

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 AUGUST 2011

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2011***Unaudited*

	Individual Quarter		Cumulative Quarter	
	31 Aug		31 Aug	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	86,187	78,490	86,187	78,490
Cost of sales	(66,475)	(60,413)	(66,475)	(60,413)
Gross profit	19,712	18,077	19,712	18,077
Administrative, selling & distribution expenses	(16,858)	(15,148)	(16,858)	(15,148)
Results from operating activities	2,854	2,929	2,854	2,929
Finance costs	(819)	(901)	(819)	(901)
Share of equity accounted associates	-	-	-	-
Profit before tax	2,035	2,028	2,035	2,028
Income tax expense	7	(5)	7	(5)
Profit for the period/ year	2,042	2,023	2,042	2,023
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(978)	20	(978)	20
Total comprehensive income for the period	1,064	2,043	1,064	2,043
Profit attributable to:				
Shareholders of the Company	2,024	2,065	2,024	2,065
Minority interests	(18)	(42)	(18)	(42)
Profit for the period	2,042	2,023	2,042	2,023
Total comprehensive income attributable to :				
Shareholders of the Company	1,064	2,085	1,064	2,085
Minority interests	(18)	(42)	(18)	(42)
	1,046	2,043	1,046	2,043

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2011***Unaudited*

	Note	Unaudited 31-Aug-11 RM'000	Audited 31-May-11 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		42,769	43,497
Investment properties		1,175	1,178
Investment in associates		163	163
Intangible assets		1,079	1,024
Deferred tax assets		1,612	1,354
		<u>46,798</u>	<u>47,216</u>
Current assets			
Inventories		92,544	86,154
Trade receivables		61,474	62,101
Other receivables, deposits & prepayments		15,759	11,988
Current tax assets		2,509	563
Cash and cash equivalents		13,087	15,399
		<u>185,373</u>	<u>176,205</u>
TOTAL ASSETS		<u>232,171</u>	<u>223,421</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		46,310	46,310
Reserves		51,695	50,649
		<u>98,005</u>	<u>96,959</u>
Minority interest		162	180
Total equity		<u>98,167</u>	<u>97,139</u>
Non-current liabilities			
Borrowings	B8	2,402	3,443
Deferred taxation		1,587	1,043
		<u>3,989</u>	<u>4,486</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2011***Unaudited**(cont'd)*

	Note	Unaudited 31-Aug-11 RM'000	Audited 31-May-11 RM'000
Current liabilities			
Trade payables		31,410	32,056
Other payables		9,085	8,207
Short-term borrowings	B8	87,496	80,880
Current tax liabilities		2,024	653
		<u>130,015</u>	<u>121,796</u>
Total liabilities		<u>134,004</u>	<u>126,282</u>
TOTAL EQUITY AND LIABILITIES		<u>232,171</u>	<u>223,421</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*Unaudited*

	Attributable to Shareholders of the Company					
	Share Capital RM'000	Non- Distributable Reserves RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 June 2011	46,310	26,175	24,474	96,959	180	97,139
Total comprehensive income/ (expense)	-	(978)	2,024	1,046	(18)	1,028
At 31 August 2011	46,310	25,197	26,498	98,005	162	98,167
At 1 June 2010	46,310	28,821	19,775	94,906	503	95,409
Total comprehensive income/ (expense)	-	(244)	3,338	3,094	(323)	2,771
Effect of warrant expired	-	(2,402)	2,402	-	-	-
Dividends	-	-	(1,041)	(1,041)	-	(1,041)
At 31 May 2011	46,310	26,175	24,474	96,959	180	97,139

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with audited financial statements for the year ended 31 May 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MAY 2011***Unaudited*

	Three months ended 31 Aug	
	2011	2010
	RM'000	RM'000
CASH FLOWS (USED IN)/ FROM OPERATING ACTIVITIES		
Profit before taxation	2,035	2,028
Adjustments	1,418	1,630
Operating profit before changes in working capital	3,453	3,658
Changes in working capital		
Net changes in current assets	(3,146)	(1,722)
Net changes in current liabilities	732	2,534
Net cash from operations	1,039	4,470
Tax paid	(289)	(265)
Interest received	13	24
Interest paid	(800)	(854)
Net cash (used in)/ from operating activities	(37)	3,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investment	-	(165)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Drawdown of term loan	42	-
Repayment of term loan	(458)	-
Repayment of finance lease	(36)	-
Borrowings	2,358	(2,275)
Net cash from/ (used in) financing activities	1,906	(2,275)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,869	935
Effect of exchange rate changes	(978)	(91)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,582	5,411
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,473	6,255

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (con'd)
FOR THE QUARTER ENDED 31 AUGUST 2011**

Unaudited

	Three months ended 31 Aug	
	2011	2010
	RM'000	RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	10,060	9,502
Bank overdrafts	(5,972)	(3,429)
Short term deposits with licenced banks	3,027	3,809
	<u>7,115</u>	<u>9,882</u>
Fixed deposits pledged to bank	(2,642)	(3,627)
	<u>4,473</u>	<u>6,255</u>

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PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS 134

A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 May 2011. The explanatory notes attached to the interim financial statements 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 financial year ended 31 May 2011.

