



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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER 28 FEBRUARY 2021**

INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	Individual Quarter		Cumulative Quarter	
		28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
		RM'000	RM'000	RM'000	RM'000
Revenue	9	83,667	69,430	247,496	217,677
Cost of sales		(65,577)	(57,564)	(197,762)	(181,343)
Gross profit		18,090	11,866	49,734	36,334
Other operating income		1,107	10,827	3,262	11,825
Interest income		-	11	9	56
Operating expenses		(12,338)	(15,701)	(36,602)	(40,535)
Results from operating activities		6,859	7,003	16,403	7,680
Finance costs		(698)	(989)	(2,499)	(3,096)
Operating profit		6,161	6,014	13,904	4,584
Share of profit/(loss) of equity accounted associates		(5)	(76)	(2)	(76)
Profit before tax		6,156	5,938	13,902	4,508
Tax expense	18	(1,318)	(955)	(2,525)	(1,209)
Profit after tax		4,838	4,983	11,377	3,299
Other comprehensive expenses, net of tax					
Foreign currency translation differences		(205)	-	(528)	126
Total comprehensive profit for the period		4,633	4,983	10,849	3,425
Profit attributable to :					
Shareholders of the Company		5,005	5,081	11,628	3,650
Non-controlling interests		(167)	(98)	(251)	(351)
		4,838	4,983	11,377	3,299
Total comprehensive profit attributable to					
Shareholders of the Company		4,847	5,081	11,174	3,776
Non-controlling interests		(214)	(98)	(325)	(351)
		4,633	4,983	10,849	3,425
Basic earnings per ordinary share (sen)	24	3.86	3.92	8.97	2.81
Diluted earnings per ordinary share (sen)	24	3.82	#	#	#

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE FINANCIAL AS AT 28 FEBRUARY 2021
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	(Unaudited) 28-Feb-21 RM'000	(Audited) 31-May-20 RM'000
ASSETS			
Property, plant and equipment		124,053	125,513
Intangible assets		870	870
Investments in associates		549	551
Deferred tax assets		666	476
Total non-current assets		<u>126,138</u>	<u>127,410</u>
Inventories		60,212	44,596
Trade and other receivables	20	48,465	58,925
Current tax assets		694	738
Fixed deposit		525	513
Cash and cash equivalents		26,866	26,146
Total current assets		<u>136,762</u>	<u>130,918</u>
TOTAL ASSETS		<u><u>262,900</u></u>	<u><u>258,328</u></u>
EQUITY			
Share capital		67,671	67,671
Treasury Share		(966)	-
Reserves		60,250	49,150
Total equity attributable to owners of the Company		<u>126,955</u>	<u>116,821</u>
Non-controlling interests		1,426	1,751
TOTAL EQUITY		<u>128,381</u>	<u>118,572</u>
LIABILITIES			
Loans and borrowings	21	36,360	40,329
Deferred tax liabilities		359	220
Lease liability		257	780
Total non-current liabilities		<u>36,976</u>	<u>41,329</u>
Trade and other payables		38,774	39,728
Loans and borrowings	21	50,417	51,885
Current tax liabilities		7,961	5,977
Lease liability		391	837
Total current liabilities		<u>97,543</u>	<u>98,427</u>
Total liabilities		<u>134,519</u>	<u>139,756</u>
TOTAL EQUITY AND LIABILITIES		<u><u>262,900</u></u>	<u><u>258,328</u></u>
Net assets per share attributable to equity holders (RM)		0.99	0.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2021
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	← Attributable to owners of the Company →						Retained Earnings	Total	Non-controlling interests	Total Equity
	← Non-Distributable Reserve →			Distributable						
	Share Capital	Treasury Share	Exchange translation Reserve	Capital reserve	Warrant reserve	Other Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 June 2019, restated	67,671	-	86	4,488	6,483	(639)	35,212	113,301	2,273	115,574
Profit for the period	-	-	-	-	-	-	3,650	3,650	-	3,650
Foreign currency translation differences	-	-	126	-	-	-	-	126	(351)	(225)
Total comprehensive profit 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	(638)	38,862	117,077	1,891	118,968
At 1 June 2020	67,671	-	724	4,488	6,483	(638)	38,093	116,821	1,751	118,572
Profit for the period	-	-	-	-	-	-	11,628	11,628	(251)	11,377
Foreign currency translation differences	-	-	(528)	-	-	-	-	(528)	(74)	(602)
Total comprehensive profit for the period	-	-	(528)	-	-	-	11,628	11,100	(325)	10,775
Treasury Share	-	(966)	-	-	-	-	-	(966)	-	(966)
At 28 February 2021	67,671	(966)	196	4,488	6,483	(638)	49,721	126,955	1,426	128,381

