

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 NOVEMBER 2011

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2011***Unaudited*

	Individual Quarter		Cumulative Quarter	
	30 Nov	30 Nov	30 Nov	30 Nov
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	87,102	72,131	173,289	150,621
Cost of sales	(67,309)	(56,664)	(133,784)	(117,077)
Gross profit	19,793	15,467	39,505	33,544
Other operating income	328	298	679	711
Administrative, selling & distribution expenses	(18,277)	(12,398)	(35,135)	(27,959)
Results from operating activities	1,844	3,367	5,049	6,296
Finance costs	(993)	(1,112)	(1,812)	(2,013)
Share of equity accounted associates	-	-	-	-
Profit before tax	851	2,255	3,237	4,283
Tax expense	(42)	(439)	(35)	(444)
Profit for the period	809	1,816	3,202	3,839
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	1,046	16	68	(75)
Total comprehensive income for the period	1,855	1,832	3,270	3,764
Profit/ (loss) attributable to:				
Shareholders of the Company	971	1,652	3,382	3,717
Minority interests	(162)	164	(180)	122
Profit for the period	809	1,816	3,202	3,839
Total comprehensive (loss)/ income attributable to:				
Shareholders of the Company	2,017	1,668	3,450	3,642
Minority interests	(162)	164	(180)	122
Profit for the period	1,855	1,832	3,270	3,764
Basic earnings per ordinary share (sen)	1.05	1.78	3.65	4.01

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 statement.

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2011***Unaudited*

	Note	Unaudited 30-Nov-11 RM'000	Audited 31-May-11 RM'000
ASSETS			
Property, plant and equipment		44,374	43,497
Investment properties		1,173	1,178
Deferred tax assets		1,354	1,354
Intangible assets		1,024	1,024
Investments in associates		163	163
Other investments		54	-
		<hr/>	<hr/>
Total non-current assets		48,142	47,216
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Trade and other receivables		81,025	74,089
Inventories		95,561	86,154
Current tax assets		2,824	563
Cash and cash equivalents		11,450	15,399
		<hr/>	<hr/>
Total current assets		190,860	176,205
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
TOTAL ASSETS		239,002	223,421
		<hr/>	<hr/>
EQUITY			
Share capital		46,310	46,310
Reserves		54,002	50,649
		<hr/>	<hr/>
Total equity attributable to owners of the Company		100,312	96,959
Minority interests		-	180
		<hr/>	<hr/>
TOTAL EQUITY		100,312	97,139
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 NOVEMBER 2011***Unaudited*

	Note	Unaudited 30-Nov-11 RM'000	Audited 31-May-11 RM'000
LIABILITIES			
Loans and borrowings	B8	2,178	3,443
Deferred tax liabilities		1,328	1,043
Total non-current liabilities		<u>3,506</u>	<u>4,486</u>
Trade and other payables		44,751	40,263
Loans and borrowings	B8	88,432	80,880
Current tax liabilities		2,001	653
Total current liabilities		<u>135,184</u>	<u>121,796</u>
Total liabilities		<u>138,690</u>	<u>126,282</u>
TOTAL EQUITY AND LIABILITIES		<u>239,002</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**AS AT 30 NOVEMBER 2011***Unaudited*

	-----Attributable to owners of the Company-----					
	Share Capital	Non- Distributable Reserve	Retained Earnings	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2011	46,310	26,175	24,474	96,959	180	97,139
Total comprehensive income/ (expense)	-	(29)	3,382	3,353	(180)	3,173
At 30 November 2011	46,310	26,146	27,856	100,312	-	100,312
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 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 CASH FLOWS
FOR THE QUARTER ENDED 30 NOVEMBER 2011***Unaudited*

	Six months ended 30 Nov	
	2011	2010
	RM'000	RM'000
Cash flows (used in)/ from operating activities		
Profit before taxation	3,237	4,283
Adjustments	3,435	3,038
Operating profit before changes in working capital	6,672	7,321
Changes in working capital:		
Net changes in current assets	(16,064)	(12,957)
Net changes in current liabilities	4,052	2,947
Cash used in operations	(5,340)	(2,689)
Interest received	30	35
Tax paid	(662)	(55)
Interest paid	(1,765)	(1,513)
Net cash used in operating activities	(7,737)	(4,222)
Cash flows used in investing activities		
Equity investments	(2,571)	-
Other investments	(54)	(2,485)
Net cash used in investing activities	(2,625)	(2,485)
Cash flows from financing activities		
Borrowings	10,102	7,532
Drawdown of finance lease liabilities	238	-
Repayment of term loans	(888)	-
Placement of pledged fixed deposits	(165)	-
Repayment of finance lease liabilities	(69)	-
Net cash from financing activities	9,218	7,532
Net (decrease)/ increase in cash and cash equivalents	(1,144)	825
Cash and cash equivalents at beginning of period	3,583	5,411
Effect of exchange differences on cash and cash equivalents	68	(75)
Cash and cash equivalents at end of period	2,507	6,161

