



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2019
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		12 months ended	
		31-May-19	31-May-18	31-May-19	31-May-18
		RM'000	RM'000	RM'000	RM'000
Revenue	9	87,168	79,008	324,381	316,911
Cost of sales		(71,147)	(62,683)	(265,059)	(258,417)
Gross profit		16,021	16,325	59,322	58,494
Other operating income		825	237	1,446	766
Interest income		40	26	113	92
Operating expenses		(14,605)	(14,163)	(54,727)	(50,917)
Results from operating activities		2,281	2,425	6,154	8,435
Finance costs		(1,124)	(1,053)	(4,368)	(4,234)
Operating profit		1,157	1,372	1,786	4,201
Share of profit of equity accounted associates		19	45	11	45
Profit before tax		1,176	1,417	1,797	4,246
Tax expense	18	83	(6,992)	(1,364)	(7,591)
Profit/(Loss) after tax		1,259	(5,575)	433	(3,345)
Other comprehensive expenses, net of tax					
Foreign currency translation differences		25	(10)	419	(988)
Total comprehensive (loss)/income for the period		1,284	(5,585)	852	(4,333)
Profit/(Loss) attributable to:					
Shareholders of the Company		1,324	(5,757)	566	(3,467)
Non-controlling interests		(65)	181	(133)	122
		1,259	(5,576)	433	(3,345)
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		1,349	(5,767)	985	(4,455)
Non-controlling interests		(65)	181	(133)	122
		1,284	(5,586)	852	(4,333)
Basic earnings/(loss) per ordinary share (sen)	24	1.02	(4.44)	0.44	(2.67)
Diluted earnings/(loss) per ordinary share (sen)	24	1.35	(4.48)	0.51	(2.62)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2018 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 31 MAY 2019

Condensed Consolidated Statement of Financial Position

The figures have not been audited

	Note	(Unaudited) 31-May-19 RM'000	(Audited) 31-May-18 RM'000
ASSETS			
Property, plant and equipment		113,481	106,915
Investments in associates		521	383
Intangible assets		870	1,058
Deferred tax assets		249	600
Total non-current assets		115,121	108,956
Inventories		70,737	82,938
Trade and other receivables	20	65,596	59,573
Current tax assets		-	23
Fixed deposit		1,102	1,068
Cash and cash equivalents		21,669	23,577
Total current assets		159,104	167,179
TOTAL ASSETS		274,225	276,135
EQUITY			
Share capital		67,671	67,671
Reserves		45,687	44,942
Total equity attributable to owners of the Company		113,358	112,613
Non-controlling interests		2,265	2,168
TOTAL EQUITY		115,623	114,781
LIABILITIES			
Loans and borrowings	21	23,640	23,352
Deferred tax liabilities		-	331
Total non-current liabilities		23,640	23,683
Loans and borrowings	21	88,813	80,006
Trade and other payables		40,910	51,203
Current tax liabilities		5,239	6,462
Total current liabilities		134,962	137,671
Total liabilities		158,602	161,354
TOTAL EQUITY AND LIABILITIES		274,225	276,135
Net assets per share attributable to equity holders (RM)		0.89	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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2019
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	←← Attributable to owners of the Company →→						→	Non- controlling interests	Total Equity	
	Share Capital	Exchange translation Reserve	Non- Distributable			Retained Earnings				Total
			Capital reserve	Warrant reserve	Other Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 June 2017	67,671	705	4,488	6,483	(639)	40,955	119,663	(90)	119,573	
Foreign currency translation differences	-	(988)	-	-	-	-	(988)	-	(988)	
Loss for the period	-	-	-	-	-	(3,467)	(3,467)	122	(3,345)	
Total comprehensive loss for the period	-	(988)	-	-	-	(3,467)	(4,455)	122	(4,333)	
Dividend to owner of the Company	-	-	-	-	-	(2,593)	(2,593)	-	(2,593)	
Shares issued to Non-controlling Interests	-	-	-	-	-	-	-	2,136	2,136	
At 31 May 2018	67,671	(283)	4,488	6,483	(639)	34,895	112,615	2,168	114,783	
At 1 June 2018	67,671	(283)	4,488	6,483	(639)	34,895	112,615	2,168	114,783	
Adjustment on MFRS 9 adoption	-	-	-	-	-	(242)	(242)	-	(242)	
At 1 June 2018 (revised)	67,671	(283)	4,488	6,483	(639)	34,653	112,373	2,168	114,541	
Foreign currency translation differences	-	419	-	-	-	-	419	-	419	
Profit for the period	-	-	-	-	-	566	566	(133)	433	
Total comprehensive income for the period	-	419	-	-	-	566	985	(133)	852	
Additional NCI	-	-	-	-	-	-	-	314	314	
Capital distribution to NCI	-	-	-	-	-	-	-	(84)	(84)	
At 31 May 2019	67,671	136	4,488	6,483	(639)	35,219	113,600	2,265	115,623	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2019

