



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 31 MAY 2020**

PENSONIC HOLDINGS BERHAD (199401014746/300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 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	3 months ended	12 months ended	12 months ended
		31-May-20	31-May-19	31-May-20	31-May-19
		RM'000	RM'000	RM'000	RM'000
Revenue	9	62,501	86,909	280,178	324,369
Cost of sales		(51,337)	(71,214)	(232,680)	(265,203)
Gross profit		11,164	15,695	47,498	59,166
Other operating income		443	1,514	12,268	2,135
Interest income		30	40	86	113
Operating expenses		(11,458)	(14,960)	(51,993)	(55,252)
Results from operating activities		179	2,289	7,859	6,162
Finance costs		(1,131)	(1,122)	(4,227)	(4,366)
Operating (loss)/profit		(952)	1,167	3,632	1,796
Share of profit/(loss) of equity accounted associates		73	17	(3)	9
(Loss)/Profit before tax		(879)	1,184	3,629	1,805
Tax expense	18	140	69	(1,069)	(1,378)
(Loss)/Profit after tax		(739)	1,253	2,560	427
Other comprehensive expenses, net of tax					
Foreign currency translation differences		362	(24)	488	370
Total comprehensive (loss)/profit for the period		(377)	1,229	3,048	797
(Loss)/Profit attributable to :					
Shareholders of the Company		(600)	1,318	3,050	560
Non-controlling interests		(139)	(65)	(490)	(133)
		(739)	1,253	2,560	427
Total comprehensive (loss)/profit attributable to					
Shareholders of the Company		(238)	1,294	3,538	930
Non-controlling interests		(139)	(65)	(490)	(133)
		(377)	1,229	3,048	797
Basic (loss)/earnings per ordinary share (sen)	24	(0.46)	1.02	2.35	0.43
Diluted earnings/(loss) per ordinary share (sen)	24	#	#	#	#

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 (199401014746/300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL AS AT 31 MAY 2020
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 31-May-20 RM'000	(Audited) 31-May-19 RM'000
ASSETS			
Property, plant and equipment		123,931	113,277
Intangible assets		870	870
Investments in associates		536	539
Deferred tax assets		533	533
Right of use assets		1,560	-
Total non-current assets		<u>127,430</u>	<u>115,219</u>
Inventories		44,454	70,556
Trade and other receivables	20	53,594	67,101
Current tax assets		815	306
Fixed deposit		501	498
Cash and cash equivalents		29,179	21,886
Total current assets		<u>128,543</u>	<u>160,347</u>
Assets classified as held for sales		-	204
TOTAL ASSETS		<u>255,973</u>	<u>275,770</u>
EQUITY			
Share capital		67,671	67,671
Reserves		49,168	45,630
Total equity attributable to owners of the Company		<u>116,839</u>	<u>113,301</u>
Non-controlling interests		1,752	2,273
TOTAL EQUITY		<u>118,591</u>	<u>115,574</u>
LIABILITIES			
Loans and borrowings	21	37,827	23,554
Deferred tax liabilities		316	358
Lease liability		780	-
Total non-current liabilities		<u>38,923</u>	<u>23,912</u>
Trade and other payables		36,117	42,201
Loans and borrowings	21	54,797	88,213
Current tax liabilities		6,708	5,870
Lease liability		837	-
Total current liabilities		<u>98,459</u>	<u>136,284</u>
Total liabilities		<u>137,382</u>	<u>160,196</u>
TOTAL EQUITY AND LIABILITIES		<u>255,973</u>	<u>275,770</u>
Net assets per share attributable to equity holders (RM)		0.91	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 (199401014746/300426-P)
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INTERIM REPORT FOR THE YEAR ENDED 31 MAY 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	Total		
	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	-	-	-	-	-	(242)	(242)	-	(242)
At 1 June 2018, restated	67,671	(284)	4,488	6,483	(639)	34,652	112,371	2,168	114,539
Foreign currency translation differences	-	-	-	-	-	560	560	(133)	427
Profit for the year	-	370	-	-	-	-	370	-	370
Total comprehensive profit for the year	-	370	-	-	-	560	930	(133)	797
Capital distribution of a subsidiary	-	-	-	-	-	-	-	(84)	(84)
Subscription of a subsidiary's shares by non-controlling interersts	-	-	-	-	-	-	-	322	322
At 31 May 2019	67,671	86	4,488	6,483	(639)	35,212	113,301	2,273	115,574
At 1 June 2019	67,671	86	4,488	6,483	(639)	35,212	113,301	2,273	115,574
Foreign currency translation differences	-	488	-	-	-	-	488	-	488
Profit for the year	-	-	-	-	-	3,050	3,050	(490)	2,560
Total comprehensive profit for the year	-	488	-	-	-	3,050	3,538	(490)	3,048
Capital distribution to NCI	-	-	-	-	-	-	-	(31)	(31)
At 31 May 2020	67,671	574	4,488	6,483	(639)	38,262	116,839	1,752	118,591

