



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 29 FEB 2020

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

INTERIM REPORT FOR THE PERIOD ENDED 29 FEB 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		9 months ended	
		29-Feb-20	28-Feb-19	29-Feb-20	28-Feb-19
		RM'000	RM'000	RM'000	RM'000
Revenue	9	69,430	66,978	217,677	237,460
Cost of sales		(57,564)	(53,716)	(181,343)	(193,989)
Gross profit		11,866	13,262	36,334	43,471
Other operating income		10,827	302	11,825	621
Interest income		11	30	56	73
Operating expenses		(15,701)	(13,161)	(40,535)	(40,292)
Results from operating activities		7,003	433	7,680	3,873
Finance costs		(989)	(1,132)	(3,096)	(3,244)
Operating profit/(loss)		6,014	(699)	4,584	629
Share of loss of equity accounted associates		(76)	(1)	(76)	(8)
Profit/(loss) before tax		5,938	(700)	4,508	621
Tax expense	18	(955)	(307)	(1,209)	(1,447)
Profit/(loss) after tax		4,983	(1,007)	3,299	(826)
Other comprehensive expenses, net of tax					
Foreign currency translation differences		-	63	126	394
Total comprehensive profit/(loss) for the period		4,983	(944)	3,425	(432)
Profit/(loss) attributable to:					
Shareholders of the Company		5,081	(968)	3,650	(758)
Non-controlling interests		(98)	(39)	(351)	(68)
		4,983	(1,007)	3,299	(826)
Total comprehensive profit/(loss) attributable to					
Shareholders of the Company		5,081	(905)	3,776	(364)
Non-controlling interests		(98)	(39)	(351)	(68)
		4,983	(944)	3,425	(432)
Basic earnings per ordinary share (sen)	24	3.92	0.75	2.81	(0.58)
Diluted earnings/(loss) per ordinary share (sen)	24	6.82	(0.83)	4.25	(0.62)

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 29 FEB 2020
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 29-Feb-20 RM'000	(Audited) 31-May-19 RM'000
ASSETS			
Property, plant and equipment		124,191	113,277
Intangible assets		870	870
Investments in associates		463	539
Deferred tax assets		533	533
Right of use assets		2,415	-
Total non-current assets		<u>128,472</u>	<u>115,219</u>
Inventories		51,933	70,556
Trade and other receivables	20	56,070	67,101
Current tax assets		435	306
Fixed deposit		747	498
Cash and cash equivalents		20,545	21,886
Total current assets		<u>129,730</u>	<u>160,347</u>
Assets classified as held for sales		-	204
TOTAL ASSETS		<u><u>258,202</u></u>	<u><u>275,770</u></u>
EQUITY			
Share capital		67,671	67,671
Reserves		49,406	45,630
Total equity attributable to owners of the Company		<u>117,077</u>	<u>113,301</u>
Non-controlling interests		1,891	2,273
TOTAL EQUITY		<u><u>118,968</u></u>	<u><u>115,574</u></u>
LIABILITIES			
Loans and borrowings	21	11,273	23,554
Deferred tax liabilities		164	358
Lease liability		1,113	-
Total non-current liabilities		<u>12,550</u>	<u>23,912</u>
Trade and other payables		32,271	42,201
Loans and borrowings	21	86,441	88,213
Current tax liabilities		6,619	5,870
Lease liability		1,353	-
Total current liabilities		<u>126,684</u>	<u>136,284</u>
Total liabilities		<u><u>139,234</u></u>	<u><u>160,196</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>258,202</u></u>	<u><u>275,770</u></u>
Net assets per share attributable to equity holders (RM)		0.92	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)
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INTERIM REPORT FOR THE PERIOD ENDED 29 FEB 2020
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	(639)	34,894	112,613	2,168	114,781
Adjustmnet of MFRS 9	-	-	-	-	-	-	-	-	-
At 1 June 2018, restated	67,671	(284)	4,488	6,483	(639)	34,894	112,613	2,168	114,781
Foreign currency translation differences	-	394	-	-	-	-	394	-	394
Loss for the period	-	-	-	-	-	(758)	(758)	(68)	(826)
Total comprehensive loss for the period	-	394	-	-	-	(758)	(364)	(68)	(432)
At 28 February 2019	67,671	110	4,488	6,483	(639)	34,136	112,249	2,100	114,349
At 1 June 2019	67,671	86	4,488	6,483	(639)	35,212	113,301	2,273	115,574
Foreign currency translation differences	-	126	-	-	-	-	126	-	126
Profit for the period	-	-	-	-	-	3,650	3,650	(351)	3,299
Total comprehensive income for the period	-	126	-	-	-	3,650	3,776	(351)	3,425
Capital distribution to NCI	-	-	-	-	-	-	-	(31)	(31)
At 29 February 2020	67,671	212	4,488	6,483	(639)	38,862	117,077	1,891	118,968

