

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

**The Board of Directors of the Group are pleased to announce the following:  
UNAUDITED RESULTS OF THE GROUP FOR THE 1<sup>st</sup> QUARTER ENDED 31 AUGUST 2008**

## **Condensed Consolidated Balance Sheet As At 31 August 2008**

|   | <b>Unaudited<br/>As At<br/>31 Aug 2008<br/>RM'000</b> | <b>Audited<br/>As At<br/>31 May 2008<br/>RM'000</b> |
|---|---|---|
| <b>ASSETS</b>                             |   |   |
| <b>Non-current assets</b>                 |   |   |
| Property, plant and equipment             | 28,270  | 28,639  |
| Prepaid lease payments                    | 9,925   | 9,971   |
| Investment properties                     | 1,332   | 1,334   |
| Investment in associates                  | 172   | 172   |
| Intangible assets                         | 1,636   | 1,636   |
| Deferred tax assets                       | 2,020   | 2,020   |
|   | <hr/> 43,355  | <hr/> 43,772  |
| <b>Current assets</b>                     |   |   |
| Assets held for sale                      | 418   | 418   |
| Inventories                               | 97,305  | 94,334  |
| Trade receivables                         | 72,765  | 68,163  |
| Other receivables, deposits & prepayments | 13,130  | 19,698  |
| Tax recoverable                           | 1,717   | 1,586   |
| Cash and cash equivalents                 | 11,327  | 15,695  |
|   | <hr/> 196,662   | <hr/> 199,894                                       |
| <b>TOTAL ASSETS</b>                       | <hr/> 240,017   | <hr/> 243,666                                       |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **Condensed Consolidated Balance Sheet**

**As At 31 August 2008**

(continued)

|   | <b>Unaudited<br/>As At<br/>31 Aug 2008<br/>RM'000</b> | <b>Audited<br/>As At<br/>31 May 2008<br/>RM'000</b> |
|---|---|---|
| <b>EQUITY AND LIABILITIES</b>   |   |   |
| <b>Equity</b>   |   |   |
| Share capital   | 46,310  | 46,310  |
| Reserves  | 44,545  | 44,541  |
|   | 90,855  | 90,851  |
| <b>Minority interest</b>  | 804   | 937   |
|   | 91,659  | 91,788  |
| <b>Non-current liabilities</b>  |   |   |
| Borrowings  | 4,619   | 4,886   |
| Deferred taxation   | 1,110   | 1,110   |
|   | 5,729   | 5,996   |
| <b>Current liabilities</b>  |   |   |
| Trade payables  | 32,988  | 42,313  |
| Other payables  | 10,743  | 7,192   |
| Short-term borrowings   | 96,395  | 93,231  |
| Taxation  | 2,503   | 3,146   |
|   | 142,629   | 145,882   |
| <b>Total liabilities</b>  | 148,358   | 151,878   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | 240,017   | 243,666   |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 0.98  | 0.98  |

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **Condensed Consolidated Income Statement For the period ended 31 August 2008**

|  | <b>Individual Quarter</b>                         |   | <b>Cumulative Quarter</b>                           |  |
|--|---|---|---|--|
|  | Current<br>Year<br>Quarter<br>31 Aug 08<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31 Aug 07<br>RM'000 | Current<br>Period to<br>Date<br>31 Aug 08<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31 Aug 07<br>RM'000 |
| Revenue                                      | 77,317  | 101,262   | 77,317  | 101,262  |
| Cost of sales                                | (61,330)  | (82,798)  | (61,330)  | (82,798)   |
| Gross profit                                 | 15,987  | 18,464  | 15,987  | 18,464   |
| Other operating income                       | 365   | 64  | 365   | 64   |
| Distribution and administrative<br>expenses  | (14,306)  | (14,810)  | (14,306)  | (14,810)   |
| Profit from operations                       | 2,046   | 3,718   | 2,046   | 3,718  |
| Finance costs                                | (1,858)   | (1,267)   | (1,858)   | (1,267)  |
| Profit before taxation                       | 188   | 2,451   | 188   | 2,451  |
| Tax expense                                  | (63)  | (747)   | (63)  | (747)  |
| Profit for the period                        | 125   | 1,704   | 125   | 1,704  |
| <b>Attributable to:</b>                      |   |   |   |  |
| Equity holders of the parent                 | 56  | 1,851   | 56  | 1,851  |
| Minority interest                            | 69  | (147)   | 69  | (147)  |
| Profit for the period                        | 125   | 1,704   | 125   | 1,704  |
| Basic earnings per ordinary<br>share (sen)   | 0.06  | 2.00  | 0.06  | 2.00   |
| Diluted earnings per ordinary<br>share (sen) | 0.06  | 2.00  | 0.06  | 2.00   |

