



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 29 FEB 2024**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Third Quarter Ended 29 Feb 2024

	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		29-Feb-24 RM'000	28-Feb-23 RM'000	29-Feb-24 RM'000	28-Feb-23 RM'000
Revenue	9	79,704	62,731	224,425	194,592
Cost of sales		(65,786)	(50,018)	(182,612)	(156,640)
Gross profit		13,918	12,713	41,813	37,952
Other operating income		1,512	201	2,706	616
Interest income		2	3	19	7
Operating expenses		(14,267)	(12,406)	(40,615)	(37,210)
Results from operating activities		1,165	511	3,923	1,365
Finance costs		(884)	(994)	(2,938)	(3,230)
Operating profit/(loss)		(281)	(483)	985	(1,865)
Share of results of associates		(59)	8	(114)	28
Profit/(Loss) before tax		222	(475)	871	(1,837)
Tax expenses	18	37	(433)	(966)	(808)
Profit/(Loss) after tax		259	(908)	(95)	(2,645)
Other comprehensive expenses, net of tax					
Foreign currency translation differences		(173)	(907)	681	313
Total comprehensive profit/(loss) for the period		86	(1,815)	586	(2,332)
Profit/(Loss) attributable to :					
Shareholders of the Company		104	(809)	-	(2,260)
Non-controlling interests		155	(99)	(95)	(385)
		259	(908)	(95)	(2,645)
Total comprehensive profit/(loss) attributable to :					
Shareholders of the Company		69	(1,649)	681	(2,041)
Non-controlling interests		155	(166)	(95)	(291)
		86	(1,815)	586	(2,332)
Basic earnings/(loss) per ordinary share (sen)	24	(0.07)	(0.64)	-	(1.80)
Diluted earnings per ordinary share (sen)	24	(0.07)	#	-	#

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 29 Feb 2024

	Note	(Unaudited) 29-Feb-24 RM'000	(Audited) 31-May-23 RM'000
ASSETS			
Property, plant and equipment		112,954	109,382
Intangible assets		870	870
Investment in associates		1,272	1,386
Goodwill on consolidation		346	-
Deferred tax assets		144	126
Total non-current assets		115,586	111,764
Inventories		67,981	79,571
Trade and other receivables		55,007	57,369
Current tax assets		1,646	1,032
Fixed deposit		556	548
Cash and bank balances		28,353	23,733
Total current assets		153,543	162,253
TOTAL ASSETS		269,129	274,017
EQUITY			
Share capital		67,671	67,671
Reserves		88,955	70,687
Total equity attributable to owners of the Company		156,626	138,358
Non-controlling interests		3,587	325
TOTAL EQUITY		160,213	138,683
LIABILITIES			
Loans and borrowings		22,870	24,501
Deferred tax liabilities		301	301
Lease liabilities		60	163
Total non-current liabilities		23,231	24,965
Trade and other payables		35,230	50,903
Loans and borrowings		49,725	58,664
Current tax liabilities		443	310
Lease liability		287	492
Total current liabilities		85,685	110,369
TOTAL LIABILITIES		108,916	135,334
TOTAL EQUITY AND LIABILITIES		269,129	274,017
Net assets per share attributable to equity holders (RM)		1.15	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 29 Feb 2024

	← Attributable to owners of the Company →						Distributable Retained Earnings	Total	Non- Controlling Interests	Total Equity
	← Non-Distributable →									
	Share Capital	Treasury Share	Exchange Translation Reserve	Capital Reserve	Warrant Reserve	Other Reserve				
At 1 June 2022	67,671	(2,294)	981	4,488	6,483	(639)	65,408	142,098	53	142,151
Loss for the period	-	-	-	-	-	-	(2,260)	(2,260)	(385)	(2,645)
Foreign currency translation differences	-	-	219	-	-	-	-	219	94	313
Total comprehensive loss for the period	-	-	219	-	-	-	(2,260)	(2,041)	(291)	(2,332)
Dividend paid	-	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
Additional NCI	-	-	-	-	-	-	-	-	1,088	1,088
Own shares acquired	-	(71)	-	-	-	-	-	(71)	-	(71)
At 28 Feb 2023	67,671	(2,365)	1,200	4,488	6,483	(639)	61,576	138,414	850	139,264
At 1 June 2023	67,671	(2,376)	1,931	4,488	6,483	(639)	60,799	138,357	324	138,681
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	0	0	(95)	(95)
Foreign currency translation differences	-	-	682	-	-	-	-	682	(1)	681
Total comprehensive profit for the period	-	-	682	-	-	-	0	682	(96)	586
Repurchase of Treasury Share	-	(743)	-	-	-	-	-	(743)	-	(743)
Warrant conversion	-	-	-	-	16,502	-	-	16,502	-	16,502
Dilution of interest in a subsidiary	-	-	-	-	-	-	1,828	1,828	3,390	5,218
Decrease in NCI	-	-	-	-	-	-	-	-	(31)	(31)
At 29 Feb 2024	67,671	(3,119)	2,613	4,488	22,985	(639)	62,627	156,626	3,587	160,213

