

PENSONIC HOLDINGS BERHAD (300426-P)

Quarterly Report on consolidated results for the 1st financial quarter ended 31 August 2010

**The Board of Directors of the Group are pleased to announce the following:
UNAUDITED RESULTS OF THE GROUP FOR THE 1st QUARTER ENDED 31 MAY 2011**

Condensed Consolidated Balance Sheet As At 31 August 2010

	Unaudited As At 31 August 2010 RM'000	Audited As At 31 May 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,053	33,685
Prepaid lease payments	9,586	9,620
Investment properties	896	898
Investment in associates	155	163
Intangible assets	1,634	1,634
Deferred tax assets	1,839	1,839
	49,163	47,839
Current assets		
Inventories	91,792	83,868
Trade receivables	60,714	64,057
Other receivables, deposits & prepayments	6,157	6,014
Tax recoverable	1,666	426
Cash and cash equivalents	13,312	17,554
Non-current assets held for sale	415	415
	174,056	172,334
TOTAL ASSETS	223,219	220,173

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.

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Condensed Consolidated Balance Sheet

As At 31 August 2010

(continued)

	Unaudited As At 31 August 2010 RM'000	Audited As At 31 May 2010 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	46,310	46,310
Reserves	50,681	48,596
	96,991	94,906
Minority interest	461	503
	97,452	95,409
Non-current liabilities		
Borrowings	2,654	4,185
Deferred taxation	1,300	1,300
	3,954	5,485
Current liabilities		
Trade payables	30,797	30,852
Other payables	7,806	7,477
Short-term borrowings	83,210	80,572
Taxation	-	378
	121,813	119,279
Total liabilities	125,767	124,764
TOTAL EQUITY AND LIABILITIES	223,219	220,173
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.05	1.03

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.

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Condensed Consolidated Income Statement For the period ended 31 August 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 Aug 10 RM'000	Preceding Year Corresponding Quarter 31 Aug 09 RM'000	Current Period to Date 31 Aug 10 RM'000	Preceding Year Corresponding Period 31 Aug 09 RM'000
Revenue	78,490	65,254	78,490	65,254
Cost of sales	(60,413)	(50,718)	(60,413)	(50,718)
Gross profit	18,077	14,536	18,077	14,536
Other operating income	413	25	413	25
Distribution and administrative expenses	(15,561)	(13,506)	(15,561)	(13,506)
Profit from operations	2,929	1,055	2,929	1,055
Finance costs	(901)	(852)	(901)	(852)
Profit before taxation	2,028	203	2,028	203
Tax expense	(5)	(100)	(5)	(100)
Profit for the year	2,023	103	2,023	103
Attributable to:				
Equity holders of the parent	2,065	212	2,065	212
Minority interest	(42)	(109)	(42)	(109)
Profit for the period	2,023	103	2,023	103
Basic earnings per ordinary share (sen)	2.23	0.23	2.23	0.23
Diluted earnings per ordinary share (sen)	2.23	0.23	2.23	0.23

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010

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Condensed Consolidated Statement of Changes in Equity For the period 31 August 2010

	< ----- Attributable to Equity Holders of the Parent ----- >					
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 June 2010	46,310	28,821	19,775	94,906	503	95,409
Currency translation differences	-	20	-	20	-	20
Net profit/(loss) for the year	-	-	2,065	2,065	(42)	2,023
Prior year adjustment	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
At 31 August 2010	46,310	28,841	21,840	96,991	461	97,452
At 1 June 2009	46,310	28,850	17,295	92,455	682	93,137
Currency translation differences	-	(29)	-	(29)	-	(29)
Acquisition of subsidiaries	-	-	-	-	-	-
Net profit/(loss) for the year	-	-	3,348	3,348	(179)	3,169
Dividends	-	-	(868)	(868)	-	(868)
At 31 May 2010	46,310	28,821	19,775	94,906	503	95,409

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.

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Condensed Consolidated Cash Flow Statement For the period ended 31 August 2010

	31 August 2010 RM'000	31 May 2010 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	2,028	5,266
Adjustments	1,630	6,048
Operating Profit Before Working Capital Changes	3,658	11,314
Changes in working capital		
Net changes in current assets	(1,722)	2,976
Net changes in current liabilities	2,534	7,561
Net Cash From Operations	4,470	21,851
Tax paid	(265)	(2,505)
Interest received	24	-
Interest paid	(854)	-
Net Cash (Used In) / From Operating Activities	3,375	19,346
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Equity investments	-	-
Other investments	(165)	(7,334)
Net Cash (Used In) / From Investing Activities	(165)	(7,334)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	-	(868)
Borrowings	(2,275)	(6,412)
Net Cash (Used In) / From Financing Activities	(2,275)	(7,280)
NET CHANGE IN CASH AND CASH EQUIVALENTS	935	4,732
Effect of exchange rate changes	(91)	(301)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,411	980
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,255	5,411
Cash and cash equivalents comprised the following:		
Cash and bank balances	9,502	13,488
Overdrafts	(3,429)	(8,892)
Fixed deposits	3,809	4,066
	8,128	8,662
Fixed deposits pledged to bank	(3,627)	(3,251)
	6,255	5,411

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.

