

PENSONIC HOLDINGS BERHAD (300426-P)

Quarterly Report on consolidated results for the 2nd financial quarter ended 30 November 2008

The Board of Directors of the Group are pleased to announce the following:
UNAUDITED RESULTS OF THE GROUP FOR THE 2nd QUARTER ENDED 30 NOVEMBER 2008

Condensed Consolidated Balance Sheet As At 30 November 2008

	Unaudited As At 30 Nov 2008 RM'000	Audited As At 31 May 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,908	28,639
Prepaid lease payments	9,882	9,971
Investment properties	1,329	1,334
Investment in associates	172	172
Intangible assets	1,636	1,636
Deferred tax assets	2,020	2,020
	44,947	43,772
Current assets		
Assets held for sale	418	418
Inventories	89,249	94,334
Trade receivables	59,896	68,163
Other receivables, deposits & prepayments	16,234	19,698
Tax recoverable	1,267	1,586
Cash and cash equivalents	17,508	15,695
	184,572	199,894
TOTAL ASSETS	229,519	243,666

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The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

Condensed Consolidated Balance Sheet

As At 30 November 2008

(continued)

	Unaudited As At 31 Nov 2008 RM'000	Audited As At 31 May 2008 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	46,310	46,310
Reserves	46,632	44,541
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Minority interest	92,942 636	90,851 937
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Total equity	93,578	91,788
Non-current liabilities		
Borrowings	4,322	4,886
Deferred taxation	1,110	1,110
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	5,432	5,996
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Current liabilities		
Trade payables	29,406	42,313
Other payables	7,476	7,192
Short-term borrowings	91,435	93,231
Taxation	2,192	3,146
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	130,509	145,882
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Total liabilities	135,941	151,878
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TOTAL EQUITY AND LIABILITIES	229,519	243,666
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Net assets per share attributable to ordinary equity holders of the parent (RM)	1.01	0.98

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The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

Condensed Consolidated Income Statement For the period ended 30 November 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Nov 08 RM'000	Preceding Year Corresponding Quarter 30 Nov 07 RM'000	Current Period to Date 30 Nov 08 RM'000	Preceding Year Corresponding Period 30 Nov 07 RM'000
Revenue	69,514	69,823	146,831	171,085
Cost of sales	(53,598)	(58,950)	(114,928)	(141,748)
Gross profit	15,916	10,873	31,903	29,337
Other operating income	166	158	531	222
Distribution and administrative expenses	(13,172)	(11,161)	(27,478)	(25,971)
Profit/ (loss) from operations	2,910	(130)	4,956	3,588
Finance costs	(1,585)	(1,449)	(3,443)	(2,716)
Profit/ (loss) before taxation	1,325	(1,579)	1,513	872
Tax expense	(172)	464	(189)	(283)
Profit/ (loss) for the period	1,153	(1,115)	1,324	589
Attributable to:				
Equity holders of the parent	1,124	(359)	1,422	1,492
Minority interest	29	(756)	(98)	(903)
Profit/ (loss) for the period	1,153	(1,115)	1,324	589
Basic earnings per ordinary share (sen)	1.21	(0.39)	1.54	1.61
Diluted earnings per ordinary share (sen)	1.21	(0.39)	1.54	1.61

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

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Condensed Consolidated Statement of Changes in Equity For the period ended 30 November 2008

	< ----- Attributable to Equity Holders of the Parent ----- >					
	Share Capital	Non- distributable Reserves	Distributable Retained Profits	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2008	46,310	28,806	15,735	90,851	937	91,788
Currency translation differences	-	669	-	669	-	669
Acquisition of minority interest	-	-	-	-	(203)	(203)
Net profit for the period	-	-	1,422	1,422	(98)	1,324
At 30 November 2008	46,310	29,475	17,157	92,942	636	93,578
At 1 June 2007	46,310	28,705	14,964	89,979	1,320	91,299
Currency translation differences	-	101	-	101	-	101
Acquisition of subsidiaries	-	-	-	-	943	943
Net profit/(loss) for the year	-	-	2,461	2,461	(1,326)	1,135
Dividends	-	-	(1,690)	(1,690)	-	(1,690)
At 31 May 2008	46,310	28,806	15,735	90,851	937	91,788

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

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Condensed Consolidated Cash Flow Statement For the period ended 30 November 2008

