In) / From Investing Activities	(6,564)	(1,760)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(868)	(868)
Borrowings	476	(9,386)
Net Cash (Used In) / From Financing Activities	(392)	(10,254)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,004	(2,664)
Effect of exchange rate changes	(96)	136
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	980	3,508
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,888	980
Cash and cash equivalents comprised the following:		
Cash and bank balances	11,535	12,388
Overdrafts	(4,455)	(11,426)
Fixed deposits	4,435	2,945
	11,515	3,907
Fixed deposits pledged to bank	(3,627)	(2,927)
	7,888	980

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

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NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards 134₂₀₀₄, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2009.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 May 2009.

A2. Change in accounting policy

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 May 2009.

A3. Auditors' Report

The auditors' report of the audited financial statements for the financial year ended 31 May 2009 was not subject to any qualification.

A4. Seasonal/Cyclical Factors

The Group's business operations are generally affected by festive seasons, school holidays and carnival sales.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period under review.

A6. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current quarter results.

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A7. Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares by the Company during the current quarter.

A8. Dividend Paid

The proposed final dividend of 1.25sen per share less tax at 25%, in respect of the financial year ended 31 May 2009, amounting to RM868,307 was paid on 31 December 2009.

A9. Segmental Information

(i) Business Segments

The Group is principally engaged in the manufacture, assembly, sales and distribution of electrical and electronic appliances. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

(ii) Geographical Segments

The business segment of the Group is managed principally in Malaysia, China (including Hong Kong), Indonesia, Sri Lanka, Brunei, Africa, Thailand, Myanmar, Singapore etc. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and liabilities are based on the geographical location of the assets and liabilities.

	Segment revenue	
	2010 RM'000	2009 RM'000
Malaysia	160,766	155,913
Outside Malaysia	50,340	53,467
	211,106	209,380

	Profit/(Loss) before taxation		Segment assets		Segment liabilities	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	2,921	3,378	189,747	194,761	106,451	115,405
Outside Malaysia	54	(658)	26,880	26,211	17,287	12,024
	2,975	2,720	216,627	220,972	123,738	127,429

Year 2010 refers to financial period ended 28 February 2010 and year 2009 refers to financial period ended 25 February 2009.

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A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

A11. Material Subsequent Events

As at the date of issue of this quarterly report, there were no material events subsequent to the end of this reporting period that have not been reflected in the financial statements for the said period.

A12. Changes in Composition of the Group

In September 2009, a wholly owned dormant subsidiary of the Group, Epicson Sales & Service Sdn Bhd has been struck off from Suruhanjaya Syarikat Malaysia.

In September 2009, a wholly owned subsidiary, Cornell Sales & Service Sdn Bhd has increased its share capital from 2,000,000 to 2,500,000 ordinary shares. The additional shares were fully subscribed by PHB by cash of RM205,900 and by way of capitalization of the amount owing by CSS to PHB of RM294,100.

The subscription does not have any effect on the issued and paid up capital of PHB and substantial shareholders' shareholdings. It also does not have any significant effect on the net assets, earnings and gearing of Pensonic for the current financial period.

A13. Contingent Liabilities

Contingent liabilities of the Group are as follows:

	As at 28.02.2010 RM'000	As at 31.05.2009 RM'000
Guarantees to financial institutions for facilities granted to subsidiary companies	<u>249,246</u>	<u>249,246</u>

A14. Significant Related Parties Transactions

The significant transactions with companies in which certain Directors and person connected to Directors have substantial financial interests are as follows:

	Period ended 28.02.2010 RM'000	Year ended 31.05.2009 RM'000
Purchase of raw material from Pensia Plastic Industries Sdn. Bhd.	3,890	5,256
Sales of goods to an associate Pensonic (B) Sdn Bhd	971	1,405

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a profit before tax of RM2,975,000 for the current year quarter compared to the profit before tax of RM2,720,000 in the preceding year corresponding quarter.