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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 2010. 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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Interpretations") which have been issued by MASB but not yet effective:-

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

- FRS4, Insurance Contracts *
- 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 2, Share-based payment: Vesting Conditions and cancellations*
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation *
- Amendments to FRS 127, Consolidated and Separate Financial Statement: 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
- IC Interpretation 11, FRS 2- Group and Treasury Share Transactions *
- IC Interpretation 13, Customer Loyalty Programmes *

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- IC Interpretation 14, FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction *

Amendments effective for annual periods beginning on after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation- Classification of Right Issues *

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 Statement (revised)
- Amendments to FRS 2, Shared-based Payment #
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements #
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation #
- IC Interpretation 17, Distribution of Non-cash Assets to Owners #
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and 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
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosure about Financial Instruments
- Amendments to FRS2, Group Cash-settled Share Based Payment #
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfer of Assets from Customers #

Interpretation effective for annual periods beginning on or after 1 January 2012

- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- From the annual period beginning 1 June 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010, except for those marked “ * “ which are not applicable to the Group and the Company; and
- From the annual period beginning 1 June 2011 for those standards , amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, except for those marked “ # “ which are not applicable to the Group and the Company.

IC Interpretation 15 is not applicable to the Group and the Company.

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The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial application of the remaining standards, interpretations and amendments is not expected to have any significant impact on the Group's and the Company's financial statements or any material change in accounting policy except as follows:

(a) Statement of compliance

(i) FRS 123, Borrowing Costs (revised)

The revised FRS 123 removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of this standard will result in a change in accounting policy. In accordance with the transitional provisions, the Group will apply the revised FRS 123 to borrowing costs related to qualifying assets for which the commencement date of capitalization is on or after 1 June 2010.

(ii) Improvement to FRSs (2009)

Improvement to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The amendment that impacts the Group is as follows:

FRS 117, LEASE

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 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.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All information is presented in RM unless otherwise stated.

A3. Auditors' Report

The auditors' report of the audited financial statements for the financial year ended 31 May 2010 was not subject to any qualification.

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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 financial period under review.

A6. Changes in Estimates

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

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.

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	Segment revenue	
	2011 RM'000	2010 RM'000
Malaysia	60,679	51,321
Outside Malaysia	17,811	13,933
	78,490	65,254

	Profit/(Loss) before taxation		Segment assets		Segment liabilities	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	1,310	685	26,656	197,298	18,179	116,480
Outside Malaysia	718	(482)	196,563	25,255	107,588	12,771
	2,028	203	223,219	222,553	125,767	129,251

Year 2011 refers to financial quarter ended 31 August 2010 and year 2010 refers to financial quarter ended 31 August 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.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 August 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. Pending the finalization of the appeal, the Group has paid RM1.3 million if income taxes relating to the above matter.

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

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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 31.08.2010 RM'000	Year ended 31.05.2010 RM'000
Purchase of raw material from Pensia Plastic Industries Sdn. Bhd.	1,911	5,747
Sales of goods to an associate Pensonic (B) Sdn Bhd	173	1,278
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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 RM2,028,000 for the current year quarter compared to the profit before tax of RM203,000 in the preceding year corresponding quarter.

Turnover for the current year quarter is RM78,490,000 as compared to RM65,254,000 in the preceding year corresponding quarter. There was a increase of 20.28% in turnover of the current year quarter as compared to the preceding year corresponding quarter.

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 RM2,028,000 for this quarter as compared to a profit before taxation of RM203,000 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 slightly decreased as compared to fourth quarter of 2010. The Group achieved a profit before tax for first quarter amounting to RM2,028,000 as compared to RM2,335,000 for fourth quarter of 2010. The lower profit achieved was due to seasonal fluctuations.

B3. Prospects for the Current Financial Year

The Group is encouraged by the strong performance achieved for these 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.

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B5. Tax Expense

	Period ended 31.08.2010 RM'000	Period ended 31.08.2009 RM'000
<u>Income Tax</u>		
- Under provision for prior years	-	-
- Provision for current period	5	100
<u>Deferred Tax</u>		
- Under provision for prior years	-	-
- Provision for current period	-	-
	<u>5</u>	<u>100</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 quarter ended 31 August 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 31.08.2010 RM'000	As at 31.05.2010 RM'000
<u>Short term borrowings</u>		
<u>Unsecured</u>		
Bank Overdraft	2,686	1,859
Bills Payable	52,487	43,495
Term Loans	-	-
	<u>55,173</u>	<u>45,354</u>
<u>Secured</u>		
Bank Overdraft	743	3,433
Bills Payable	23,415	25,613
Term Loans	3,564	3,437
	<u>27,722</u>	<u>32,483</u>

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B9. Borrowings and Debts Securities (con'd)

	As at 31.08.2010 RM'000	As at 31.05.2010 RM'000
<u>Long term borrowings</u>		
<u>Secured</u>		
Term Loans	<u>2,400</u>	<u>2,625</u>

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

	31.08.10 RM'000	31.05.10 RM'000
Ringgit Malaysia.	82,839	77,837
Singapore Dollar	212	56
US Dollar	-	1,064
	<u>83,051</u>	<u>78,957</u>

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 current quarter year ended 31 August 2010.

B12. Dividend Payable

There was no dividend paid for the current quarter.

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B13. Earnings Per Share

	Period ended 31.08.2010	Period ended 31.05.2010
Net profit attributable to equity holders of the parent (RM'000)	2,065	212
Ordinary shares in issue ('000)	92,620	92,620
Basic earnings per share (sen)	<u>2.23</u>	<u>0.23</u>

BY ORDER OF THE BOARD

Lee Hong Lim
Secretary
Date: 28 October 2010