



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOV 2023**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Second Quarter Ended 30 Nov 2023

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30-Nov-23 RM'000	30-Nov-22 RM'000	30-Nov-23 RM'000	30-Nov-22 RM'000
Revenue	9	71,486	58,456	144,721	131,861
Cost of sales		(57,762)	(47,507)	(116,826)	(106,622)
Gross profit		13,724	10,949	27,895	25,239
Other operating income		448	555	1,194	415
Interest income		9	4	17	4
Operating expenses		(13,129)	(11,238)	(26,348)	(24,804)
Results from operating activities		962	270	2,758	854
Finance costs		(1,051)	(1,152)	(2,054)	(2,236)
Operating profit/(loss)		(89)	(882)	704	(1,382)
Share of results of associates		(41)	11	(55)	20
Profit/(Loss) before tax		(130)	(871)	649	(1,362)
Tax expenses	18	(403)	(101)	(1,003)	(375)
Profit/(Loss) after tax		(533)	(972)	(354)	(1,737)
Other comprehensive expenses, net of tax					
Foreign currency translation differences		649	641	854	1,220
Total comprehensive profit/(loss) for the period		116	(331)	500	(517)
Profit/(Loss) attributable to :					
Shareholders of the Company		(440)	(834)	(104)	(1,451)
Non-controlling interests		(93)	(138)	(250)	(286)
		(533)	(972)	(354)	(1,737)
Total comprehensive profit/(loss) attributable to :					
Shareholders of the Company		208	(205)	750	(392)
Non-controlling interests		(92)	(126)	(250)	(125)
		116	(331)	500	(517)
Basic earnings/(loss) per ordinary share (sen)	24	(0.34)	(0.66)	(0.08)	(1.15)
Diluted earnings per ordinary share (sen)	24	(0.32)	#	#	#

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position as at 30 Nov 2023

	Note	(Unaudited) 30-Nov-23 RM'000	(Audited) 31-May-23 RM'000
ASSETS			
Property, plant and equipment		112,890	109,382
Intangible assets		870	870
Investment in associates		1,331	1,386
Goodwill on consolidation		346	-
Deferred tax assets		171	126
Total non-current assets		<u>115,608</u>	<u>111,764</u>
Inventories		80,089	79,571
Trade and other receivables		44,862	57,369
Current tax assets		1,317	1,032
Fixed deposit		556	548
Cash and bank balances		26,338	23,733
Total current assets		<u>153,162</u>	<u>162,253</u>
TOTAL ASSETS		<u>268,770</u>	<u>274,017</u>
EQUITY			
Share capital		72,889	67,671
Reserves		73,112	70,687
Total equity attributable to owners of the Company		<u>146,001</u>	<u>138,358</u>
Non-controlling interests		42	325
TOTAL EQUITY		<u>146,043</u>	<u>138,683</u>
LIABILITIES			
Loans and borrowings		23,160	24,501
Deferred tax liabilities		301	301
Lease liabilities		48	163
Total non-current liabilities		<u>23,509</u>	<u>24,965</u>
Trade and other payables		41,501	50,903
Loans and borrowings		56,814	58,664
Current tax liabilities		611	310
Lease liability		292	492
Total current liabilities		<u>99,218</u>	<u>110,369</u>
TOTAL LIABILITIES		<u>122,727</u>	<u>135,334</u>
TOTAL EQUITY AND LIABILITIES		<u>268,770</u>	<u>274,017</u>
Net assets per share attributable to equity holders (RM)		1.14	1.10

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity for the Period Ended 30 Nov 2023