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2021
Condensed Consolidated Statement of Cash Flows

	Cumulative Quarters	
	9 months ended	
	28-Feb-21	29-Feb-20
	RM'000	RM'000
Cash flows from operating activities		
Profit for the period	13,902	4,508
Adjustments for :		
Depreciation of property, plant and equipment	5,333	4,648
Depreciation of right of use assets	-	1,108
Gain on disposal of plant and equipment	(162)	(11,243)
Impairment loss on receivables	-	54
Interest expense	2,483	3,096
Interest income	(9)	(56)
Plant and equipment written off	144	44
Share of results of associates	2	76
Operating profit before working capital changes	<u>21,693</u>	<u>2,235</u>
Changes in working capital:		
Inventories	(15,782)	18,623
Trade and other receivables	9,112	10,978
Trade and other payables	(73)	(9,929)
Cash generated from operations	14,950	21,907
Income tax paid	(546)	(782)
Net cash from operating activities	<u>14,404</u>	<u>21,125</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	266	20,149
Purchase of property, plant and equipment	(4,448)	(24,303)
Interest received	9	56
Net cash used in investing activities	<u>(4,173)</u>	<u>(4,098)</u>
Cash flows from financing activities		
Drawdown/(Repayment) of loans and borrowings, net	(3,415)	(16,386)
Drawdown/(Repayment) of finance lease liabilities	488	60
Repayment of lease liability	(649)	(1,057)
Placement of pledged fixed deposits	(12)	(250)
Interest paid	(2,483)	(3,096)
Purchase of treasury shares	(966)	-
Capital distribution of a subsidiary	-	(32)
Net cash used in financing activities	<u>(7,037)</u>	<u>(20,761)</u>
Net increase/(decrease) in cash and cash equivalents	3,194	(3,734)
Cash and cash equivalents at beginning of period	20,738	20,266
Effect of exchange differences on cash and cash equivalents	35	121
Cash and cash equivalents at end of period	<u>23,967</u>	<u>16,653</u>
Cash and cash equivalents comprised the following:		
Cash and bank balances	26,866	20,545
Bank overdrafts	(2,899)	(3,892)
	<u>23,967</u>	<u>16,653</u>

The figures have not been audited

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2021 (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 2020. 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 2020.

The following are accounting standards and amendments that have been issued by the Malaysia 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 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes Accounting Estimates and Error – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosure – Interest Rate Benchmark Reform

MFRSs and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, Leases – Covid-19 - Related Rent Concessions

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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 accounting standards and amendments, where applicable in the respective financial years when the abovementioned accounting standards and 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 accounting standards or amendments are 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 2020 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 2021.

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 2020.

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 28 February 2021.

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 except for the following :

During the financial period ended 28 February 2021, the Company repurchased 1,874,300 of its issued share capital from the open market for an average price of RM0.5126 per share. The repurchased transactions 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.

The details of the treasury shares held as at 28 February 2021 are as follow:

	Number of shares	Total Amount (RM)
Shares bought back during the period	1,874,300	965,721
Balance of treasury shares as at 28 February 2021	1,874,300	965,721

8. Dividend Paid

An interim dividend of 1.25 sen per ordinary share in respect of financial year ending 31 May 2021 has been paid in March 2021.

