



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER 31 AUGUST 2020**

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020
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	3 months ended	3 months ended
		31-Aug-20	31-Aug-19	31-Aug-20	31-Aug-19
		RM'000	RM'000	RM'000	RM'000
Revenue	9	84,669	69,298	84,669	69,298
Cost of sales		(70,147)	(57,502)	(70,147)	(57,502)
Gross profit		14,522	11,796	14,522	11,796
Other operating income		1,140	513	1,140	513
Interest income		1	27	1	27
Operating expenses		(12,667)	(12,459)	(12,667)	(12,459)
Results from operating activities		2,996	(123)	2,996	(123)
Finance costs		(968)	(1,110)	(968)	(1,110)
Operating profit/(loss)		2,028	(1,233)	2,028	(1,233)
Share of profit/(loss) of equity accounted associates		15	-	15	-
Profit/(Loss) before tax		2,043	(1,233)	2,043	(1,233)
Tax expense	18	(526)	1	(526)	1
Profit/(Loss) after tax		1,517	(1,232)	1,517	(1,232)
Other comprehensive expenses, net of tax					
Foreign currency translation differences		(170)	64	(170)	64
Total comprehensive profit/(loss) for the period		1,347	(1,168)	1,347	(1,168)
Profit/(Loss) attributable to :					
Shareholders of the Company		1,553	(1,147)	1,553	(1,147)
Non-controlling interests		(36)	(85)	(36)	(85)
		1,517	(1,232)	1,517	(1,232)
Total comprehensive profit/(loss) attributable to					
Shareholders of the Company		1,365	(1,083)	1,365	(1,083)
Non-controlling interests		(18)	(85)	(18)	(85)
		1,347	(1,168)	1,347	(1,168)
Basic earnings/(loss) per ordinary share (sen)	24	1.20	(0.88)	1.20	(0.88)
Diluted earnings/(loss) 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE FINANCIAL AS AT 31 AUGUST 2020
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 31-Aug-20 RM'000	(Audited) 31-May-20 RM'000
ASSETS			
Property, plant and equipment		124,588	125,513
Intangible assets		870	870
Investments in associates		565	551
Deferred tax assets		486	476
Total non-current assets		<u>126,509</u>	<u>127,410</u>
Inventories		41,205	44,596
Trade and other receivables	20	52,340	58,925
Current tax assets		880	738
Fixed deposit		520	513
Cash and cash equivalents		30,423	26,146
Total current assets		<u>125,368</u>	<u>130,918</u>
TOTAL ASSETS		<u><u>251,877</u></u>	<u><u>258,328</u></u>
EQUITY			
Share capital		67,671	67,671
Reserves		50,533	49,150
Total equity attributable to owners of the Company		<u>118,204</u>	<u>116,821</u>
Non-controlling interests		1,733	1,751
TOTAL EQUITY		<u>119,937</u>	<u>118,572</u>
LIABILITIES			
Loans and borrowings	21	38,350	40,329
Deferred tax liabilities		220	220
Lease liability		296	780
Total non-current liabilities		<u>38,866</u>	<u>41,329</u>
Trade and other payables		41,615	39,728
Loans and borrowings	21	44,201	51,885
Current tax liabilities		6,575	5,977
Lease liability		683	837
Total current liabilities		<u>93,074</u>	<u>98,427</u>
Total liabilities		<u>131,940</u>	<u>139,756</u>
TOTAL EQUITY AND LIABILITIES		<u><u>251,877</u></u>	<u><u>258,328</u></u>
Net assets per share attributable to equity holders (RM)		0.92	0.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (199401014746/300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 31 AUGUST 2020
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	← Attributable to owners of the Company →						Total	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 2019, restated	67,671	86	4,488	6,483	(638)	35,211	113,301	2,273	115,574
Loss for the period	-	-	-	-	-	(1,147)	(1,147)	(85)	(1,232)
Foreign currency translation differences	-	64	-	-	-	-	64	-	64
Total comprehensive loss for the period	-	64	-	-	-	(1,147)	(1,083)	(85)	(1,168)
Capital distribution to NCI	-	-	-	-	-	-	-	(31)	(31)
At 31 August 2019	67,671	150	4,488	6,483	(638)	34,064	112,218	2,157	114,375
At 1 June 2020	67,671	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
Profit for the period	-	-	-	-	-	1,553	1,553	(18)	1,535
Foreign currency translation differences	-	(170)	-	-	-	-	(170)	-	(170)
Total comprehensive profit for the period	-	(170)	-	-	-	1,553	1,383	(18)	1,365
Capital distribution to NCI	-	-	-	-	-	-	-	-	-
At 31 August 2020	67,671	554	4,488	6,483	(638)	39,646	118,204	1,733	119,937

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (199401014746/300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE PERIOD ENDED 31 AUGUST 2020
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

