

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 4th financial quarter ended 31 May 2010

**The Board of Directors of the Group are pleased to announce the following:  
UNAUDITED RESULTS OF THE GROUP FOR THE 4th QUARTER ENDED 31 MAY 2010**

## **Condensed Consolidated Balance Sheet (Unaudited) As At 31 May 2010**

	<b>Unaudited As At 31 May 2010 RM'000</b>	<b>Audited As At 31 May 2009 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	33,685	29,142
Prepaid lease payments	9,620	9,796
Investment properties	1,313	1,324
Investment in associates	155	155
Intangible assets	1,648	1,648
Deferred tax assets	1,878	2,038
	48,299	44,103
<b>Current assets</b>		
Inventories	84,935	86,623
Trade receivables	57,902	59,884
Other receivables, deposits & prepayments	15,821	18,928
Tax recoverable	1,230	768
Cash and cash equivalents	13,420	15,334
	172,308	181,537
<b>TOTAL ASSETS</b>	<b>220,607</b>	<b>225,640</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 4th financial quarter ended 31 May 2010

## **Condensed Consolidated Balance Sheet (Unaudited)**

**As At 31 May 2010**

(continued)

	<b>Unaudited As At 31 May 2010 RM'000</b>	<b>Audited As At 31 May 2009 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	46,310	46,310
Reserves	48,680	46,145
	94,990	92,455
<b>Minority interest</b>	503	682
	95,493	93,137
<b>Non-current liabilities</b>		
Borrowings	2,862	3,692
Deferred taxation	1,273	1,200
	4,135	4,892
<b>Current liabilities</b>		
Trade payables	33,403	32,005
Other payables	8,273	6,973
Short-term borrowings	78,123	87,209
Taxation	1,180	1,424
	120,979	127,611
<b>Total liabilities</b>	125,114	132,503
<b>TOTAL EQUITY AND LIABILITIES</b>	220,607	225,640
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.03	1.00

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

# **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 4th financial quarter ended 31 May 2010

## **Condensed Consolidated Income Statement (Unaudited) For the year ended 31 May 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 31 May 10 RM'000	Preceding Year Corresponding Quarter 31 May 09 RM'000	Current Period to Date 31 May 10 RM'000	Preceding Year Corresponding Period 31 May 09 RM'000
Revenue	91,016	69,908	302,122	279,288
Cost of sales	(88,947)	(63,734)	(252,555)	(236,006)
Gross profit	2,069	6,174	49,567	43,282
Other operating income	325	1,392	749	2,726
Distribution and administrative expenses	1,095	(6,397)	(40,608)	(37,603)
Profit from operations	3,489	1,169	9,708	8,405
Finance costs	(1,154)	(97)	(4,398)	(4,613)
Profit before taxation	2,335	1,072	5,310	3,792
Tax expense	(1,441)	(936)	(2,141)	(1,615)
Profit for the year	894	136	3,169	2,177
<b>Attributable to:</b>				
Equity holders of the parent	859	(46)	3,348	2,229
Minority interest	35	182	(179)	(52)
Profit for the period	894	136	3,169	2,177
Basic earnings per ordinary share (sen)	0.93	(0.05)	3.61	2.41
Diluted earnings per ordinary share (sen)	0.93	(0.05)	3.61	2.41

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009

## **PENSONIC HOLDINGS BERHAD (300426-P)**

Quarterly Report on consolidated results for the 4th financial quarter ended 31 May 2010