Condensed Consolidated Statement of Cash Flows

The figures have not been audited

	Cumulative Quarters	
	12 months ended	
	31-May-19	31-May-18
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,797	4,246
Adjustments for :		
Depreciation of property, plant and equipment	6,386	6,298
Amortisation of goodwill	195	-
Loss on disposal of plant and equipment	(161)	(221)
Loss/(Gain) on investment	20	-
Impairment loss on receivables	269	-
Interest expense	4,368	4,234
Interest income	(113)	(92)
Share of profit of equity- accounted associates, net of tax	(11)	(45)
Plant and equipment written off	333	5
Operating profit before working capital changes	13,083	14,425
Changes in working capital:		
Inventories	12,201	(10,912)
Trade and other receivables	(6,534)	5,443
Trade and other payables	(10,293)	7,284
Cash generated from operations	8,457	16,240
Income tax paid	(2,544)	(834)
Net cash from operating activities	5,913	15,406
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	53	531
Net outflow of acquisition of shares in associate	(147)	-
Purchase of property, plant and equipment	(13,180)	(22,861)
Interest received	113	92
Net cash used in investing activities	(13,161)	(22,238)
Cash flows from financing activities		
Drawdown of term loans	20,000	15,638
Repayment of term loans	(3,662)	(6,722)
Drawdown of finance lease liabilities	507	-
Repayment of finance lease liabilities, net	(609)	(529)
Net changes in bankers' acceptances	(5,455)	8,408
Placement of pledged fixed deposits	(34)	36
Interest paid	(4,368)	(4,234)
Proceeds from issuance of share to non-controlling interest	314	2,136
Repayment of non-controlling interest	(84)	-
Dividend Paid	-	(2,593)
Net cash generated from financing activities	6,609	12,140
Net increase/(decrease) in cash and cash equivalents	(639)	5,308
Cash and cash equivalents at beginning of period	19,587	14,860
Effect of exchange differences on cash and cash equivalents	416	(581)
Cash and cash equivalents at end of period	19,364	19,587

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

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2019
Condensed Consolidated Statement of Cash Flows (cont'd)
The figures have not been audited

	12 months ended	
	31-May-19	31-May-18
	RM'000	RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	21,669	23,577
Bank overdrafts	(2,305)	(3,990)
	<u>19,364</u>	<u>19,587</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2019 (Unaudited)

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2018. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2018.

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 June 2018. The adoption of MFRS 9 does not have any significant impact to the financial report to the Group. MFRS 15 gives impact to the financial statements of the Group in the following manner :

- Reclassification of certain expenses previously presented as selling and distribution expenses to revenue, and
- Recognising revenue in instances where the Group is acting as a contract manufacturer over time instead of point in time. The Group has assessed and noted the impact to be immaterial.

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 2018 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 2018.

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 year ended 31 May 2019.

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

10. Event after the Reporting Period

On 9 July 2019, the Group, through its wholly owned subsidiary Pensonic Sales & Service Sdn. Bhd. entered into a Sales & Purchase agreement to dispose a piece of leasehold commercial land held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected thereon for total cash consideration of RM19,500,000.00.