	← Attributable to owners of the Company →						Distributable Retained Earnings	Total	Non- Controlling Interests	Total Equity
	Share Capital	Treasury Share	Non-Distributable		Warrant Reserve	Other Reserve				
	RM'000	RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2022	67,671	(2,294)	981	4,488	6,483	(639)	65,409	142,099	53	142,152
Loss for the period	-	-	-	-	-	-	(1,451)	(1,451)	(286)	(1,737)
Foreign currency translation differences	-	-	1,058	-	-	-	-	1,058	161	1,219
Total comprehensive loss for the period	-	-	1,058	-	-	-	(1,451)	(393)	(125)	(518)
Additional NCI	-	-	-	-	-	-	-	-	1,089	1,089
Own shares acquired	-	(44)	-	-	-	-	-	(44)	-	(44)
At 30 Nov 2022	67,671	(2,338)	2,039	4,488	6,483	(639)	63,958	141,662	1,017	142,679
At 1 June 2023	67,671	(2,326)	1,931	4,488	6,483	(639)	60,800	138,358	323	138,681
Profit for the period	-	-	-	-	-	-	(104)	(104)	(250)	(354)
Foreign currency translation differences	-	-	855	-	-	-	-	855	-	855
Total comprehensive profit for the period	-	-	855	-	-	-	(104)	751	(250)	501
Warrant conversion	-	-	-	-	1,674	-	-	1,674	-	1,674
Decrease in NCI	-	-	-	-	-	-	-	-	(31)	(31)
Issued share capital	5,218	-	-	-	-	-	-	5,218	-	5,218
At 30 Nov 2023	72,889	(2,376)	2,786	4,488	8,157	(639)	60,696	146,001	42	146,043

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows for the Period Ended 30 Nov 2023

	Cumulative Quarters	
	6 months ended	
	30-Nov-23	30-Nov-22
	RM'000	RM'000
Cash Flows from operating activities		
Profit/(Loss) before tax	649	(1,362)
Adjustments for :		
Depreciation of property, plant and equipment	2,479	2,655
Interest expense	2,031	2,181
Accretion of interest on lease liabilities	10	47
(Gain)/(Loss) on disposal of plant, equipment and right-of-used assets	(229)	(152)
Property, plant and equipment written off	4	24
Interest income	(17)	(4)
Share of results of associates	55	(20)
Operating profits before working capital changes	4,982	3,369
Changes in working capital :		
Inventories	(184)	6,436
Trade and other receivables	13,305	24,894
Trade and other payables	(10,024)	(24,957)
	3,097	6,373
Cash generated from operations	8,079	9,742
Income tax paid	(1,031)	(1,886)
Net cash from operating activities	7,048	7,856
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	258	163
Purchase of property, plant and equipment	(922)	(1,139)
Interest Received	17	4
Increase of shareholding in subsidiary	(377)	
Acquisition/ Proceeds from issuance of shares to NCI	-	1,089
Net cash (used in)/from investing activities	(1,024)	117
Cash flows from financing activities		
(Repayment)/Drawdown of loans and borrowings, net	(3,245)	(13,185)
(Repayment)/Drawdown/of hire purchase creditors, net	(306)	37
Repayment of lease liability	(200)	(335)
Withdrawal/(Placement) of fixed deposits	(8)	(7)
Repurchase of treasury share	-	(45)
Proceeds from warrant conversion	1,674	
Interest paid	(2,041)	(2,228)
Net cash used in financing activities	(4,126)	(15,763)
Net increase/(decrease) in cash and cash equivalents	1,898	(7,790)
Cash and cash equivalents at beginning of the period	23,059	20,955
Effect of exchange differences on cash and cash equivalents	348	147
Cash and cash equivalents at end of the period	25,305	13,312
Cash and cash equivalents comprised the followings:		
Cash and bank balances	26,338	17,835
Bank overdraft	(1,033)	(4,523)
	25,305	13,312

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2023 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements for the Period Ended 30 Nov 2023**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 2023. 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 2023.

The following are accounting standard and amendments that have been issued by the Malaysian 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 2023

- MFRS17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts, Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 12, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments : Disclosures – Supplier Finance Arrangements*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rules – Lack of Exchangeability*

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 amendments, where applicable in the respective financial years when the abovementioned 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 amendments is 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 2023 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 2024.