### **Condensed Consolidated Statement of Changes in Equity (Unaudited) For the year ended 31 May 2010**

	<b>&lt; ----- Attributable to Equity Holders of the Parent ----- &gt;</b>					
	<b>Share Capital RM'000</b>	<b>Non- distributable Reserves RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>	<b>Minority Interest RM'000</b>	<b>Total Equity RM'000</b>
At 1 June 2009	46,310	28,850	17,295	92,455	682	93,137
Currency translation differences	-	55	-	55	-	55
Net profit/(loss) for the year	-	-	3,348	3,348	(179)	3,169
Dividends	-	-	(868)	(868)	-	(868)
At 31 May 2010	46,310	28,905	19,775	94,990	503	95,493
At 1 June 2008	46,310	28,806	15,735	90,851	937	91,788
Currency translation differences	-	44	-	44	-	44
Acquisition of subsidiaries	-	-	199	199	(203)	(4)
Net profit/(loss) for the year	-	-	2,229	2,229	(52)	2,177
Dividends	-	-	(868)	(868)	-	(868)
At 31 May 2009	46,310	28,850	17,295	92,455	682	93,137

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

**PENSONIC HOLDINGS BERHAD (300426-P)**

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**Condensed Consolidated Cash Flow Statement (Unaudited)  
For the year ended 31 May 2010**

	31 May 2010 RM'000	31 May 2009 RM'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	5,310	3,792
Adjustments	6,757	6,488
Operating Profit Before Working Capital Changes	12,067	10,280
Changes in working capital		
Net changes in current assets	3,608	17,491
Net changes in current liabilities	5,383	(10,467)
Net Cash From Operations	21,058	17,304
Tax paid	(2,709)	(2,448)
Interest received	193	37
Interest paid	(4,135)	(5,543)
Net Cash From Operating Activities	14,407	9,350
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Equity investments	-	(7)
Other investments	(7,186)	(1,753)
Net Cash Used In Investing Activities	(7,186)	(1,760)
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(868)	(868)
Borrowings	(2,541)	(9,386)
Net Cash Used In From Financing Activities	(3,409)	(10,254)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,812	(2,664)
<b>Effect of exchange rate changes</b>	(291)	136
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	980	3,508
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4,501	980
<b>Cash and cash equivalents comprised the following:</b>		
Cash and bank balances	9,538	12,388
Overdrafts	(5,292)	(11,426)
Fixed deposits	3,882	2,945
	8,128	3,907
Fixed deposits pledged to bank	(3,627)	(2,927)
	4,501	980

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

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## **NOTES TO THE INTERIM FINANCIAL REPORT**

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### **A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market 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 2009. These explanatory notes attached to the interim financial statements 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 2009.

### **A2. Change in accounting policy**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 May 2009 except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") which have been issued by MASB but not yet effective :

#### **FRS effective for annual periods beginning on or after 1 July 2009**

- FRS 8, Operating Segments

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment

#### **Amendments effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues \*

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## **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

## **Amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

The impact on initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

### **(a) FRS 8, Operating Segments**

The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. As a result, the Group’s external segmental reporting will be based on the internal reporting to the chief operating decision maker, who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified, there will be no impact on the financial position or results of the Group.

### **(b) Improvements to FRSs (2009)**

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that impact the Group are as follows :

- **FRS 117, Leases**

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to

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property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. The management is still in the midst of assessing the presentation of leasehold land of the Group.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

### **A3. Auditors' Report**

The auditors' report of the audited financial statements for the financial year ended 31 May 2009 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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year under review.

### **A6. Changes in Estimates**

There were no significant changes in estimates that have had a material effect in the current quarter and year-to-date results.

### **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 and financial year under review.

### **A8. Dividend Paid**

There were no dividends paid by the Company during the current quarter.

The proposed final dividend of 1.25sen per share less tax at 25%, in respect of the financial year ended 31 May 2009, amounting to RM868,307 was paid on 31 December 2009.



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## **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	
	2010 RM'000	2009 RM'000
Malaysia	235,570	208,706
Outside Malaysia	66,552	70,582
	302,122	279,288

	Profit/(Loss) before taxation		Segment assets		Segment liabilities	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	4,490	4,032	196,381	196,942	109,357	117,218
Outside Malaysia	820	(240)	24,226	28,698	15,757	15,285
	5,310	3,792	220,607	225,640	125,114	132,503

Year 2010 refers to financial year ended 31 May 2010 and year 2009 refers to financial year ended 31 May 2009.