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 (199401014746/300426-P)
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INTERIM REPORT FOR THE YEAR ENDED 31 MAY 2020
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

	Cumulative Quarters	
	12 months ended	
	31-May-20	31-May-19
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	3,629	1,805
Adjustments for :		
Depreciation of property, plant and equipment	6,266	6,386
Depreciation of right of use assets	914	-
Impairment loss on intangible assets	-	194
(Gain)/Loss on disposal of plant and equipment	(11,243)	(220)
Impairment loss on receivables	265	-
Interest expense	4,227	4,366
Interest income	(86)	(113)
Plant and equipment written off	44	152
Share of results of associates	3	(9)
Operating profit before working capital changes	4,019	12,561
Changes in working capital:		
Inventories	26,101	12,561
Trade and other receivables	13,243	(7,312)
Trade and other payables	(6,084)	(9,527)
Cash generated from operations	37,279	8,283
Income tax paid	(782)	(2,159)
Net cash from operating activities	36,497	6,124
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	20,148	488
Purchase of property, plant and equipment	(25,664)	(12,861)
Interest received	86	113
Net cash used in investing activities	(5,430)	(12,260)
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(23,610)	10,883
Drawdown/(Repayment) of finance lease liabilities	269	(609)
Repayment of lease liability	(857)	-
Withdrawal/(Placement) of pledged fixed deposits	(3)	571
Subscription of shares by non-controlling interests	-	322
Interest paid	(4,227)	(4,366)
Capital distribution of a subsidiary	(31)	(84)
Net cash (used in)/generated from financing activities	(28,459)	6,717
Net decrease in cash and cash equivalents	2,608	581
Cash and cash equivalents at beginning of year	20,266	19,586
Effect of exchange differences on cash and cash equivalents	487	99
Cash and cash equivalents at end of year	23,361	20,266
Cash and cash equivalents comprised the following:		
Cash and bank balances	29,179	21,885
Bank overdrafts	(5,818)	(1,619)
	23,361	20,266

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.

INTERIM REPORT FOR THE YEAR ENDED 31 MAY 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)	2,347
Increase in non - current lease liabilities	(b)	1,503
Increase in current lease liabilities	(b)	844

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.

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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 year ended 31 May 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 year 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 year under review.

8. Dividend Paid

There was no Dividend paid during the year under review.

9. Segmental Information

	Manufacturing	Trading	Others	For the 12 months ending 31 May 2020		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,115	279,063	-	280,178	-	280,178
Segment profit	(2,801)	8,577	3,508	9,284	(5,655)	3,629
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	417	25,219	49	25,685	(21)	25,664

	Manufacturing	Trading	Others	For the 12 months ending 31 May 2020		
				Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	176	324,193	-	324,369	-	324,369
Segment profit	446	4,904	496	5,846	(4,041)	1,805
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	663	12,864	29	13,556	-	13,556

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10. Event after the Reporting Period

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

11. Changes in Composition of the Group

On 16 June 2020, the strike off application of Microtag Engineering Sdn Bhd ("ME") in relation to Section 550 of the Companies Act 2016 was submitted. This strike off will not have any financial and operational impact on the Group for the financial year ending 31 May 2020, and no material losses are expected arising from the strike off proceedings.

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-20</u>	<u>31-May-19</u>	<u>31-May-20</u>	<u>31-May-19</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Transaction with associate				
-Sales	1,252	463	3,622	2,395
Transaction with related party				
- Purchases	206	568	1,157	2,674
- Services acquired	-	86	120	221
- Rental expenses	-	-	42	-
- Sales	15	16	54	45

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-20</u>	<u>31-May-19</u>	<u>%</u>	<u>31-May-20</u>	<u>31-May-19</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	62,501	86,909	(28)	280,178	324,369	(14)
(Loss)/Profit before tax	(879)	1,184	(174)	3,629	1,805	101
(Loss)/Profit after tax	(739)	1,253	(159)	2,560	427	500
(Loss)/Profit attributable to owner of the Company	(600)	1,318	(146)	3,050	560	445

The Group registered revenue of RM62.5 million compared to RM86.9 million in the preceding year corresponding quarter. The significant drop in Group revenue is mainly attributable to the impact of the imposition of the Movement Control Order ("MCO") and the Conditional Movement Control Order ("CMCO") by the Malaysian Government beginning from 18 March 2020 to curb the spread of the Coronavirus Disease 2019 ("Covid-19"). The lockdown from the MCO and the restrictive working conditions during the CMCO had resulted in lower billings and revenues for the current quarter. The Group recorded a loss before tax of RM0.9 million compared to profit before tax of RM1.2 million in the preceding year corresponding quarter.