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 2023.

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 30 November 2023.

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, other than below:

- (a) On 3rd November 2023, the issued and paid-up share capital of subsidiary Pensia Industries Sdn Bhd increased from RM5,000,000 comprising of 5,000,000 Ordinary shares ("OS") to RM10,217,888 comprising of 6,654,057 OS by allotment of 1,654,057 new OS at an issue price of RM3.1546.
- (b) During the financial period, there were 4,117,700 of shares allotted from warrant conversion, at the exercise price of RM0.60. Accordingly, the issued and paid up share capital of the Company increased to 133,787,700 of ordinary shares. Total number of treasury shares held was 3,986,300 ordinary shares as at 30 November 2023.

8. Dividend Paid

There was no Dividend paid during the period under review.

9. Segmental Information

	For the 6 months ended 30 Nov 2023					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	15,345	129,376	-	144,721	-	144,721
Segment profit/(loss)	3,900	(2,540)	(287)	1,073	(424)	649

Segment assets

Included in the measure of segment assets is:

Capital expenditure	5,954	182	7	6,143	(3)	6,140
---------------------	-------	-----	---	-------	-----	-------

	For the 6 months ended 30 Nov 2022					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,443	130,418	-	131,861	-	131,861
Segment (loss)/profit	743	(2,212)	(383)	(1,852)	490	(1,362)

Segment assets

Included in the measure of segment assets is:

Capital expenditure	108	913	118	1,139	-	1,139
---------------------	-----	-----	-----	-------	---	-------

10. Event after the Reporting Period

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

11. Changes in Composition of the Group

There were no changes in composition of the Group during the financial period.

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		6 months ended	
	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
-Sales	250	1,076	708	2,223
Transaction with related party				
- Purchases	492	273	1,456	561
- Services acquired	201	1	328	152
- Sales	4	-	8	-

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended		%	6 months ended		%
	30-Nov-23	30-Nov-22		30-Nov-23	30-Nov-22	
	RM'000	RM'000		RM'000	RM'000	
Revenue	71,486	58,456	22	144,721	131,861	10
Profit/(Loss) before tax	(130)	(871)	85	649	(1,362)	148
Profit/(Loss) after tax	(533)	(972)	45	(354)	(1,737)	80
Profit/(Loss) attributable to owner of the Company	(440)	(834)	47	(104)	(1,451)	93

The Group registered revenue of RM71.5 million compared to RM58.4 million in the preceding year corresponding quarter. The Group recorded a loss before tax of RM0.1 million compared to loss before tax of RM0.9 million in the preceding year corresponding quarter.

The Group registered revenue of RM144.7 million, 10% higher compared to RM131.8 million in the preceding year corresponding period. The profit before tax of the Group recorded at RM0.6 million compared to loss before tax of RM1.4 million in the preceding year corresponding period. Higher profit in the current period due to better sales in this financial period and higher gain from other operating income.

15. Review of Performance

	Current Quarter Ended 30-Nov-23	Immediate Preceding Quarter Ended 31-Aug-23	%
	RM'000	RM'000	
Revenue	71,486	73,235	(2)
Profit/(Loss) before tax	(130)	779	(117)
Profit/(Loss) after tax	(533)	179	(398)
Loss attributable to owner of the Company	(440)	336	(231)

The Group registered revenue of RM71.5 million for the current financial quarter compared to RM73.2 million reported in the immediate preceding financial quarter ended 31 Aug 2023. Although there is a small decrease in sales, the Group recorded a loss before tax of RM0.1 million compared with profit before tax of RM0.8 million in the preceding financial quarter, mainly due to higher gain in foreign exchange in the preceding quarter.