9. Segmental Information

				For the 9 months ending 28 February 2021		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	1,111	246,385	-	247,496	-	247,496
Segment profit	2,012	12,649	2,066	16,727	(2,825)	13,902
Segment assets						
<i>Included in the measure of segment assets is:</i>						
Capital expenditure	38	4,384	26	4,448	-	4,448
				For the 9 months ending 29 February 2020		
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external Customers	628	217,049	-	217,677	-	217,677
Segment loss/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

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 quarter under review.

11. Changes in Composition of the Group

The Group has submitted the strike off application of Microtag Engineering Sdn. Bhd. on 16 June 2020, the strike off application of Angkasa Pensonic Trading Sdn. Bhd, on 8 October 2020, in relation to Section 550 of the Companies Act 2016. These strike off will not have any financial and operational impact on the Group for the financial year ending 31 May 2021, 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 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>28-Feb-21</u>	<u>29-Feb-20</u>	<u>28-Feb-21</u>	<u>29-Feb-20</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Transaction with associate				
-Sales	1,381	381	3,746	2,378
Transaction with related party				
- Purchases	466	182	1,372	951
- Services acquired	59	31	90	120
- Rental expenses	-	6	-	42
- Sales	-	10	-	40

14. Review of Performance

	<u>Individual Quarter</u>			<u>Cumulative Period</u>		
	<u>3 months ended</u>			<u>9 months ended</u>		
	<u>28-Feb-21</u>	<u>29-Feb-20</u>	<u>%</u>	<u>28-Feb-21</u>	<u>29-Feb-20</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	83,667	69,430	20	247,496	217,677	14
Profit before tax	6,156	5,938	4	13,902	4,508	208
Profit after tax	4,838	4,983	(3)	11,377	3,299	245
Profit attributable to owner of the Company	5,005	5,081	(1)	11,628	3,650	219

The Group registered revenue of RM83.7 million compared to RM69.4 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM6.2 million compared to profit before tax of RM5.9 million in the preceding year corresponding quarter due to higher revenue, better margin and lower expenses in the current quarter. There was a gain from disposal of property, plant and equipment in the preceding year corresponding quarter.

The Group registered revenue of RM247.5 million compared to RM217.7 million in the preceding year corresponding period. The Group recorded a profit before tax of RM13.9 million compared to profit before tax of RM4.5 million in the preceding year corresponding period due to higher revenue, better margin and lower expenses. There was a gain from disposal of property, plant and equipment in the preceding year.

15. Review of Performance

	<u>Current Quarter Ended 28-Feb-21</u>	<u>Immediate Preceding Quarter Ended 30-Nov-20</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	
Revenue	83,667	79,160	6
Profit before tax	6,156	5,703	8
Profit after tax	4,838	5,022	(4)
Profit attributable to owner of the Company	5,005	5,070	(1)

The Group registered revenue of RM83.7 million for the current financial quarter compared to RM79.2 million reported in the immediate preceding financial quarter ended 30 November 2020. The Group recorded a profit before tax of RM6.2 million compared with profit before tax of RM5.7 million in the preceding financial period due to higher revenue in the current quarter.

16. Commentary on Prospects

Malaysian economy reported a larger contraction at -3.4% (3Q2020: GDP contraction of -2.6%) for the fourth quarter of 2020. The negative growth was due mainly to the implementation of the Conditional Movement Control Order (“CMCO”) in several states during the quarter which adversely affected economic activity.

The Group’s operation has not been impacted by the recent reintroduction of the MCO/CMCO as the Group operates under strict standard operating procedures as required by the authorities to prevent the spread of Covid-19. The incoming sales orders are at a satisfactory level and the trend is expected to sustain for the next quarter following the recovery of the global economy.

