



PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 NOV 2019

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 30 NOV 2019
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended	3 months ended	6 months ended	6 months ended
		30-Nov-19	30-Nov-18	30-Nov-19	30-Nov-18
		RM'000	RM'000	RM'000	RM'000
Revenue	9	78,949	77,170	148,247	170,482
Cost of sales		(66,277)	(64,687)	(123,779)	(140,273)
Gross profit		12,672	12,483	24,468	30,209
Other operating income		485	65	998	319
Interest income		18	28	45	43
Operating expenses		(12,375)	(12,679)	(24,834)	(27,131)
Results from operating activities		800	(103)	677	3,440
Finance costs		(997)	(1,095)	(2,107)	(2,112)
Operating (loss)/profit		(197)	(1,198)	(1,430)	1,328
Share of loss of equity accounted associates		-	(7)	-	(7)
(Loss)/profit before tax		(197)	(1,205)	(1,430)	1,321
Tax expense	18	(255)	(364)	(254)	(1,140)
(Loss)/profit after tax		(452)	(1,569)	(1,684)	181
Other comprehensive expenses, net of tax					
Foreign currency translation differences		62	128	126	331
Total comprehensive (loss)/profit for the period		(390)	(1,441)	(1,558)	512
(Loss)/Profit attributable to:					
Shareholders of the Company		(284)	(1,785)	(1,431)	(30)
Non-controlling interests		(168)	216	(253)	211
		(452)	(1,569)	(1,684)	181
Total comprehensive (loss)/profit attributable to					
Shareholders of the Company		(222)	(1,657)	(1,305)	301
Non-controlling interests		(168)	216	(253)	211
		(390)	(1,441)	(1,558)	512
Basic loss per ordinary share (sen)	24	(0.22)	(1.38)	(1.10)	(0.02)
Diluted loss per ordinary share (sen)	24	(0.33)	(1.53)	(1.57)	(0.02)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2019 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL AS AT 30 NOV 2019
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 30-Nov-19 RM'000	(Audited) 31-May-19 RM'000
ASSETS			
Property, plant and equipment		115,768	113,277
Intangible assets		870	870
Investments in associates		539	539
Deferred tax assets		533	533
Right of use assets		1,685	-
Total non-current assets		<u>119,395</u>	<u>115,219</u>
Inventories		66,043	70,556
Trade and other receivables	20	57,614	67,101
Current tax assets		435	306
Fixed deposit		497	498
Cash and cash equivalents		20,680	21,886
Total current assets		<u>145,269</u>	<u>160,347</u>
Assets classified as held for sales		7,905	204
TOTAL ASSETS		<u>272,569</u>	<u>275,770</u>
EQUITY			
Share capital		67,671	67,671
Reserves		44,325	45,630
Total equity attributable to owners of the Company		<u>111,996</u>	<u>113,301</u>
Non-controlling interests		1,989	2,273
TOTAL EQUITY		<u>113,985</u>	<u>115,574</u>
LIABILITIES			
Loans and borrowings	21	12,209	23,554
Deferred tax liabilities		316	358
Lease liability		939	-
Total non-current liabilities		<u>13,464</u>	<u>23,912</u>
Trade and other payables		42,214	42,201
Loans and borrowings	21	96,017	88,213
Current tax liabilities		6,108	5,870
Lease liability		781	-
Total current liabilities		<u>145,120</u>	<u>136,284</u>
Total liabilities		<u>158,584</u>	<u>160,196</u>
TOTAL EQUITY AND LIABILITIES		<u>272,569</u>	<u>275,770</u>
Net assets per share attributable to equity holders (RM)		0.88	0.89

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2019 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 30 NOV 2019
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	←← Attributable to owners of the Company →→						→	Non- controlling interests	Total Equity
	←← Non- Distributable →→			Distributable					
	Share Capital	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 2018, as previously reported	67,671	(284)	4,488	6,483	(638)	34,893	112,613	2,168	114,781
Adjustmnet of MFRS 9	-	-	-	-	-	(242)	(242)	-	(242)
At 1 June 2018, restated	67,671	(284)	4,488	6,483	(638)	34,651	112,371	2,168	114,539
Foreign currency translation differences	-	331	-	-	-	-	331	-	331
Loss for the period	-	-	-	-	-	(30)	(30)	211	181
Total comprehensive loss for the period	-	331	-	-	-	(30)	301	211	512
At 30 November 2018	67,671	47	4,488	6,483	(638)	34,863	112,914	2,379	115,293
At 1 June 2019	67,671	86	4,488	6,483	(638)	35,211	113,301	2,273	115,574
Foreign currency translation differences	-	126	-	-	-	-	126	-	126
Loss for the period	-	-	-	-	-	(1,431)	(1,431)	(253)	(1,684)
Total comprehensive loss for the period	-	126	-	-	-	(1,431)	(1,305)	(253)	(1,558)
Capital distribution to NCI	-	-	-	-	-	-	-	(31)	(31)
At 30 November 2019	67,671	212	4,488	6,483	(638)	33,780	111,996	1,989	113,985