	Cumulative Quarters	
	3 months ended	
	31-Aug-20	31-Aug-19
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) for the period	2,043	(1,233)
Adjustments for :		
Depreciation of property, plant and equipment	1,853	1,938
(Gain)/Loss on disposal of plant and equipment	(56)	-
Impairment loss on receivables	-	(10)
Interest expense	963	1,110
Interest income	(1)	(27)
Share of results of associates	(15)	-
Operating profit before working capital changes	<u>4,787</u>	<u>1,778</u>
Changes in working capital:		
Inventories	3,434	(3,808)
Trade and other receivables	6,455	15,592
Trade and other payables	1,994	(98)
Cash generated from operations	16,670	13,464
Income tax paid	(78)	(619)
Net cash from operating activities	<u>16,592</u>	<u>12,845</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	154	-
Purchase of property, plant and equipment	(1,449)	(7,611)
Interest received	1	27
Net cash used in investing activities	<u>(1,294)</u>	<u>(7,584)</u>
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(6,893)	(4,568)
Drawdown/(Repayment) of finance lease liabilities	617	(147)
Repayment of lease liability	(227)	(348)
Withdrawal/(Placement) of pledged fixed deposits	(8)	4
Interest paid	(963)	(1,110)
Capital distribution of a subsidiary	-	(31)
Net cash used in financing activities	<u>(7,474)</u>	<u>(6,200)</u>
Net increase/(decrease) in cash and cash equivalents	7,824	(939)
Cash and cash equivalents at beginning of period	20,738	20,266
Effect of exchange differences on cash and cash equivalents	(160)	63
Cash and cash equivalents at end of period	<u><u>28,402</u></u>	<u><u>19,390</u></u>
Cash and cash equivalents comprised the following:		
Cash and bank balances	30,423	25,610
Bank overdrafts	(2,021)	(6,220)
	<u><u>28,402</u></u>	<u><u>19,390</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE PERIOD ENDED 31 AUGUST 2020 (Unaudited)
Notes to the condensed consolidated interim financial statements

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 2020. 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 2020.

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 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes Accounting Estimates and Error – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosure – Interest Rate Benchmark Reform

MFRSs and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, Leases – Covid-19 - Related Rent Concessions

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 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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 accounting standards and amendments, where applicable in the respective financial years when the abovementioned accounting standards and 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 accounting standards or amendments are 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 2020 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 2021.

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 2020.

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

On 5 August 2020, a fire occurred at Pensonic Sales & Service Sdn. Bhd.'s ("PSS") office cum service centre in Petaling Jaya, Selangor which resulted in damage to the service centre. The Group resumed after-sales service following relocation of the centre to Kapar, Selangor. PSS has filed for insurance claim and is currently liaising with the insurance adjuster to estimate the loss.

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 3 months ending 31 August 2020			Total	Elimination	Consolidated Total
	Manufacturing	Trading	Others			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	126	85,543	-	84,669	-	84,669
Segment profit	377	1,929	(118)	2,188	(145)	2,043
Segment assets						
Included in the measure of segment assets is:						
Capital expenditure	38	1,392	19	1,449	-	1,449

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	For the 3 months ending 31 August 2019			Total	Elimination	Consolidated Total
	Manufacturing	Trading	Others			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	117	69,181	-	69,298	-	69,298
Segment profit	(466)	(405)	(377)	(1,248)	15	(1,233)
Segment assets Included in the measure of segment assets is:						
Capital expenditure	175	7,432	4	7,611	-	7,611

10. Event after the Reporting Period

At the Extraordinary General Meeting convened on 18 September 2020, the Company's shareholders have approved the Company to purchase its own shares of up to 10% of its total number of issued shares ("Share Buy-Back").

11. Changes in Composition of the Group

The Group submitted applications to Suruhanjaya Syarikat Malaysia on 16 June 2020 and 8 October 2020 to strike-off Microtag Engineering Sdn. Bhd. and Angkasa Pensonic Trading Sdn. Bhd. pursuant to section 550 of the Companies Act 2016. These strike-off will not have any financial and operational impact on the Group for the financial year ending 31 May 2021, and no material losses are expected arising from the strike-off proceedings.

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-20	31-Aug-19	31-Aug-20	31-Aug-19
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
- Sales	1,046	520	1,046	520
Transaction with related party				
- Purchases	457	431	457	431
- Services acquired	16	48	16	48
- Rental expenses	-	18	-	18
- Sales	-	20	-	20

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			3 months ended		
	31-Aug-20 RM'000	31-Aug-19 RM'000	%	31-Aug-20 RM'000	31-Aug-19 RM'000	%
Revenue	84,669	69,298	22	84,669	69,298	22
Profit/(Loss) before tax	2,043	(1,233)	266	2,043	(1,233)	266
Profit/(Loss) after tax	1,517	(1,232)	223	1,517	(1,232)	223
Profit/(Loss) attributable to owner of the Company	1,553	(1,147)	235	1,553	(1,147)	235

The Group registered revenue of RM84.7 million compared to RM69.3 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM2.0 million compared to loss before tax of RM1.2 million in the preceding year due to higher revenue in the current quarter.