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

## **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

### **Condensed Consolidated Statement of Changes in Equity For the period ended 31 August 2008**

|                                  | <b>&lt; ----- Attributable to Equity Holders of the Parent ----- &gt;</b> |   |  |                         |   |                                    |
|----------------------------------|---|---|--|-------------------------|---|------------------------------------|
|                                  | <b>Share<br/>Capital<br/>RM'000</b>                                       | <b>Non-<br/>distributable<br/>Reserves<br/>RM'000</b> | <b>Distributable<br/>Retained<br/>Profits<br/>RM'000</b> | <b>Total<br/>RM'000</b> | <b>Minority<br/>Interest<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
| At 1 June 2008                   | 46,310  | 28,806  | 15,735   | 90,851                  | 937                                     | 91,788                             |
| Currency translation differences | -   | (52)  | -  | (52)                    | -                                       | (52)                               |
| Acquisition of minority interest | -   | -   | -  | -                       | (202)                                   | (202)                              |
| Net profit for the period        | -   | -   | 56   | 56                      | 69                                      | 125                                |
| At 31 Aug 2008                   | 46,310  | 28,754  | 15,791   | 90,855                  | 804                                     | 91,659                             |
| At 1 June 2007                   | 46,310  | 28,705  | 14,964   | 89,979                  | 1,320                                   | 91,299                             |
| Currency translation differences | -   | 101   | -  | 101                     | -                                       | 101                                |
| Acquisition of subsidiaries      | -   | -   | -  | -                       | 943                                     | 943                                |
| Net profit/(loss) for the year   | -   | -   | 2,461  | 2,461                   | (1,326)                                 | 1,135                              |
| Dividends                        | -   | -   | (1,690)  | (1,690)                 | -                                       | (1,690)                            |
| At 31 May 2008                   | 46,310  | 28,806  | 15,735   | 90,851                  | 937                                     | 91,788                             |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **Condensed Consolidated Cash Flow Statement For the period ended 31 August 2008**

|   | 31 Aug 2008<br>RM'000 | 31 May 2008<br>RM'000 |
|---|-----------------------|-----------------------|
| <b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>   |                       |                       |
| Profit before taxation                                    | 188                   | 2,414                 |
| Adjustments   | 2,402                 | 7,181                 |
| Operating Profit Before Working Capital Changes           | 2,590                 | 9,595                 |
| Changes in working capital                                |                       |                       |
| Net changes in current assets                             | 329                   | (13,647)              |
| Net changes in current liabilities                        | (7,446)               | (4,264)               |
| Net Cash Used In Operations                               | (4,527)               | (8,316)               |
| Tax paid  | (840)                 | (3,057)               |
| Interest received   | 53                    | 40                    |
| Interest paid   | (1,868)               | (4,647)               |
| Net Cash Used In Operating Activities                     | (7,182)               | (15,980)              |
| <b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>   |                       |                       |
| Equity investments  | -                     | 5,448                 |
| Other investments   | (135)                 | (1,739)               |
| Net Cash (Used In) / From Investing Activities            | (135)                 | 3,709                 |
| <b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>   |                       |                       |
| Dividend paid   | -                     | (1,690)               |
| Borrowings  | 5,252                 | 16,770                |
| Net Cash Generated From Financing Activities              | 5,252                 | 15,080                |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>            | (2,065)               | 2,809                 |
| <b>Effect of exchange rate changes</b>                    | 148                   | (188)                 |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>   | 3,508                 | 887                   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>         | 1,591                 | 3,508                 |
| <b>Cash and cash equivalents comprised the following:</b> |                       |                       |
| Cash and bank balances                                    | 10,659                | 15,027                |
| Overdrafts  | (9,117)               | (11,568)              |
| Fixed deposits  | 668                   | 668                   |
|   | 2,210                 | 4,127                 |
| Fixed deposits pledged to bank                            | (619)                 | (619)                 |
|   | 1,591                 | 3,508                 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards 134<sub>2004</sub>, *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 2008.