## **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.

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### **A12. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year ended 31 May 2010.

### **A13. Contingent Liabilities**

The Group is currently appealing against the Inland Revenue Board's decision to disallow certain expenses incurred by certain subsidiaries for income tax purposes which may result in additional income tax payable by the Group.

The Directors, having relied on the opinion from the solicitors, are of the opinion that no further provision is necessary.

### **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:

	Year ended 31.05.2010 RM'000	Year ended 31.05.2009 RM'000
Purchase of raw material from Pensia Plastic Industries Sdn. Bhd.	5,605	5,256
Sales of goods to an associate Pensonic (B) Sdn. Bhd.	1,278	1,405
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# **PENSONIC HOLDINGS BERHAD (300426-P)**

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## **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

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### **B1. Review of Performance**

The Group recorded a profit before tax of RM5,310,000 for the current year compared to the profit before tax of RM3,792,000 in the preceding year.

Turnover for the current year is RM302,122,000 as compared to RM279,288,000 in the preceding year. There was an increase of 8.2% in turnover of the current year as compared to the preceding year.

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 31 May 2010 to the date of issue of this quarterly report.

### **B2. Variation of Results against Preceding Quarter**

The Group achieved a profit before taxation of RM2,335,000 for this quarter as compared to a profit before taxation of RM1,072,000 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 due to change in sales mix for the year as Company's strategy on sales concentration on high margin items and reduction in operational cost of the Group.

The current quarter profit before taxation has improved significantly from third quarter to fourth quarter. The Group achieved a profit before tax for fourth quarter amounted to RM2,335,000 as compared to RMRM767,000 for third quarter. The higher profit achieved was due to seasonal fluctuations.

### **B3. Prospects for the Current Financial Year**

The Group is encouraged by the strong performance achieved for this current quarter. 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 economic crisis.

### **B4. Variance from Profit Forecast**

Not applicable as no profit forecast was published.

### **B5. Tax Expense**

	Year ended 31.05.2010 RM'000	Year ended 31.05.2009 RM'000
<u>Income Tax</u>		
- Under provision for prior years	550	73

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- Provision for current period	1,358	1,470
<u>Deferred Tax</u>		
- Under provision for prior years	-	128
- Provision for current period	233	(56)
	<u>2,141</u>	<u>1,615</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to under provision of income tax and deferred tax for prior 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 year ended 31 May 2010.

### **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 31.05.2010 RM'000	As at 31.05.2009 RM'000
<u>Short term borrowings</u>		
<u>Unsecured</u>		
Bank Overdraft	1,859	5,943
Bills Payable	43,495	49,302
Term Loans	-	400
	<u>45,354</u>	<u>55,645</u>
<u>Secured</u>		
Bank Overdraft	3,433	5,483
Bills Payable	25,613	24,893
Term Loans	3,437	803
	<u>32,483</u>	<u>31,179</u>
<u>Long term borrowings</u>		
<u>Secured</u>		
Term Loans	<u>2,625</u>	<u>3,410</u>

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The currency exposure profile of bank borrowings is as follows:-

	2010 RM'000	2009 RM'000
Ringgit Malaysia	77,837	83,565
Singapore Dollar	56	520
US Dollar	1,064	2,739
	<u>78,957</u>	<u>86,824</u>

## **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 year ended 31 May 2010 except as disclosed in A13.

## **B12. Dividend Payable**

The Directors recommended the payment of final dividend of 1.50 sen per share less tax in respect of the financial year ended 31 May 2010, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

## **B13. Earnings Per Share**

	Year ended 31.05.2010	Year ended 31.05.2009
Net profit attributable to equity holders of the parent (RM'000)	3,348	2,229
Ordinary shares in issue ('000)	92,620	92,620
Basic earnings per share (sen)	<u>3.61</u>	<u>2.41</u>

## **BY ORDER OF THE BOARD**

Lee Hong Lim  
Secretary  
Date: 23 July 2010