11. Changes in Composition of the Group

On 28 February 2019, the Group incorporated an associated company in Myanmar under the name of Pensonic Appliances (Myanmar) Company Limited (“PAM”). PAM is capitalised at USD100,000 represented by 100,000 shares at issue price of USD1 each. The Group owned 35% equity interest in PAM for a total consideration of RM140,000.

On 13 March 2019, the Group incorporated a subsidiary in Indonesia under the name of PT Pensonic Industry Indonesia (“PTPII”). PTPII is capitalised at USD250,000 represented by 250,000 shares at issue price of USD1 each. The Group owned 70% equity interest in PTPII for a total consideration of RM734,125.

On 15 April 2019, the Group, through its wholly owned subsidiary Keat Radio Co Sdn Bhd, has acquired 100% of the entire issued share of Angkasa Pensonic Trading Sdn Bhd (“Angkasa”). Subsequent to the acquisition, Angkasa was capitalised at RM30,000, represented by 30,000 ordinary shares with the Group’s stake in Angkasa diluted to 40%.

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 year.

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>12 months ended</u>	
	<u>31-May-19</u>	<u>31-May-18</u>	<u>31-May-19</u>	<u>31-May-18</u>
	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>
Transaction with associate				
-Sales	467	554	1,942	2,180
Transaction with related party				
- Purchases	567	683	2,674	2,717
- Services acquired	85	30	221	132
- Rental income	30	-	30	-
- Sales	15	12	45	39

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

14. Review of Performance

	<u>Individual Quarter</u>			<u>Cumulative Period</u>		
	<u>3 months ended</u>			<u>12 months ended</u>		
	<u>31-May-19</u>	<u>31-May-18</u>	<u>%</u>	<u>31-May-19</u>	<u>31-May-18</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	87,168	79,008	10.3	324,381	316,911	2.4
Profit before tax	1,176	1,417	(17.0)	1,797	4,246	(66.6)
Profit/(loss) after tax	1,259	(5,575)	>100	433	(3,345)	>100
Profit/(loss) attributable to owner of the Company	1,324	(5,757)	>100	566	(3,467)	>100

The Group registered revenue of RM87.2 million compared to RM79.0 million in the preceding year corresponding quarter. Profit before tax (“PBT”) was RM1.2 million compared to PBT of RM1.4 million in the preceding year corresponding quarter due to lower gross profit margin stemming from different product mix in the current quarter. On a year-to-date basis, the Group registered revenue of RM324.4 million compared to RM316.9 million in the preceding financial year. The Group recorded a PBT of RM1.8 million compared to PBT of RM4.3 million in the preceding financial year with the lower PBT due to higher operating expenses.

The Group recorded a profit after tax of RM433,000 compared to loss after tax of RM3.3 million in the preceding financial year. The higher tax expense was provided in the preceding financial year to take into account revision to the tax exemption rate by the relevant authorities in July 2018.

15. Review of Performance

	<u>Current Quarter Ended 31-May-19</u>	<u>Immediate Preceding Quarter Ended 28-Feb-19</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	87,168	70,329	23.9
Profit/(Loss) before tax	1,176	(700)	>100
Profit/(Loss) after tax	1,259	(1,007)	>100
Profit/(Loss) attributable to owner of the Company	1,324	(968)	>100

The Group recorded revenue of RM87.2 million for the current financial quarter compared to RM70.3 million reported in the immediate preceding financial quarter ended 28 February 2019. The Group recorded a PBT of RM1.2 million compared with loss before tax of RM700,000 in the preceding financial period with higher PBT for the quarter under review being in tandem with the increase of revenue arising from higher demand during the Hari Raya festive season.