15. Review of Performance

	Current Quarter Ended 31-Aug-20 RM'000	Immediate Preceding Quarter Ended 31-May-20 RM'000	%
Revenue	84,669	62,393	36
Profit/(Loss) before tax	2,043	(1,405)	245
Profit/(Loss) after tax	1,517	(737)	306
Profit/(Loss) attributable to owner of the Company	1,553	(600)	359

The Group registered revenue of RM84.7 million for the current financial quarter compared to RM62.4 million reported in the immediate preceding financial quarter ended 31 May 2020. The Group recorded a profit before tax of RM2.0 million compared with loss before tax of RM1.4 million in the preceding financial period. The higher revenue recorded in the current quarter contribute to higher profit before tax.

16. Commentary on Prospects

The group's operating environment for the remaining quarters are expected to be challenging with the prolonged Covid-19 pandemic. Following the imposition of CMCO (Conditional Movement Control Order) in Selangor, Kuala Lumpur, Putrajaya, Labuan, Sabah and certain towns (zoned "red") scattered across the nation adversely affected by the pandemic, retail businesses (including our customers) are severely affected.

The Group will continue its proactive measures including right-sizing its workforce as well as streamlining and digitising operational activities for a leaner structure to better respond to changing business landscape. These ongoing measures have resulted in cost savings and increased productivity and efficiency.

Under the circumstance, the Board is cautiously optimistic of delivering positive results in the ensuing months ahead.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter 3 months ended		Cumulative Period 3 months ended	
	31-Aug-20 RM'000	31-Aug-19 RM'000	31-Aug-20 RM'000	31-Aug-19 RM'000
Current tax expenses				
- Current year	535	(9)	535	(9)
- Prior year	-	-	-	-
Foreign statutory tax				
- Current year	-	-	-	-
Deferred tax expense				
- Current year	(9)	8	(9)	8
- Prior year	-	-	-	-
	<u>526</u>	<u>(1)</u>	<u>526</u>	<u>(1)</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the period. 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.

20. Trade Receivables

The age analysis of trade receivables is as follow:

	Unaudited 31-Aug-20 RM'000	Audited 31-May-20 RM'000
Neither past due nor impaired	36,781	37,995
Past due but not impaired:		
Less than 60 days	8,862	9,035
60 to 120 days	2,838	4,453
More than 120 days	2,198	3,433
	<u>13,898</u>	<u>16,921</u>
	50,679	54,916
Impaired	(1,929)	(2,003)
	<u>48,750</u>	<u>52,913</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 31-Aug-20 RM'000	Audited 31-May-20 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	138	3,636
Revolving credit	4,410	4,410
Bankers' acceptance	21,986	33,839
	<u>26,534</u>	<u>41,885</u>
Secured		
Bank overdraft	1,883	1,773
Term loans	6,307	4,582
Bankers' acceptance	8,775	3,015
Finance lease liabilities	702	630
	<u>17,667</u>	<u>10,000</u>
	<u>44,201</u>	<u>51,885</u>
<u>Non – current</u>		
Secured		
Term loans	36,731	39,254
Finance lease liabilities	1,619	1,075
	<u>38,350</u>	<u>40,329</u>
	<u>82,551</u>	<u>40,329</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>82,551</u>	<u>92,214</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.

22. Material Litigation

The Group is not engaged in any material litigation for the current financial quarter period 31 August 2020. .

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 31 August 2020.

24. Earnings per Share (“EPS”)

(a) Basic earnings/(loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-20	31-Aug-19	31-Aug-20	31-Aug-19
Profit/(Loss) attributable to owners of the Company (RM'000)	1,553	(1,147)	1,553	(1,147)
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic profit/(loss) per share (sen)	1.20	(0.88)	1.20	(0.88)

(b) Diluted earnings/(loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-20	31-Aug-19	31-Aug-20	31-Aug-19
Profit/(Loss) attributable to owners of the Company (RM'000)	1,553	(1,147)	1,553	(1,147)
Weighted average number of ordinary shares used in calculation of basic earnings/(loss) per share ('000)	129,668	129,668	129,668	129,668
Diluted earnings/(loss) per ordinary share (sen)	#	#	#	#

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. Profit/(Loss) for the Period

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

	Individual Quarter		Cumulative Period	
	3 months ended		3 months ended	
	31-Aug-20	31-Aug-19	31-Aug-20	31-Aug-19
After charging / (crediting):-				
Interest income	(1)	(27)	(1)	(27)
(Gain)/Loss on disposal of property, plant and equipment	(56)	-	(56)	-
Realised (gain)/loss on foreign exchange	(587)	(231)	(587)	(231)
Interest expense	963	1,110	963	1,110
Depreciation & amortization	1,853	1,938	1,853	1,938
Unrealised (gain)/loss on foreign exchange	(146)	(331)	(146)	(331)

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.