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 2008.

### **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 2008.

### **A3. Auditors' Report**

The auditors' report of the audited financial statements for the financial year ended 31 May 2008 was not subject to any qualification.

### **A4. Seasonal/Cyclical Factors**

There were no significant seasonal or cyclical factors which have materially affected the results of the Group for the first quarter.

### **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.

### **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**

There was no dividend paid for the current financial quarter.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **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) and Singapore. The products are distributed mainly in Malaysia and to other countries. 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 |                |
|------------------|-----------------|----------------|
|                  | 2009<br>RM'000  | 2008<br>RM'000 |
| Malaysia         | 55,859          | 44,626         |
| Outside Malaysia | 21,458          | 56,636         |
|                  | <b>77,317</b>   | <b>101,262</b> |
|                  |                 |                |

|                                | Profit/(Loss)<br>before taxation |                | Segment assets |                | Segment liabilities |                |
|--------------------------------|----------------------------------|----------------|----------------|----------------|---------------------|----------------|
|                                | 2009<br>RM'000                   | 2008<br>RM'000 | 2009<br>RM'000 | 2008<br>RM'000 | 2009<br>RM'000      | 2008<br>RM'000 |
| Malaysia                       | 125                              | 2,649          | 217,142        | 223,158        | 137,323             | 139,227        |
| China (including<br>Hong Kong) | 30                               | (251)          | 13,339         | 4,512          | 6,575               | 1,337          |
| Singapore                      | 33                               | 53             | 9,536          | 7,787          | 4,460               | 3,829          |
|                                | <b>188</b>                       | <b>2,451</b>   | <b>240,017</b> | <b>235,457</b> | <b>148,358</b>      | <b>144,393</b> |
|                                |                                  |                |                |                |                     |                |

Year 2009 refers to financial period ended 31 August 2008 and year 2008 refers to financial period ended 31 August 2007.

## **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.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **A12. Changes in Composition of the Group**

In June 2008, the Group through Keat Radio Co. Sdn. Bhd. (“KRC”), acquired the remaining 40% of the equity interest in Pensonic Industries Sdn. Bhd. (“PSI”), a company incorporated in Malaysia, for RM4,000. PSI is consequently become the wholly-owned subsidiary of the Group.

Subsequently in June 2008, the Group through KRC, has further subscribed for an additional 2,400,000 new ordinary shares of RM1 each in PSI for RM2,400,000 which is satisfied by way of capitalisation of the amount owing by PSI to KRC.

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<br>31.08.2008<br>RM’000 | As at<br>31.05.2008<br>RM’000 |
|---|-------------------------------|-------------------------------|
| Guarantees to financial institutions for facilities granted to subsidiary companies | <u>199,956</u>                | <u>199,956</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<br>ended<br>31.08.2008<br>RM’000 | Year<br>ended<br>31.05.2008<br>RM’000 |
|---|---|---------------------------------------|
| Purchase of raw material from Pensia Plastic Industries Sdn. Bhd. | 1,551                                   | 7,085                                 |
| Sales of goods to an associate Pensonic (B) Sdn Bhd               | 550                                     | 1,390                                 |



# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

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### **B1. Review of Performance**

The Group recorded a profit before tax of RM188,000 for the current year quarter compared to the profit before tax of RM2,451,000 in the preceding year corresponding quarter.

Turnover for the current year quarter is RM77,317,000 as compared to RM101,262,000 in the preceding year corresponding quarter. There was a decrease of 24% in turnover of the current year quarter as compared to the preceding year corresponding quarter.

Lower turnover reported for the quarter mainly due to decrease in export sales following the slowdown of the global economy which weaken the consumers demand.

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 31 August 2008 to the date of issue of this quarterly report.