16. Commentary on Prospects

Facing the complex market environment and intense competition, the Group will maintain its focus on cost containment, productivity and operation efficiency to strengthen the competitiveness in the market. Additionally, the rise of e-commerce has transformed consumer purchasing behaviour. The Group will enhance its online presence and streamline the e-commerce strategies that can tap into a broader customer base and improve overall sales.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-23 RM'000	30-Nov-22 RM'000	30-Nov-23 RM'000	30-Nov-22 RM'000
Current tax expenses				
- Current year	427	97	1,047	381
- Prior year	-	-	-	-
Deferred tax expenses				
- Current year	(24)	4	(44)	(6)
- Prior year	-	-	-	-
	<u>403</u>	<u>101</u>	<u>1,003</u>	<u>375</u>

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Company was recently informed by the Malaysian investment authorities that the Group's application to extend its tax holiday period for the second 5 years covering financial years ended 2018 to 2022 is not approved.

The Company is in the midst of discussion with the authorities to appeal the decision. Based on the Company's application submitted and previous discussions with the authorities on the above matter, the Directors are of the opinion that the Company has a fair chance for the appeal to be considered. In the meantime, pending the outcome of the appeal, the Company has not made any provision for the financial impact, if any.

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 30-Nov-23 RM'000	Audited 31-May-23 RM'000
Neither past due nor impaired	30,964	41,214
Past due but not impaired:		
Less than 60 days	5,613	11,243
60 to 120 days	3,484	944
More than 120 days	5,085	2,611
	<u>14,182</u>	<u>14,798</u>
	45,146	56,012
Impaired	<u>(1,604)</u>	<u>(1,413)</u>
	<u>43,542</u>	<u>54,599</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 year are as follows:

	Unaudited 30-Nov-23 RM'000	Audited 31-May-23 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	1,033	624
Revolving credit	6,211	6,713
Bankers' acceptance	33,812	35,126
	<u>41,056</u>	<u>42,463</u>
Secured		
Bank overdraft	-	50
Term loans	2,269	2,297
Bankers' acceptance	13,001	13,289
Hire Purchase Creditors	488	565
	<u>15,758</u>	<u>16,201</u>
	<u>56,814</u>	<u>58,664</u>
<u>Non – current</u>		
Secured		
Term loans	22,707	23,819
Hire Purchase Creditors	453	682
	<u>23,160</u>	<u>24,501</u>
	<u>79,974</u>	<u>83,165</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>79,974</u>	<u>83,165</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 period ended 30 Nov 2023.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 30 Nov 2023.

24. Earnings per Share (“EPS”)

Basic earnings/ (loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22
Profit attributable to owners of the Company (RM'000)	(440)	(834)	(104)	(1,451)
Weighted average number of ordinary shares in issue (units'000)	128,084	125,776	128,084	125,776
Basic earnings/(loss) per share (sen)	(0.34)	(0.66)	(0.08)	(1.15)

Diluted earnings/ (loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		6 months ended	
	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22
(Loss)/Profit attributable to owners of the Company (RM'000)	(440)	-	-	-
Weighted average number of ordinary shares used in calculation of basic earnings/(loss) per share ('000)	128,084	-	-	-
Adjusted for effect of conversion of warrants	7,727	-	-	-
Weighted average number of ordinary shares (diluted) ('000)	135,811	-	-	-
Diluted earnings/(loss) per ordinary share (sen)	(0.32)	-	-	-

Diluted earnings per share is not applicable for current cumulative period and preceding year corresponding period 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		6 months ended	
	30-Nov-23	30-Nov-22	30-Nov-23	30-Nov-22
After charging / (crediting):-				
Property, plant & equipment written off	-	24	4	24
(Gain) on disposal of property, plant and equipment	(219)	-	(229)	(152)
Government Grant received	(9)	(17)	(9)	(49)
Interest Income	(9)	(4)	(17)	(4)
Royalty Income	-	(69)	(109)	(69)
Realised (gain)/loss on foreign exchange	(12)	(210)	(377)	(17)
Unrealised loss/(gain) on foreign exchange	(112)	(320)	(145)	(214)
Interest expense	1,042	1,137	2,031	2,181

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.