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 29 Feb 2024

	Cumulative Quarters	
	9 months ended	
	29-Feb-24	28-Feb-23
	RM'000	RM'000
Cash Flows from operating activities		
Profit/(Loss) before tax	871	(1,837)
Adjustments for :		
Depreciation of property, plant and equipment	3,758	3,919
Interest expense	2,908	3,163
Accretion of interest on lease liabilities	13	55
(Gain)/(Loss) on disposal of plant, equipment and right-of-used assets	(1,679)	(153)
Property, plant and equipment written off	4	24
Interest income	(19)	(7)
Share of results of associates	114	(28)
Operating profits before working capital changes	5,970	5,136
Changes in working capital :		
Inventories	11,913	16,828
Trade and other receivables	2,760	34,403
Trade and other payables	(16,005)	(30,920)
	(1,332)	20,311
Cash generated from operations	4,638	25,447
Income tax paid	(1,466)	(2,855)
Net cash generated from/(used in) operating activities	3,172	22,592
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and right-of-used assets	1,862	150
Purchase of property, plant and equipment	(2,367)	(1,238)
Interest Received	19	7
Capital Investment in an associate / subsidiary	(377)	-
Acquisition/ Proceeds from issuance of shares to NCI	-	1,088
Net cash generated from/(used in) investing activities	(863)	7
Cash flows from financing activities		
(Repayment)/Drawdown of loans and borrowings, net	(11,823)	(21,564)
(Repayment)/Drawdown/of hire purchase creditors, net	35	(116)
Repayment of lease liability	(241)	(449)
Withdrawal/(Placement) of fixed deposits	(8)	(7)
Repurchase of treasury share	(743)	(71)
Dividend paid to owners of the Company	-	(1,572)
Proceeds from warrant conversion	16,502	-
Interest paid	(2,921)	(3,218)
Net cash generated from/(used in) financing activities	801	(26,997)
Net increase/(decrease) in cash and cash equivalents	3,110	(4,398)
Cash and cash equivalents at beginning of the period	23,059	20,955
Effect of exchange differences on cash and cash equivalents	294	398
Cash and cash equivalents at end of the period	26,463	16,955
Cash and cash equivalents comprised the followings:		
Cash and bank balances	28,353	21,495
Bank overdraft	(1,890)	(4,540)
	26,463	16,955

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 29 Feb 2024**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 29 February 2024.

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) During the financial period, there were 27,723,426 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 157,391,426 of ordinary shares.
- (b) The company repurchased 1,050,000 of its issued share capital from the open market for an average price of RM0.70 per share. The repurchased transaction were financed by internally generated funds. All the shares bought are retained as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The treasury shares held had been accounted for using cost method. The amount of consideration paid, including directly attributable costs, is recognised as costs and set off against equity. Total number of treasury shares held was 5,036,300 ordinary shares as at 29 February 2024.

8. Dividend Paid

There was no Dividend paid during the period under review.

9. Segmental Information

	For the 9 months ended 29 Feb 2024					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	25,806	198,619	-	224,425	-	224,425
Segment profit/(loss)	4,626	(3,037)	(543)	1,046	(175)	871
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	6,472	1,102	14	7,588	(3)	7,585
	For the 9 months ended 28 Feb 2023					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	2,906	191,686	-	194,592	-	194,592
Segment (loss)/profit	719	(2,366)	(639)	(2,286)	449	(1,837)
Segment assets <i>Included in the measure of segment assets is:</i>						
Capital expenditure	136	973	142	1,251	(13)	1,238

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

On 3 November 2023, Pensia Industries Sdn Bhd ("PI"), a wholly-owned subsidiary of the Company issued 1,654,057 new ordinary shares to its Director, Mr. Lim Aun Ghee in exchange of the new machinery contributed by the Director amounting to RM5,217,888. Following that, the equity interest of the Company in PI was diluted from 100% to 75.14%.

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		9 months ended	
	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23
	RM'000	RM'000	RM'000	RM'000
Transaction with associate				
-Sales		1,236	1,236	1,944
				3,460
Transaction with related party				
- Purchases		128	283	1,584
- Services acquired		466	142	794
- Sales		568	-	576
				-

14. Review of Performance

	Individual Quarter			Cumulative Period		
	3 months ended			9 months ended		
	29-Feb-24	28-Feb-23	%	29-Feb-24	28-Feb-23	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	79,704	62,731	27	224,425	194,592	15
Profit/(Loss) before tax	222	(475)	147	871	(1,837)	147
Profit/(Loss) after tax	259	(908)	129	(95)	(2,645)	96
Profit/(Loss) attributable to owner of the Company	104	(809)	113	-	(2,260)	100

The Group registered revenue of RM79.7 million compared to RM62.7 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM0.2 million compared to loss before tax of RM0.4 million in the preceding year corresponding quarter.