	30 Nov 2008 RM'000	31 May 2008 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	1,513	2,414
Adjustments	4,342	7,181
Operating Profit Before Working Capital Changes	5,855	9,595
Changes in working capital		
Net changes in current assets	4,965	(13,647)
Net changes in current liabilities	(5,173)	(4,264)
Net Cash From/ (Used In) Operations	5,647	(8,316)
Tax paid	(827)	(3,057)
Interest received	95	40
Interest paid	(3,426)	(4,647)
Net Cash From / (Used In) Operating Activities	1,489	(15,980)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Equity investments	-	5,448
Other investments	(2,417)	(1,739)
Net Cash (Used In) / From Investing Activities	(2,417)	3,709
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	-	(1,690)
Borrowings	6,394	16,770
Net Cash Generated From Financing Activities	6,394	15,080
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,466	2,809
Effect of exchange rate changes	100	(188)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,508	887
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,074	3,508
Cash and cash equivalents comprised the following:		
Cash and bank balances	14,480	15,027
Overdrafts	(7,809)	(11,568)
Fixed deposits	3,022	668
	9,693	4,127
Fixed deposits pledged to bank	(619)	(619)
	9,074	3,508

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2008.

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NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards 134₂₀₀₄, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2008.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 May 2008.

A2. Change in accounting policy

The significant accounting policies adopted are consistent with those adopted in the audited financial statements for the year ended 31 May 2008.

A3. Auditors' Report

The auditors' report of the audited financial statements for the financial year ended 31 May 2008 was not subject to any qualification.

A4. Seasonal/Cyclical Factors

The Group's business operations are generally affected by festive seasons, school holidays and carnival sales.

A5. Unusual Items

The Group's business operations are generally affected by major festive seasons, school holidays and carnival sales.

A6. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current quarter results.

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A7. Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares by the Company during the current quarter.

A8. Dividend Paid

There was no dividend paid for the current financial quarter.

A9. Segmental Information

(i) Business Segments

The Group is principally engaged in the manufacture, assembly, sales and distribution of electrical and electronic appliances. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

(ii) Geographical Segments

The business segment of the Group is managed principally in Malaysia, China (including Hong Kong), Indonesia, Sri Lanka, Brunei, Africa, Thailand, Myanmar, Singapore etc. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and liabilities are based on the geographical location of the assets and liabilities.

	Segment revenue	
	2009 RM'000	2008 RM'000
Malaysia	104,775	98,210
Outside Malaysia	42,056	72,875
	146,831	171,085

	Profit/(Loss) before taxation		Segment assets		Segment liabilities	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	1,572	2,481	206,322	203,895	124,854	125,615
Outside Malaysia	(59)	(1,609)	23,197	22,726	11,087	10,963
	1,513	872	229,519	226,621	135,941	136,578

Year 2009 refers to financial period ended 30 November 2008 and year 2008 refers to financial period ended 30 November 2007.

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A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

A11. Material Subsequent Events

As at the date of issue of this quarterly report, there were no material events subsequent to the end of this reporting period that have not been reflected in the financial statements for the said period.

A12. Changes in Composition of the Group

In June 2008, the Group through Keat Radio Co. Sdn. Bhd. (“KRC”), acquired the remaining 40% of the equity interest in Pensonic Industries Sdn. Bhd. (“PSI”), a company incorporated in Malaysia, for RM4,000. PSI is consequently become the wholly-owned subsidiary of the Group.

Subsequently in June 2008, the Group through KRC, has further subscribed for an additional 2,400,000 new ordinary shares of RM1 each in PSI for RM2,400,000 which is satisfied by way of capitalisation of the amount owing by PSI to KRC.

The subscription does not have any effect on the issued and paid up capital of PHB and substantial shareholders’ shareholdings. It also does not have any significant effect on the net assets, earnings and gearing of Pensonic for the current financial period.

A13. Contingent Liabilities

Contingent liabilities of the Group are as follows:

	As at 30.11.2008 RM’000	As at 31.05.2008 RM’000
Guarantees to financial institutions for facilities granted to subsidiary companies	<u>199,956</u>	<u>199,956</u>

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A14. Significant Related Parties Transactions

The significant transactions with companies in which certain Directors and person connected to Directors have substantial financial interests are as follows:

	Period ended 30.11.2008 RM'000	Year ended 31.05.2008 RM'000
Purchase of raw material from Pensia Plastic Industries Sdn. Bhd.	2,745	7,085
Sales of goods to an associate Pensonic (B) Sdn Bhd	1,174	1,390
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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a profit before tax of RM1,325,000 for the current year quarter compared to the loss before tax of RM1,579,000 in the preceding year corresponding quarter.