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2019 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 30 NOV 2019

Condensed Consolidated Statement of Cash Flows

The figures have not been audited

	Cumulative Quarters	
	6 months ended	
	30-Nov-19	30-Nov-18
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(1,430)	1,321
Adjustments for :		
Depreciation of property, plant and equipment	3,123	3,202
Depreciation of right of use assets	733	-
(Gain)/Loss on disposal of plant and equipment	(443)	34
(Reversal)/Impairment loss on receivables	(16)	205
Interest expense	2,107	2,112
Interest income	(45)	(43)
Plant and equipment written off	2	115
Share of results of associates	-	7
Operating profit before working capital changes	<u>4,031</u>	<u>6,953</u>
Changes in working capital:		
Inventories	4,513	3,578
Trade and other receivables	9,503	5,121
Trade and other payables	13	(13,827)
Cash generated from operations	18,060	1,825
Income tax paid	(187)	(594)
Net cash from operating activities	<u>17,873</u>	<u>1,231</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	647	2
Purchase of property, plant and equipment	(13,515)	(1,026)
Interest received	45	43
Net cash used in investing activities	<u>(12,823)</u>	<u>(981)</u>
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(12,880)	1,287
Drawdown/(Repayment) of finance lease liabilities	215	102
Repayment of lease liability	(698)	-
Withdrawal/(Placement) of pledged fixed deposits	1	(427)
Interest paid	(2,107)	(2,112)
Capital distribution of a subsidiary	(31)	-
Net cash used in financing activities	<u>(15,500)</u>	<u>(1,150)</u>
Net decrease in cash and cash equivalents	<u>(10,450)</u>	<u>(900)</u>
Cash and cash equivalents at beginning of period	20,266	19,586
Effect of exchange differences on cash and cash equivalents	119	320
Cash and cash equivalents at end of period	<u><u>9,935</u></u>	<u><u>19,006</u></u>
Cash and cash equivalents comprised the following:		
Cash and bank balances	20,680	21,729
Bank overdrafts	(10,745)	(2,723)
	<u><u>9,935</u></u>	<u><u>19,006</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2019 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 30 NOV 2019 (Unaudited)
Notes to the condensed consolidated interim financial statements

1. Basis of preparation

This 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 2019. 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 2019.

The accounting policies and methods of computation adopted by the Group in this Condensed Report are consistent with the most recent annual audited financial statements for the year ended 31 May 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 June 2019, as disclosed below:

MFRS 16, Leases

IC Interpretation 23, Uncertainty Over Income Tax Treatments

Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation

Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 119, Employee Benefits - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 128, Investment in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

MFRS 16 Leases

The Group has adopted MFRS 16 from 1 June 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117. The impact of the initial application of MFRS 16 on statement of financial position are as follow:

	Note	Impact of adoption of MFRS 16 to opening balance at 1 June 2019
Statement of financial position		RM'000
Increase in right-of-use assets	(a)	2,418
Increase in non - current lease liabilities	(b)	1,034
Increase in current lease liabilities	(b)	1,384

Notes:

- The right-of-use assets are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any remeasurement of the lease liabilities.
- The lease liabilities are measured at present value of the lease payments that are not paid as at 1 June 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payment, as well as the impact of lease modifications if any.

PENSONIC HOLDINGS BERHAD (300426-P)
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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 2019 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 2019.

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 2019.

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 Nov 2019.

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.

8. Dividend Paid

There was no Dividend paid during the Period under review.

9. Segmental Information

				For the 6 months ending 30 Nov 2019		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	629	147,618	-	148,247	-	148,247
Segment profit	(1,325)	481	(710)	(2,149)	124	(1,430)
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	271	13,208	36	13,515	-	13,515
				For the 6 months ending 30 Nov 2018		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	177	170,305	-	170,482	-	170,482
Segment profit	(48)	2,352	(573)	1,731	(430)	1,321
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	92	909	25	1,026	-	1,026

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10. Event after the Reporting Period

On 9 July 2019, the Group, through its wholly owned subsidiary Pensonic Sales & Service Sdn. Bhd. entered into a Sales & Purchase agreement to dispose a piece of leasehold commercial land held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected thereon for total cash consideration of RM19,500,000.00.

11. Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter.

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		6 months ended	
	30-Nov-19	30-Nov-18	30-Nov-19	30-Nov-18
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
-Sales	1,630	791	1,997	1,404
Transaction with related party				
- Purchases	338	674	769	1,546
- Services acquired	41	41	89	96
- Rental income	18	-	36	-
- Sales	10	16	30	22

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			6 months ended		
	30-Nov-19	30-Nov-18	%	30-Nov-19	30-Nov-18	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	78,949	77,170	2.3	148,247	170,482	(13.0)
(Loss)/profit before tax	(197)	(1,205)	(83.7)	(1,430)	1,321	<(100)
(Loss)/profit after tax	(452)	(1,569)	(71.2)	(1,684)	181	<(100)
Loss attributable to owner of the Company	(284)	(1,785)	(84.1)	(1,431)	(30)	>100

The Group registered revenue of RM78.9 million compared to RM77.2 million in the preceding year corresponding quarter. Loss before tax ("LBT") was RM 197,000 compared to LBT of RM1.2 million in the preceding year corresponding quarter due to lower operating expenses.