Turnover for the current year quarter is RM211,106,000 as compared to RM209,380,000 in the preceding year corresponding quarter. There was an increase of 0.8% in turnover of the current year quarter as compared to the preceding year corresponding quarter. In addition to that, the GP margin has improved as compared to the preceding year corresponding quarter.

High turnover with high GP margin reported for the quarter mainly due to changes in Company's strategy in eliminating sales of products with lower profit margin.

In the opinion of the Board of Directors, no items, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group for the period from 28 February 2010 to the date of issue of this quarterly report.

B2. Variation of Results against Preceding Quarter

The Group achieved a profit before taxation of RM2,975,000 for this quarter as compared to a profit before taxation of RM2,720,000 for the corresponding quarter in the preceding year. Comparatively higher profit reported in the current quarter as compared to that of corresponding quarter of the preceding year due to change in sales mix for the year as Company's strategy on sales concentration on high margin items and reduction in operational cost of the Group.

B3. Prospects for the Current Financial Year

The Group is encouraged by the strong performance achieved for these current quarter. The Group will continue to focus on its core business and continue its positive performance for the remaining period of financial year despite the current global economic crisis.

B4. Variance from Profit Forecast

Not applicable as no profit forecast was published.

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B5. Tax Expense

	Period ended 28.02.2010 RM'000	Period ended 28.02.2009 RM'000
<u>Income Tax</u>		
- Under provision for prior years	273	-
- Provision for current period	427	679
	<u>700</u>	<u>679</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to under provision of taxation for prior years.

B6. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter.

B7. Quoted Securities

There were no purchase or disposal of quoted securities for the current financial period ended 28 February 2010.

B8. Status of Corporate Proposal

There are no corporate proposals announced but not completed as at the date of this quarterly report.

B9. Borrowings and Debts Securities

Details of the Group's borrowings as at the end of this financial period are as follows:

	As at 28.02.2010 RM'000	As at 31.05.2009 RM'000
<u>Short term borrowings</u>		
<u>Unsecured</u>		
Bank Overdraft	-	5,943
Bills Payable	50,925	49,302
Term Loans	-	400
	<u>50,925</u>	<u>55,645</u>
<u>Secured</u>		
Bank Overdraft	4,455	5,483
Bills Payable	20,650	24,893
Term Loans	3,997	803
	<u>29,102</u>	<u>31,179</u>

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B9. Borrowings and Debts Securities (con'd)

	As at 28.02.2010 RM'000	As at 31.05.2009 RM'000
<u>Long term borrowings</u>		
<u>Secured</u>		
Term Loans	2,846	3,410

Details of the Group's hire purchase creditors as at the end of this financial period are as follows:

	As at 28.02.2010 RM'000	As at 31.05.2009 RM'000
Hire Purchase Creditors	366	706
Less: Interest In Suspense	17	39
	349	667
Repayable within one year	295	385
Repayable in two to five years	54	282
	349	667

The bank borrowings bear interest at rates ranging from 2.20% to 7.80% per annum and the term loans bear interest at rates of 4.0% and 6.8% per annum.

The bank borrowings and term loans are secured by the following:

- i) Legal charges over certain properties belonging to the subsidiary companies;
- ii) Lien on fixed deposits belonging to the subsidiary companies;
- iii) Trade Financing General Agreement; and
- iv) Corporate guarantee by the Company.

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk at date of issue of this quarterly report.

B11. Material Litigation

The Group is not engaged in any material litigation for the financial year ended 28 February 2010.

B12. Dividend Payable

The proposed final dividend of 1.25sen per share less tax at 25%, in respect of the financial year ended 31 May 2009, amounting to RM868,307 was paid on 31 December 2009.

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B13. Earnings Per Share

	Period ended 28.02.2010	Period ended 28.02.2009
Net profit attributable to equity holders of the parent (RM'000)	2,489	2,275
Ordinary shares in issue ('000)	92,620	92,620
Basic earnings per share (sen)	<u>2.69</u>	<u>2.46</u>

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary
Date: 22 April 2010