The Group registered revenue of RM224.4 million, representing an increase of 15% compared to RM194.5 million in the preceding year corresponding period. The Group had improved profitability with profit before tax of RM0.8 million for the current financial period compared to loss before tax of RM1.8 million in the preceding year corresponding period. Higher profit in the current period due to better sales coupled with gain from disposal of asset.

15. Review of Performance

	Current Quarter Ended 29-Feb-24	Immediate Preceding Quarter Ended 30-Nov-23	%
	RM'000	RM'000	
Revenue	79,704	71,486	11
Profit/(Loss) before tax	222	(130)	(271)
Profit/(Loss) after tax	259	(533)	(149)
Loss attributable to owner of the Company	104	(440)	(124)

The Group registered revenue of RM79.7 million for the current financial quarter compared to RM71.4 million reported in the immediate preceding financial quarter ended 30 Nov 2023. The Group recorded a profit before tax of RM0.2 million compared with loss before tax of RM0.1 million in the preceding financial quarter, due to higher revenue generated in the current quarter under review coupled with the gain from disposal of asset.

16. Commentary on Prospects

The current economic situation continues to be challenging. Nonetheless, the Group remains steadfast in its focus to ensure long term sustainability by building resilience to strengthen its competitiveness in the market through deployment of aggressive marketing strategies, improvement in supply chain system, manpower efficiency and cost containment.

The Group's agility in adapting to the changing economic landscape will determine its ability to thrive in the decades ahead. With a new leadership team, the Group will strive to position Pensonic as a formidable player poised for sustainable growth and enhanced profitability in the years to come.

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-24	28-Feb-23	29-Feb-24	28-Feb-23
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	299	320	1,346	701
- Prior year	(362)	105	(362)	105
Deferred tax expenses				
- Current year	26	8	(18)	(2)
- Prior year	-	-	-	-
	<u>(37)</u>	<u>433</u>	<u>966</u>	<u>808</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 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	Audited
	29-Feb-24	31-May-23
	RM'000	RM'000
Neither past due nor impaired	38,095	41,214
Past due but not impaired:		
Less than 60 days	9,575	11,243
60 to 120 days	4,070	944
More than 120 days	2,939	2,611
	<u>16,583</u>	<u>14,798</u>
	<u>54,678</u>	<u>56,012</u>
Impaired	<u>(1,347)</u>	<u>(1,413)</u>
	<u>53,332</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 29-Feb-24 RM'000	Audited 31-May-23 RM'000
<u>Current</u>		
Unsecured		
Bank overdraft	1,773	624
Revolving credit	6,211	6,713
Bankers' acceptance	25,006	35,126
	<u>32,990</u>	<u>42,463</u>
Secured		
Bank overdraft	117	50
Term loans	2,269	2,297
Bankers' acceptance	13,800	13,289
Hire Purchase Creditors	549	565
	<u>16,735</u>	<u>16,201</u>
	<u>49,725</u>	<u>58,664</u>
<u>Non – current</u>		
Secured		
Term loans	22,136	23,819
Hire Purchase Creditors	734	682
	<u>22,870</u>	<u>24,501</u>
	<u>72,595</u>	<u>83,165</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>72,595</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 29 Feb 2024.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 29 Feb 2024.

24. Earnings per Share (“EPS”)

Basic earnings/ (loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23
Profit attributable to owners of the Company (RM'000)	104	(809)	-	(2,260)
Weighted average number of ordinary shares in issue (units'000)	138,854	124,327	138,854	124,327
Basic earnings/(loss) per share (sen)	0.07	(0.64)	-	(1.80)

Diluted earnings/ (loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23
(Loss)/Profit attributable to owners of the Company (RM'000)	104	(809)	-	(2,260)
Weighted average number of ordinary shares used in calculation of basic earnings/(loss) per share ('000)	138,854	124,327	138,854	134,851
Adjusted for effect of conversion of warrants	3,758	9,574	386	(9,588)
Weighted average number of ordinary shares (diluted) ('000)	142,612	133,901	139,240	125,263
Diluted earnings/(loss) per ordinary share (sen)	0.07	3.01	-	#

Diluted earnings per share is not applicable for 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		9 months ended	
	29-Feb-24	28-Feb-23	29-Feb-24	28-Feb-23
After charging / (crediting):-				
Property, plant & equipment written off (Gain) on disposal of property, plant and equipment	4	-	4	24
Government Grant received	(1,450)	(1)	(1,679)	(153)
Interest Income	-	-	(9)	(49)
Royalty Income	(2)	(3)	(19)	(7)
Realised (gain)/loss on foreign exchange	(4)	1	(113)	(68)
Unrealised loss/(gain) on foreign exchange	(88)	(498)	(465)	(515)
Interest expense	109	333	(36)	119
	877	982	2,908	3,163

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.