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 29 FEB 2020
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

	Cumulative Quarters	
	9 months ended	
	29-Feb-20	28-Feb-19
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,508	621
Adjustments for :		
Depreciation of property, plant and equipment	4,648	4,785
Depreciation of right of use assets	1,108	-
(Gain)/Loss on disposal of plant and equipment	(11,243)	24
Impairment loss on receivables	54	182
Interest expense	3,096	3,244
Interest income	(56)	(73)
Plant and equipment written off	44	142
Share of results of associates	76	8
Operating profit before working capital changes	2,235	8,933
Changes in working capital:		
Inventories	18,623	3,911
Trade and other receivables	10,978	5,940
Trade and other payables	(9,929)	(17,120)
Cash generated from operations	21,907	1,664
Income tax paid	(782)	(1,844)
Net cash from/(used in) operating activities	21,125	(180)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	20,149	54
Purchase of property, plant and equipment	(24,303)	(2,494)
Interest received	56	73
Net cash used in investing activities	(4,098)	(2,367)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(16,386)	15,760
Drawdown/(Repayment) of finance lease liabilities	60	52
Repayment of lease liability	(1,057)	-
Net changes in bankers' acceptance	-	(13,187)
Withdrawal/(Placement) of pledged fixed deposits	(250)	(25)
Interest paid	(3,096)	(3,244)
Capital distribution of a subsidiary	(32)	-
Net cash used in financing activities	(20,761)	(644)
Net decrease in cash and cash equivalents	(3,734)	(3,191)
Cash and cash equivalents at beginning of period	20,266	19,586
Effect of exchange differences on cash and cash equivalents	121	388
Cash and cash equivalents at end of period	16,653	16,783
Cash and cash equivalents comprised the following:		
Cash and bank balances	20,545	18,903
Bank overdrafts	(3,892)	(2,120)
	16,653	16,783

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)
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INTERIM REPORT FOR THE PERIOD ENDED 29 FEB 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 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)	3,463
Increase in non - current lease liabilities	(b)	2,063
Increase in current lease liabilities	(b)	1,400

Notes:

- a) 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.
- b) 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 29 Feb 2020.

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 9 months ending 29 Feb 2020					
	Manufacturing RM'000	Trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated Total RM'000
Revenue from external Customers	628	217,049	-	217,677	-	217,677
Segment profit	(1,876)	7,783	2,351	8,258	(3,750)	4,508
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	430	23,837	36	24,303	-	24,303
	For the 9 months ending 28 Feb 2019					
	Manufacturing RM'000	Trading RM'000	Others RM'000	Total RM'000	Elimination RM'000	Consolidated Total RM'000
Revenue from external customers	177	237,283	-	237,460	-	237,460
Segment profit	189	3,007	(1,214)	1,982	(1,361)	621
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	123	2,346	25	2,494	-	2,494

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10. Event after the Reporting Period

There were no material events subsequent to the end of the current financial period that have not been reflected in the financial statements for the current financial period under review.

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:

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>9 months ended</u>	
	<u>29-Feb-20</u>	<u>28-Feb-19</u>	<u>29-Feb-20</u>	<u>28-Feb-19</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Transaction with associate				
-Sales	381	377	2,378	1,476
Transaction with related party				
- Purchases	182	561	951	2,107
- Services acquired	31	39	120	135
- Rental expenses	6	-	42	-
- Sales	10	8	40	29

14. Review of Performance

	<u>Individual Quarter</u>			<u>Cumulative Period</u>		
	<u>3 months ended</u>			<u>9 months ended</u>		
	<u>29-Feb-20</u>	<u>28-Feb-19</u>	<u>%</u>	<u>29-Feb-20</u>	<u>28-Feb-19</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	69,430	66,978	3.7	217,677	237,460	(8.3)
Profit/(Loss) before tax	5,938	(700)	>(100)	4,508	621	>(100)
Profit/(Loss) after tax	4,983	(1,007)	>(100)	3,299	(826)	>(100)
Profit/(Loss) attributable to owner of the Company	5,081	(968)	>(100)	3,650	(758)	>(100)

The Group registered revenue of RM69.4 million compared to RM67.0 million in the preceding year corresponding quarter. Profit before tax ("PBT") was RM5.9 million compared to loss before tax ("LBT") of RM0.7 million in the preceding year corresponding quarter mainly due to gain from disposal of property, plant and equipment in the current financial quarter.

The Group registered revenue of RM217.7 million compared to RM237.5 million in the preceding year corresponding period, The Group recorded a PBT of RM4.5 million compared to profit before tax of RM0.6 million in the preceding year corresponding period mainly due to the gain from disposal of property, plant and equipment even though there is a reduction of revenue.