The Group registered revenue of RM280.2 million compared to RM324.3 million in the preceding year. The Group recorded a profit before tax of RM3.6 million compared to profit before tax of RM1.8 million in the preceding year due mainly to the gain from disposal of property, plant and equipment.

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15. Review of Performance

	Current Quarter Ended 31-May-20 RM'000	Immediate Preceding Quarter Ended 29-Feb-20 RM'000	%
Revenue	62,501	69,430	(10)
(Loss)/Profit before tax	(879)	5,938	(115)
(Loss)/Profit after tax	(739)	4,983	(115)
(Loss)/Profit attributable to owner of the Company	(600)	5,081	(112)

The Group registered revenue of RM62.5 million for the current financial quarter compared to RM69.4 million reported in the immediate preceding financial quarter ended 29 February 2020. The Group recorded a loss before tax of RM0.9 million compared with profit before tax of RM5.9 million in the preceding financial period. Lower revenue is due to the implementation of Movement Control Order ("MCO") effective 18 March 2020. There was a gain from disposal of property, plant and equipment in the preceding financial period.

16. Commentary on Prospects

Malaysia is now entering into the Recovery Movement Control Order (RMCO) phase. The uncertainties created by the Covid-19 pandemic resulted in the negative impacts on business confidence and the Malaysian economy. Against this backdrop, the road to full recovery is expected to remain challenging.

In view of the challenging times, the Group is continuing with its cost optimisation exercise to enhance operational efficiency including rightsizing the workforce and rationalisation of resources throughout the Group. These measures are expected to align cost structure in tune with the level of operations and against expected challenging business conditions.

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-20	31-May-19	31-May-20	31-May-19
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current year	(94)	(11)	571	1,225
- Prior year	(137)	(187)	248	59
Foreign statutory tax				
- Current year	(147)	-	(21)	-
Deferred tax expense				
- Current year	329	18	362	(17)
- Prior year	(91)	111	(91)	111
	(140)	(69)	1,069	1,378

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/year 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 31-May-20 RM'000	Audited 31-May-19 RM'000
Neither past due nor impaired	36,972	44,322
Past due but not impaired:		
Less than 60 days	7,274	13,717
60 to 120 days	3,648	1,280
More than 120 days	3,035	1,373
	<u>13,957</u>	<u>16,370</u>
	50,929	60,692
Impaired	<u>(1,297)</u>	<u>(1,049)</u>
	<u>49,632</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 year are as follows:

	Unaudited 31-May-20 RM'000	Audited 31-May-19 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	4,829	1,010
Revolving credit	4,410	10,600
Bankers' acceptance	<u>36,855</u>	<u>54,477</u>
	46,094	66,087
<u>Secured</u>		
Bank overdraft	989	609
Term loans	7,054	20,251
Bankers' acceptance	-	730
Finance lease liabilities	660	536
	<u>8,703</u>	<u>22,126</u>
	<u>54,797</u>	<u>88,213</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	36,782	22,654
Finance lease liabilities	1,045	900
	<u>37,827</u>	<u>23,554</u>
	<u>92,624</u>	<u>111,767</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>92,624</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 year ended 31 May 2020. .

23. Dividend

The Board does not recommend any dividend for the current financial year ended 31 May 2020.

24. Earnings per Share (“EPS”)

(a) Basic EPS

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-20	31-May-19	31-May-20	31-May-19
Net profit/(loss) for the period attributable to owners of the Company (RM‘000)	(600)	1,318	3,050	560
Number of ordinary shares in issue (‘000)	129,668	129,668	129,668	129,668
Basic profit/(loss) per share (sen)	<u>(0.46)</u>	<u>1.02</u>	<u>2.35</u>	<u>0.43</u>

(b) Diluted EPS

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-20	31-May-19	31-May-20	31-May-19
Net profit/(loss) for the period attributable to owners of the Company (RM‘000)	(600)	1,318	3,050	560
Weighted average number of ordinary shares (diluted) (‘000)	129,668	129,668	129,668	129,668
Diluted profit/(loss) per share (sen)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>

Diluted earnings per share is not applicable 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/Year

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

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31-May-20	31-May-19	31-May-20	31-May-19
After charging / (crediting):-				
Interest income	(30)	(40)	(86)	(113)
(Gain)/Loss on disposal of property, plant and equipment	-	(245)	(11,243)	(220)
Realised (gain)/loss on foreign exchange	(1,006)	(570)	(413)	(547)
Interest expense	1,131	1,122	4,227	4,366
Depreciation & amortization	1,618	1,601	6,266	6,386
Plant and equipment written off	-	10	44	152
Unrealised (gain)/loss on foreign exchange	(399)	(459)	(45)	9

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.