Turnover for the current year quarter is RM69,514,000 as compared to RM69,823,000 in the preceding year corresponding quarter. There was a decrease of 0.4% in turnover of the current year quarter as compared to the preceding year corresponding quarter.

Lower turnover reported for the quarter mainly due to changes in Company's strategy in eliminating sales of products with lower profit margin.

In the opinion of the Board of Directors, no items, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group for the period from 30 November 2008 to the date of issue of this quarterly report.

B2. Variation of Results against Preceding Quarter

The Group achieved a profit before taxation of RM1,325,000 for this quarter as compared to a loss before taxation of RM1,579,000 for the corresponding quarter in the preceding year. Comparatively higher profit reported in the current quarter as compared to that of corresponding quarter of the preceding year despite lower turnover as compared to previous quarter was due to higher gross profit margin generated as Company's strategy on sales concentration with high margin items and reduction of low profit margin products sale.

B3. Prospects for the Current Financial Year

The Group is encouraged by the strong performance achieved for these current quarters. The Group will continue to focus on its core business and continue its positive performance for the remaining period of financial year despite the current global financial crisis.

B4. Variance from Profit Forecast

Not applicable as no profit forecast was published.

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B5. Tax Expense

	Period ended 30.11.2008 RM'000	Period ended 30.11.2007 RM'000
Income Tax		
- Provision for current period	<u>189</u>	<u>283</u>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate mainly due to utilization of unabsorbed tax losses and capital allowances carried forward from previous years.

B6. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter.

B7. Quoted Securities

There were no purchase or disposal of quoted securities for the current financial period ended 30 November 2008.

B8. Status of Corporate Proposal

There are no corporate proposals announced but not completed as at the date of this quarterly report.

B9. Borrowings and Debts Securities

Details of the Group's borrowings as at the end of this financial period are as follows:

	As at 30.11.2008 RM'000	As at 31.05.2008 RM'000
<u>Short term borrowings</u>		
<u>Unsecured</u>		
Bank Overdraft	4,167	5,557
Bills Payable	<u>55,098</u>	<u>53,254</u>
	<u>59,265</u>	<u>58,811</u>
<u>Secured</u>		
Bank Overdraft	3,642	6,011
Bills Payable	27,380	27,233
Term Loans	704	711
	<u>31,726</u>	<u>33,955</u>

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B9. Borrowings and Debts Securities (con'd)

	As at 30.11.2008 RM'000	As at 31.05.2008 RM'000
<u>Long term borrowings</u>		
<u>Secured</u>		
Term Loans	<u>3,886</u>	<u>4,236</u>

Details of the Group's hire purchase creditors as at the end of this financial period are as follows:

	As at 30.11.2008 RM'000	As at 31.05.2008 RM'000
Hire Purchase Creditors	914	1,193
Less: Interest In Suspense	<u>34</u>	<u>78</u>
	<u>880</u>	<u>1,115</u>
Repayable within one year	444	465
Repayable in one to five years	<u>436</u>	<u>650</u>
	<u>880</u>	<u>1,115</u>

The bank borrowings bear interest at rates ranging from 4.28% to 8.25% per annum and the term loans bear interest at rates of 8% and 8.5% per annum.

The bank borrowings and term loans are secured by the following:

- i) Legal charges over certain properties belonging to the subsidiary companies;
- ii) Lien on fixed deposits belonging to the subsidiary companies;
- iii) Trade Financing General Agreement; and
- iv) Corporate guarantee by the Company.

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk at date of issue of this quarterly report.

B11. Material Litigation

The Group is not engaged in any material litigation for the financial period ended 30 November 2008.

B12. Dividend Payable

There is no dividend proposed in this financial quarter.

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B13. Earnings Per Share

	Period ended 30.11.2008	Period ended 31.08.2007
Net profit attributable to equity holders of the parent (RM'000)	1,422	1,492
Ordinary shares in issue ('000)	92,620	92,620
Basic earnings per share (sen)	<u>1.54</u>	<u>1.61</u>

BY ORDER OF THE BOARD

Ker Siew Luan

Secretary

Date: 21 January 2009