Despite the uncertain economic scenario posed by Covid-19 pandemic, the Group will continue its efforts to foster new customers’ relationships, enhance its supply chain management, productivity and cost management to mitigate the increase in material cost and shipping cost. The Board strives for the Group to achieve a satisfactory financial performance in this challenging financial year.

17. Profit Forecast

Not applicable as no profit forecast was published.

18. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
	RM’000	RM’000	RM’000	RM’000
Current tax expenses				
- Current year	1,248	449	2,381	665
- Prior year	93	385	93	385
Foreign statutory tax				
- Current year	(1)	126	101	126
Deferred tax expense				
- Current year	(22)	(5)	(50)	33
- Prior year	-	-	-	-
	1,318	955	2,525	1,209

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate for the quarter and year were lower than the statutory rate due to tax exemption status granted to certain subsidiaries of the Company.

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 28-Feb-21 RM'000	Audited 31-May-20 RM'000
Neither past due nor impaired	37,679	37,995
Past due but not impaired:		
Less than 60 days	7,442	9,035
60 to 120 days	1,120	4,453
More than 120 days	942	3,433
	<u>9,504</u>	<u>16,921</u>
	47,183	54,916
Impaired	(1,843)	(2,003)
	<u>45,340</u>	<u>52,913</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 28-Feb-21 RM'000	Audited 31-May-20 RM'000
<u>Current</u>		
<u>Unsecured</u>		
Bank overdraft	337	3,636
Revolving credit	3,910	4,410
Bankers' acceptance	29,492	33,839
	<u>33,739</u>	<u>41,885</u>
<u>Secured</u>		
Bank overdraft	2,562	1,773
Term loans	6,348	4,582
Bankers' acceptance	6,899	3,015
Finance lease liabilities	681	630
	<u>16,490</u>	<u>10,000</u>
	<u>50,229</u>	<u>51,885</u>
<u>Non – current</u>		
<u>Secured</u>		
Term loans	35,037	39,254
Finance lease liabilities	1,511	1,075
	<u>36,548</u>	<u>40,329</u>
	<u>86,777</u>	<u>92,214</u>
<u>Currency Denominated In</u>		
Ringgit Malaysia (“MYR”)	<u>86,777</u>	<u>92,214</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.

22. Material Litigation

The Group is not engaged in any material litigation for the current financial quarter period ended 28 February 2021.

23. Dividend

The Board does not recommend any dividend for the current financial quarter ended 28 February 2021.

24. Earnings per Share (“EPS”)

(a) Basic earnings/(loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
Profit/(Loss) attributable to owners of the Company (RM'000)	5,007	5,081	11,628	3,650
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic profit/(loss) per share (sen)	3.86	3.92	8.97	2.81

(b) Diluted earnings/(loss) per ordinary share

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
Profit attributable to owners of the Company (RM'000)	5,005	5,081	11,628	3,650
Weighted average number of ordinary shares used in calculation of basic earnings/(loss) per share ('000)	129,668	129,668	129,668	129,668
Adjusted for effect of conversion of warrants	1,484	(55,195)	(76,683)	(131,677)
Weighted average number of ordinary shares (diluted) ('000)	131,152	74,473	52,985	(2,009)
Diluted earnings/(loss) per ordinary share (sen)	3.82	#	#	#

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 for the Period

Profit for the period has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		9 months ended	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
After charging / (crediting):-				
Interest income	(55)	(11)	(64)	(56)
Government Grant received	(8)	(15)	(430)	(33)
(Gain)/Loss on disposal of property, plant and equipment	(1)	(10,800)	(162)	(11,243)
Realised (gain)/loss on foreign exchange	(929)	(160)	(1,534)	(593)
Provision for doubtful debt	-	70	-	54
Interest expense	747	989	2,538	3,096
Depreciation & amortization	1,702	1,525	5,333	4,648
Inventories Provision	-	(255)	-	86
Plant & equipment written off	4	42	144	44
Unrealised (gain)/loss on foreign exchange	111	(270)	(13)	(354)
Bad debt written off	-	-	-	1

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.