The Group registered revenue of RM148.2 million compared to RM170.5 million in the preceding year corresponding period. However, the Group recorded a LBT of RM1.4million compared to Profit before tax of RM1.3million in the preceding year corresponding period due to lower revenue.

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15. Review of Performance

	Current Quarter Ended 30-Nov-19 RM'000	Immediate Preceding Quarter Ended 31-Aug-19 RM'000	%
Revenue	78,949	69,298	13.9
Loss before tax	(197)	(1,233)	(36.6)
Loss after tax	(452)	(1,232)	(15.8)
Loss attributable to owner of the Company	(284)	(1,147)	(24.2)

The Group recorded revenue of RM78.9 million for the current financial quarter compared to RM69.2 million reported in the immediate preceding financial quarter ended 31 August 2019. The Group recorded a LBT of RM197,000 compared with LBT of RM 1.2 million in the preceding financial period due to higher revenue.

16. Commentary on Prospects

Going forward, the industry is expected to remain challenging but necessary measures to explore future business opportunities and effective cost control measures continue to be implemented to meet this challenging period. The Group will continue to adopt a cautious business strategy and remain vigilant in monitoring the Group's financial position so as to improve its operational efficiency.

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-19	30-Nov-18	30-Nov-19	30-Nov-18
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	225	379	216	1,161
Deferred tax expense				
- Current year	30	(15)	38	(21)
	<u>255</u>	<u>364</u>	<u>254</u>	<u>1,140</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the Group is higher than the statutory tax rate in the current quarter due to certain subsidiary companies in a net loss position

19. Status of Corporate Proposal

As at the date of this report, there are no corporate proposals that are pending for completion.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

20. Trade Receivables

The age analysis of trade receivables is as follow:

	Unaudited 30-Nov-19 RM'000	Audited 31-May-19 RM'000
Neither past due nor impaired	35,459	44,322
Past due but not impaired:		
Less than 60 days	8,256	13,717
60 to 120 days	5,491	1,280
More than 120 days	3,492	1,373
	<u>17,239</u>	<u>16,370</u>
	52,698	60,692
Impaired	(892)	(1,049)
	<u>51,806</u>	<u>59,643</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 period are as follows:

	Unaudited 30-Nov-19 RM'000	Audited 31-May-19 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	9,892	1,010
Revolving credit	4,410	10,600
Bankers' acceptance	49,985	54,477
	<u>64,287</u>	<u>66,087</u>
<u>Secured</u>		
Bank overdraft	853	609
Term loans	30,273	20,251
Bankers' acceptance	-	730
Finance lease liabilities	604	536
	<u>31,730</u>	<u>22,126</u>
	<u>96,017</u>	<u>88,213</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	11,162	22,654
Finance lease liabilities	1,047	900
	<u>12,209</u>	<u>23,554</u>
	<u>108,226</u>	<u>111,767</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia ("MYR")	<u>108,226</u>	<u>111,767</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.

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22. Material Litigation

The Group is not engaged in any material litigation for the current financial period ended 30 Nov 2019.

23. Dividend

The Board does not recommend any dividend for the current financial period ended 30 Nov 2019.

24. Earnings per Share (“EPS”)

(a) Basic EPS

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-19	30-Nov-18	30-Nov-19	30-Nov-18
Net loss for the period attributable to owners of the Company (RM'000)	(284)	(1,785)	(1,431)	(30)
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic loss per share (sen)	<u>(0.22)</u>	<u>(1.38)</u>	<u>(1.10)</u>	<u>(0.02)</u>

(b) Diluted EPS

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-19	30-Nov-18	30-Nov-19	30-Nov-18
Net loss for the period attributable to owners of the Company (RM'000)	(869)	(1,785)	(2,016)	(30)
Number of ordinary shares in issue ('000)	86,627	116,998	91,427	122,448
Diluted loss per share (sen)	<u>(0.33)</u>	<u>(1.53)</u>	<u>(1.57)</u>	<u>(0.02)</u>

25. Loss for the Period

Loss for the period has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-19	30-Nov-18	30-Nov-19	30-Nov-18
After charging / (crediting):-				
Interest income	(18)	(28)	(45)	(43)
Government grants received	(18)	(17)	(18)	(36)
(Gain)/Loss on disposal of property, plant and equipment	(443)	(1)	(443)	34
Realised (gain)/loss on foreign exchange	(202)	182	(433)	250
(Reversal)/provision for doubtful debt	(6)	121	(16)	205
Interest expense	997	1,095	2,107	2,112
Depreciation & amortization	1,554	1,613	3,123	3,202
Inventories provision	139	144	341	455
Plant and equipment written off	2	111	2	115
Unrealised (gain)/loss on foreign exchange	245	34	(84)	(359)
Bad debt written off	-	16	1	16
Rental income	-	(28)	-	(55)

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.