A2. Change in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2011, except for the adoption of the following new Financial Reporting Standards ("FRSs"), amendments and interpretations that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for the annual periods beginning on or after 1 July 2011

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures –Improving Disclosures about Financial Instruments
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

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Interpretation and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRS and interpretation effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The initial application of a standard, amendment and an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior period financial statements upon their first adoption.

The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group.

Following the announcement by the MASB on 1 August 2008, the Group's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 June 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group.

A3. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 31 May 2011 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.

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 and financial year under review.

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A8. Dividend

There is no dividend paid in current quarter.

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.

For the three months ended 31 August

	Segment Revenue		Segment Assets	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	65,974	60,679	213,945	196,765
Outside Malaysia	20,213	17,811	18,226	26,656
	86,187	78,490	232,171	223,421

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

There is no change in the composition of the Group during the current quarter ended 31 August 2011.

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A13. Contingent Liabilities

The Group is currently appealing against the Inland Revenue Board's decision to disallow certain expenses incurred by certain subsidiaries for income tax purposes which may result in additional income tax payable by the Group. Pending the finalization of the appeal, the Group has made full provision and fully paid RM1.3 million under dispute.

The Directors, having relied on the opinion from the solicitors, are of the opinion that no further provision is necessary.

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 31-8-2011 RM'000	Year ended 31-05-2011 RM'000
Purchase of raw material from -Pensia Plastic Industries Sdn. Bhd.	2,096	7,588
Sales of goods to an associate -Pensonic (B) Sdn Bhd	388	529
	<hr/>	<hr/>

A15. Disclosure of Realized and Unrealized Profit/ Losses

	Period ended 31-8-2011 RM'000	Year ended 31-5-2011 RM'001
Realised	29,215	27,240
Unrealised	(696)	(355)
	<hr/>	<hr/>
	28,519	26,885
Less: Consolidation adjustments	(2,278)	(2,411)
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Total retained earnings	<u>26,241</u>	<u>24,474</u>

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PART B – ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

Turnover for the current quarter is RM86,187,000 compared to RM78,490,000 in the preceding year corresponding quarter. There was an increase in turnover of 9.8% compared to the preceding year corresponding quarter due to seasonal sales cycle.

The Group recorded a profit before tax of RM2,035,000 for the current quarter compared to a profit before tax of RM2,028,000 in the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

Turnover for the current quarter is RM86,187,000 compared to RM79,647,000 in the immediate preceding quarter. There was a slight increase in turnover of 8.2% compared to the immediate preceding quarter.

Profit before tax for the current quarter is RM2,042,000 compared to profit before tax of RM1,243,000 in the immediate preceding quarter.

B3. Prospects for the Current Financial Year

During the current quarter, the Group has achieved a profitable result and planned to strengthen the growth and profitability in its core businesses.

B4. Variance from Profit Forecast

Not applicable as no profit forecast was published.

B5. Sales of Unquoted Investments and Properties

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

B6. Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter ended 31 August 2011.

B7. Status of Corporate Proposal

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

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B8. Borrowings and Debts Securities

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

	Unaudited 31-Aug-11 RM'000	Audited 31-May-11 RM'000
<u>Short term borrowings</u>		
<u>Unsecured</u>		
Bank overdraft	2,018	4,764
Bankers' acceptance	15,883	14,752
Term loans	1,623	1,103
	<hr/>	<hr/>
	19,524	20,619
<u>Secured</u>		
Bank overdraft	3,954	4,168
Bankers' acceptance	62,464	53,914
Trust receipts	-	536
Bills payable	-	157
Term loans	1,037	1,353
Finance lease liabilities	517	133
	<hr/>	<hr/>
	67,972	60,261
	<hr/>	<hr/>
	87,496	80,880
<u>Long term borrowings</u>		
<u>Unsecured</u>		
Term Loans	-	787
<u>Secured</u>		
Term Loans	2,402	2,237
Finance lease liabilities	-	420
	<hr/>	<hr/>
	2,402	2,657
	<hr/>	<hr/>
	2,402	3,444

The currency exposure profile of bank borrowings is as follows:

Ringgit Malaysia	89,702	83,631
Singapore Dollar	44	-
Hong Kong Dollar	152	693
	<hr/>	<hr/>
	89,898	84,324

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; and
- iii) Corporate guarantee by the Company

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B9. Off Balance Sheet Financial Instruments

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

B10. Material Litigation

The Group is not engaged in any material litigation for the quarter ended 31 August 2011.

B11. Dividend Paid

There was no dividend paid for the quarter.

B12. Earnings Per Share

	Individual Quarter 31 Aug	
	2011 RM'000	2010 RM'000
Net profit attributable to equity holders of the parent	2,042	2,065
Ordinary shares in issue	92,620	92,620
Basic earnings per share (sen)	2.20	2.23

B13. Authorization for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 28 October 2011.

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary

Date: 28 October 2011