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE QUARTER ENDED 30 NOVEMBER 2011**

Unaudited

	Six months ended 30 Nov	
	2011	2010
	RM'000	RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	8,311	11,139
Bank overdrafts	(5,804)	(5,181)
Short term deposits with licensed banks	3,139	3,830
	<hr/>	<hr/>
	5,646	9,788
Fixed deposits pledged to bank	(3,139)	(3,627)
	<hr/>	<hr/>
	2,507	6,161
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The Condensed Consolidated Statement of Cash Flows 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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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 Transaction
- 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 six months ended 30 November			
	Segment Revenue		Segment Assets	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	129,291	113,086	217,273	144,231
Outside Malaysia	43,998	37,535	21,729	38,190
	173,289	150,621	239,002	182,421

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 30 November 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 30-11-2011 RM'000	Year ended 31-05-2011 RM'000
Purchase of raw material from -Pensia Plastic Industries Sdn. Bhd.	3,812	7,588
Subcon and service charge income from -Pensia Plastic Industries Sdn. Bhd.	313	831
Sales of goods to an associate -Pensonic (B) Sdn Bhd	684	529
Rental income charged for sub-letting of factory premises -Pensia Plastic Industries Sdn. Bhd.	60	60
Rental expenses charge by - Directors of the Group	72	60

A15. Disclosure of Realized and Unrealized Profit/ Losses

	Period ended 30-11-2011 RM'000	Year ended 31-05-2011 RM'000
Realised	30,622	27,240
Unrealised	(146)	(355)
	30,476	26,885
Less: Consolidation adjustments	(2,620)	(2,411)
Total retained earnings	27,856	24,474

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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 RM87,102,000 compared to RM72,131,000 in the preceding year corresponding quarter. There was an increase in turnover of 21% compared to the preceding year corresponding quarter due to seasonal sales cycle.

The Group recorded a profit before tax of RM851,000 for the current quarter compared to a profit before tax of RM2,255,000 in the preceding year corresponding quarter resulted from the increase in administration, selling and distribution expenses in current quarter for future expansion.

However, the GP margin has improved by 1.5% as compared to the preceding year corresponding quarter due to change in sales mix as the Group's strategy for sales concentration on high margin items.

B2. Variation of results against preceding quarter

Turnover for the current quarter is RM87,102,000 compared to RM86,187,000 in the immediate preceding quarter. There was a slight increase in turnover of 1.1% compared to the immediate preceding quarter.

Profit before tax for the current quarter is RM851,000 compared to profit before tax of RM2,042,000 in the immediate preceding quarter resulted from the increase in administration, selling and distribution expenses in current quarter for future expansion. However, the GP margin was able to maintain the same GP margin at 23% with preceding year corresponding quarter.

B3. Prospects for the Current Financial Year

The Group will continue to focus on its core business and planned to strengthen the growth and profitability for the remaining period of financial year.

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 30 November 2011.

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B7. Status of Corporate Proposal

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

B8. Borrowings and Debts Securities

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

	Unaudited 30-Nov-2011 RM'000	Audited 31-May-11 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	3,384	4,764
Bankers' acceptance	78,776	14,752
Term loans	226	1,103
	<hr/> 82,386	<hr/> 20,619
Secured		
Bank overdraft	2,420	4,168
Bankers' acceptance	716	53,914
Bills payable	-	157
Trust receipts	-	536
Term loans	2,188	1,353
Finance lease liabilities	722	133
	<hr/> 6,046	<hr/> 60,261
	<hr/> 88,432	<hr/> 80,880
<u>Non - current</u>		
Unsecured		
Term loans	-	787
Secured		
Term loans	2,178	2,237
Finance lease liabilities	-	420
	<hr/> 2,178	<hr/> 2,657
	<hr/> 2,178	<hr/> 3,444
<p>The currency exposure profile of bank borrowings is as follows:</p>		
Ringgit Malaysia	89,610	83,631
Singapore Dollar	717	-
Hong Kong Dollar	283	693
	<hr/> 90,610	<hr/> 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 30 November 2011.

B11. Dividend Paid

There was no dividend paid for the quarter.

B12. Earnings Per Share

	Individual Quarter 30 November	
	2011	2010
Net profit for the year attributable to owners of the Company ('000)	3,382	3,717
Ordinary shares in issue ('000)	92,620	92,620
Basic earnings per share (sen)	3.65	4.01

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 18 January 2012.

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary

Date: 18 January 2012