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15. Review of Performance

	Current Quarter Ended 29-Feb-20 RM'000	Immediate Preceding Quarter Ended 30-Nov-19 RM'000	%
Revenue	69,430	78,949	(12.1)
Profit/(Loss) before tax	5,938	(197)	>(100)
Profit/(Loss) after tax	4,983	(452)	>(100)
Profit/(Loss) attributable to owner of the Company	5,081	(284)	>(100)

The Group recorded revenue of RM69.4 million for the current financial quarter compared to RM78.9 million reported in the immediate preceding financial quarter ended 30 November 2019. The Group recorded a PBT of RM5.9 million compared with LBT of RM0.2 million in the preceding financial period mainly due to the gain from disposal of property, plant and equipment even though there is a reduction of revenue.

16. Commentary on Prospects

The short-term outlook for Malaysia is expected to be difficult. The Coronavirus (Covid19) outbreak has severely disrupted the world economy, creating uncertainties in the financial markets. The implementation of Movement Control Order (MCO) is encouraged to stop the spread of virus but on the other hand, it has adversely disrupted the supply chain and impacted the retail business operation. Export business is also affected as many countries are impacted by Covid19 and some are temporarily barred from importation of appliances. However, e-commerce transactions have been encouraging with high growth rate.

The Group will be taking the necessary measures in consolidating its local businesses with more cost saving by merging certain business units. Focus on e-commerce will be greatly emphasized and foreseeing a better margin from this sector. More precautionary measures will be taken in order to mitigate the impacts on the Group's bottom line, preserve its balance sheet and at the same time, place top priority on employees' health and safety at this juncture. This is critical to ensure that the Group will be in position to benefit when the recovery comes.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-20	28-Feb-19	29-Feb-20	28-Feb-19
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	449	75	665	1,236
- Prior year	385	246	385	246
Foreign statutory tax				
- Current year	126	-	126	-
Deferred tax expense				
- Current year	(5)	(14)	33	(35)
	<u>955</u>	<u>307</u>	<u>1,209</u>	<u>1,447</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2019: 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.

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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 29-Feb-20 RM'000	Audited 31-May-19 RM'000
Neither past due nor impaired	36,860	44,322
Past due but not impaired:		
Less than 60 days	7,627	13,717
60 to 120 days	3,346	1,280
More than 120 days	2,627	1,373
	<u>13,600</u>	<u>16,370</u>
	50,515	60,692
Impaired	<u>(1,086)</u>	<u>(1,049)</u>
	<u>49,374</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 29-Feb-20 RM'000	Audited 31-May-19 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	3,055	1,010
Revolving credit	4,410	10,600
Bankers' acceptance	42,778	54,477
	<u>50,143</u>	<u>66,087</u>
<u>Secured</u>		
Bank overdraft	837	609
Term loans	34,770	20,251
Bankers' acceptance	-	730
Finance lease liabilities	591	536
	<u>36,198</u>	<u>22,126</u>
	<u>86,441</u>	<u>88,213</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	10,368	22,654
Finance lease liabilities	905	900
	<u>11,273</u>	<u>23,554</u>
	<u>97,914</u>	<u>111,767</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>97,714</u>	<u>111,767</u>

The bank borrowings and term loans are secured by the following:

- Legal charges over certain properties belonging to the Company and subsidiary companies;
- Lien on fixed deposits belonging to the subsidiary companies; and
- 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 29 Feb 2020. .

23. Dividend

The Board does not recommend any dividend for the current financial period ended 29 Feb 2020.

24. Earnings per Share (“EPS”)

(a) Basic EPS

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-20	28-Feb-19	29-Feb-20	28-Feb-19
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	5,081	(968)	3,650	(758)
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic profit/(loss) per share (sen)	<u>3.92</u>	<u>(0.75)</u>	<u>2.81</u>	<u>(0.58)</u>

(b) Diluted EPS

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-20	28-Feb-19	29-Feb-20	28-Feb-19
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	5,081	(968)	3,650	(758)
Number of ordinary shares in issue ('000)	74,473	116,998	85,776	122,448
Diluted profit/(loss) per share (sen)	<u>6.82</u>	<u>(0.83)</u>	<u>4.25</u>	<u>(0.62)</u>

25. Profit/(Loss) for the Period

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

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-20	28-Feb-19	29-Feb-20	28-Feb-19
After charging / (crediting):-				
Interest income	(11)	(30)	(56)	(73)
Government grants received	(15)	(271)	(33)	(307)
(Gain)/Loss on disposal of property, plant and equipment	(10,800)	(9)	(11,243)	25
Realised (gain)/loss on foreign exchange	(160)	(227)	(593)	23
(Reversal)/provision for doubtful debt	70	(23)	54	182
Interest expense	989	1,132	3,096	3,244
Depreciation & amortization	1,525	1,582	4,648	4,785
Inventories provision	(255)	(58)	86	397
Plant and equipment written off	42	27	44	142
Unrealised (gain)/loss on foreign exchange	(270)	(91)	(354)	(450)
Bad debt written off	-	-	1	16

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.