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

16. Commentary on Prospects

Going forward, the industry is expected to remain challenging with the participation of more brands. The Group will continue to focus on market expansion activities, marketing and advertising initiatives to expand our customer base and new smart appliances to grow our business further in the new financial year.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-19	31-May-18	31-May-19	31-May-18
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	(7)	476	1,229	1,069
- Prior year	18	6,779	264	6,798
-				
Deferred tax expense				
- Current year	(94)	(272)	(129)	(285)
- Prior year	-	9	-	9
	(83)	6,992	1,364	7,591

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2018: 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 year due to business losses incurred by certain subsidiaries which cannot be utilised for set-off against profits earned by other subsidiaries.

A higher tax expense was provided in the preceding financial year after being notified of the revision to the tax exemption rate by the relevant authorities in July 2018.

19. Status of Corporate Proposal

As at the date of this report, there are no corporate proposals that are pending for completion.

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

20. Trade Receivables

The age analysis of trade receivables is as follow:

	Unaudited 31-May-19 RM'000	Audited 31-May-18 RM'000
Neither past due nor impaired	47,185	43,764
Past due but not impaired:		
Less than 60 days	11,630	8,849
60 to 120 days	407	540
More than 120 days	1,490	1,304
	<u>13,527</u>	<u>10,693</u>
	60,712	54,457
Impaired	<u>(1,074)</u>	<u>(474)</u>
	<u>59,638</u>	<u>53,983</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 31-May-19 RM'000	Audited 31-May-18 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	1,613	3,294
Revolving credit	10,600	2,500
Bankers' acceptance	55,208	68,763
	<u>67,421</u>	<u>74,557</u>
<u>Secured</u>		
Bank overdraft	692	697
Term loans	20,153	4,204
Finance lease liabilities	547	548
	<u>21,392</u>	<u>5,449</u>
	<u>88,813</u>	<u>80,006</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	22,751	22,362
Finance lease liabilities	889	990
	<u>23,640</u>	<u>23,352</u>
	<u>112,453</u>	<u>103,358</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>112,453</u>	<u>103,358</u>

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

21. Borrowings and Debts Securities (continued)

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 year ended 31 May 2019.

23. Dividend

The Board does not recommend any dividend for the current financial year ended 31 May 2019.

24. Earnings per Share (“EPS”)

(a) Basic EPS

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31-May-19</u>	<u>31-May-18</u>	<u>31-May-19</u>	<u>31-May-18</u>
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	1,324	(5,757)	566	(3,467)
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic earnings/(loss) per share (sen)	<u>1.02</u>	<u>(4.44)</u>	<u>0.44</u>	<u>(2.67)</u>

(b) Diluted EPS

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31-May-19</u>	<u>31-May-18</u>	<u>31-May-19</u>	<u>31-May-18</u>
Net profit/(loss) for the period attributable to owners of the Company (RM'000)	1,324	(5,757)	566	(3,467)
Number of ordinary shares in issue ('000)	98,016	128,605	112,059	132,418
Diluted earnings/(loss) per share (sen)	<u>1.35</u>	<u>(4.48)</u>	<u>0.51</u>	<u>(2.62)</u>

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

25. Profit for the year

Profit for the period has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-19	31-May-18	31-May-19	31-May-18
After charging / (crediting):-				
Interest income	(40)	(26)	(113)	(92)
Government grants received	(339)	(71)	(646)	(296)
(Gain)/Loss on disposal of property, plant and equipment	(186)	3	(161)	(221)
Loss on investment	20	-	20	-
Realised (gain)/loss on foreign exchange	(578)	(1,098)	(555)	(1,982)
(Reversal)/provision for doubtful debt	87	1,037	269	210
Interest expense	1,124	1,053	4,368	4,234
Amortisation of goodwill	195	-	195	-
Depreciation & amortization	1,602	1,568	6,386	6,299
Inventories provision	(173)	775	224	1,339
Plant and equipment written off	191	2	333	5
Unrealised (gain)/loss on foreign exchange	450	690	-	1,317
Bad debt written off	1	(631)	17	258
Rental income	(49)	(26)	(113)	(102)

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.