### **B2. Variation of Results against Preceding Quarter**

The Group achieved a profit before taxation of RM188,000 for this quarter as compared to a profit before taxation of RM2,451,000 for the corresponding quarter in the preceding year. Comparatively lower profit reported in the current quarter as compared to that of corresponding quarter of the preceding year is mainly due to the following reasons:

- Lower turnover for the current quarter as mentioned in Note B1 above.
- Higher financial cost incurred in inventory built-up:-
  - a) in anticipation of further cost increases in materials and products; and
  - b) to meet the expected increase in demand during the Hari Raya festive season.

### **B3. Prospects for the Current Financial Year**

The Board of Directors expect the business environment for the current financial year to be extremely challenging in view of the increase in raw material costs, coupled with weakening Ringgit Malaysia and the current financial crisis affecting the United States and Europe markets, which would potentially inflict certain economic harm to the global economy. Anyway, the negative impact from the global financial crisis could be mitigated by the rising intra-regional trade and local consumption. In order to stay competitive and remain relevant in business, the Group will stay focus on execution of its established key strategies on pricing and cost containment efforts. Barring any unforeseen circumstances, the Group expects its business prospects for the current financial year to be positive.

### **B4. Variance from Profit Forecast**

Not applicable as no profit forecast was published.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

## **B5. Tax Expense**

|                                | Period<br>ended<br>31.08.2008<br>RM'000 | Period<br>ended<br>31.08.2007<br>RM'000 |
|--------------------------------|---|---|
| Income Tax                     |   |   |
| - Provision for current period | <u>63</u>                               | <u>747</u>                              |

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain expenses which are not allowable for tax purposes.

## **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 31 August 2008.

## **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<br>31.08.2008<br>RM'000 | As at<br>31.05.2008<br>RM'000 |
|------------------------------|-------------------------------|-------------------------------|
| <u>Short term borrowings</u> |                               |                               |
| <u>Unsecured</u>             |                               |                               |
| Bank Overdraft               | 4,112                         | 5,557                         |
| Bills Payable                | 58,491                        | 53,254                        |
|                              | <u>62,603</u>                 | <u>58,811</u>                 |
| <u>Secured</u>               |                               |                               |
| Bank Overdraft               | 5,005                         | 6,011                         |
| Bills Payable                | 27,639                        | 27,233                        |
| Term Loans                   | 690                           | 711                           |
|                              | <u>33,334</u>                 | <u>33,955</u>                 |
| <u>Long term borrowings</u>  |                               |                               |
| <u>Secured</u>               |                               |                               |
| Term Loans                   | <u>4,081</u>                  | <u>4,236</u>                  |

## **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

### **B9. Borrowings and Debts Securities (cont'd)**

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

|                                | As at<br>31.08.2008<br>RM'000 | As at<br>31.05.2008<br>RM'000 |
|--------------------------------|-------------------------------|-------------------------------|
| Hire Purchase Creditors        | 1,060                         | 1,193                         |
| Less: Interest In Suspense     | 64                            | 78                            |
|                                | <u>996</u>                    | <u>1,115</u>                  |
| <br>                           |                               |                               |
| Repayable within one year      | 458                           | 465                           |
| Repayable in one to five years | 538                           | 650                           |
|                                | <u>996</u>                    | <u>1,115</u>                  |

The bank borrowings bear interest at rates ranging from 4.28% to 8.25% per annum and the term loans bear interest at rates of 8% and 8.5% 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 period ended 31 August 2008.

### **B12. Dividend Payable**

There is no dividend proposed in this financial quarter.

## **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 1<sup>st</sup> financial quarter ended 31 August 2008

### **B13. Earnings Per Share**

|   | Period<br>ended<br>31.08.2008 | Period<br>ended<br>31.08.2007 |
|---|-------------------------------|-------------------------------|
| Net profit attributable to equity holders of the<br>parent (RM'000) | 56                            | 1,851                         |
| Ordinary shares in issue ('000)                                     | 92,620                        | 92,620                        |
| Basic earnings per share (sen)                                      | <u>0.06</u>                   | <u>2.00</u>                   |

By order of the Board

Ker Siew Luan  
Secretary

Dated : 24 October, 2008