

COMPANY NO. 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 – P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY, 2002

COMPANY NO: 300426 – P

**PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended **31ST MAY, 2002**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holdings. The principal activities of the subsidiaries consist of manufacturing, assembling and retailing of electronic products and electrical home appliances.

There has been no significant changes in the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	613,536	611,013
Minority interest	<u>(73,775)</u>	<u>-</u>
Profit attributable to shareholders	539,761	611,013
Retained profits brought forward	<u>5,596,961</u>	<u>3,391,741</u>
Profit available for appropriation	6,136,722	4,002,754
Proposed dividend	<u>(1,000,296)</u>	<u>(1,000,296)</u>
Retained profits carried forward	<u><u>5,136,426</u></u>	<u><u>3,002,458</u></u>

COMPANY NO: 300426 - P

DIVIDENDS

During the financial year, the Company paid a dividend of 3% less tax 28% amounting to RM980,208 in respect of the financial year ended 31st MAY, 2001.

The Directors now propose a first and final dividend of 3% less tax 28%, amounting to RM1,000,296 in respect of the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from RM45,380,000 to RM46,310,000 by the following issuance :

- i) The issue of 595,000 and 335,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM1.30 and RM1.39 per share respectively.

The new shares rank pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME

The Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") was implemented on 9th March 1998. The scheme granted options to eligible directors and employees of the Group with the right to subscribe for new ordinary shares of RM1.00 each of the Company at the predetermined subscription price.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are :-

- (a) The Scheme is set up for participation in the ordinary share capital of the Company only. The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.
- (b) Eligible employees are those who have been in the service of the Group for a continuous year of at least one (1) year for Malaysian employees (including full-time executive directors who are involved in the day-to-day management and on the payroll of the Company).

EMPLOYEES' SHARE OPTION SCHEME (Continued)

- (c) The ESOS shall continue to be in force for a duration of five (5) years commencing on 9th March 1998 and expiring on 8th March, 2003.
- (d) The Scheme shall be administered by the Option Committee which shall comprise senior management staff to be appointed by the Board of Directors.
- (e) An option granted under the ESOS shall be capable of being exercised by the Grantee by notice in writing to the Company during the year commencing on the date of offer and expiring on 8th March 2003. The option granted shall be exercisable by the grantee in proportion up to a maximum of 20% of the option granted for each year and may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.
- (f) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange) for the five(5) market days preceding the respective dates of offer of the options, or the nominal value of the share, whichever is higher.
- (g) An option granted under ESOS shall cease where the Grantee ceases his/her employment or appointment with the Group by reason of resignation or termination of employment by the Company or subsidiary companies of the Group other than by reasons of his/her retirement at or after attaining normal retirement age, ill health, injury or disability, redundancy or any other circumstances approved by the Option Committee in its entire discretion in writing.
- (h) An option shall immediately become void and of no effect on the bankruptcy of the grantee.

The outstanding offered options to take up unissued ordinary shares of RM1 each and the option price are as follows :

<u>Date of offer</u>	<u>Option price</u>	<u>Balance at 1st June, 2001</u>	<u>Lapsed due to resignation</u>	<u>Exercised</u>	<u>Balance at 31st May, 2002</u>
	RM				
9.3.98	1.39	775,000	(5,000)	(335,000)	435,000
2.5.01	1.30	3,385,000	(107,000)	(595,000)	2,683,000

COMPANY NO: 300426 - P

DIRECTORS' INTERESTS IN WARRANTS

By Virtue of Warrants held by companies in which the Directors are interested :-

	<u>As at</u> <u>01.06.2001</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2002</u>	
<u>DIRECT INTEREST</u>					
The Company :-					
DATO' CHEW WENG KHAK @					
CHEW WENG KIAK	2,050,799	-	(224,000)	1,826,799	*
CHEW CHUON JIN	202,050	-	-	202,050	
DATO' TAN KING TAI @					
TAN KHOON HAI	346,702	-	-	346,702	**
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	-	-	-	-	
CHEW WENG YEAW	15,000	-	-	15,000	
NYAK ZAHARI BIN NYAK IBRAHIM	-	-	-	-	
CHEW CHUON GHEE	74,395	-	-	74,395	
KHAIRILANUAR BIN ABDUL RAHMAN	-	-	-	-	

INDIRECT INTEREST

By virtue of Warrants held by companies in which the Directors are interested :-

	<u>As at</u> <u>01.06.2001</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2002</u>
CHEW WENG KHAK REALTY SDN. BHD.				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	1,741,079	-	(407,000)	1,334,079
CHEW CHUON JIN	1,741,079	-	(407,000)	1,334,079
CHEW CHUON GHEE	1,741,079	-	(407,000)	1,334,079

TAN KHOON HAI SDN. BHD.

DATO' TAN KING TAI @				
TAN KHOON HAI	500	-	-	500

* Inclusive of 1,742,500 Warrants which are held through a nominee company.

** Inclusive of 100,000 Warrants which are held through a nominee company.

COMPANY NO: 300426 - P

DIRECTORS

The Directors who have held office since the date of the last report are :-

DATO' CHEW WENG KHAK @ CHEW WENG KIAK
DATO' SERI HAJI ABDUL RAHMAN
BIN HAJI ABBAS (Resigned on 23.1.02)
S.M.N, D.U.P.N, D.M.P.N, D.J.N.
CHEW CHUON JIN
DATO' TAN KING TAI @ TAN KHOON HAI
ZAHARA BT. PAWANCIK
P.P.N., P.J.K.
CHEW WENG YEAW
NYAK ZAHARI BIN NYAK IBRAHIM
CHEW CHUON GHEE (Appointed on 22.2.02)
KHAIRILANUAR BIN ABDUL RAHMAN (Appointed on 22.2.02)

In accordance with Article 29(6) of the Company's Articles of Association, CHEW CHUON GHEE and KHAIRILANUAR BIN ABDUL RAHMAN retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 29(2) of the Company's Articles of Association, CHEW WENG YEAW retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

Particulars of Directors' interest in shares, option over shares under ESOS in the Company as shown in the Registers are as follows :

	<u>Number of ordinary shares of RM1 each</u>			
	<u>As at</u> <u>01.06.2001</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2002</u>
<u>DIRECT INTEREST</u>				
The Company :-				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	8,493,194	40,000	-	8,533,194 *
CHEW CHUON JIN	808,200	40,000	-	848,200 **
DATO' TAN KING TAI @				
TAN KHOON HAI	1,291,809	-	-	1,291,809 ***
ZAHARA BT. PAWANCIK				
P.P.N., P.J.K.	485,520	40,000	(290,000)	235,520
CHEW WENG YEAW	60,000	-	-	60,000
NYAK ZAHARI BIN				
NYAK IBRAHIM	-	-	-	-
CHEW CHUON GHEE	297,580	30,000	-	327,580 ****
KHAIRILANUAR BIN				
ABDUL RAHMAN	-	-	-	-

COMPANY NO: 300426 - P

INDIRECT INTEREST

By virtue of shares held by companies in which the Directors are interested :-

	<u>Number of ordinary shares of RM1 each</u>			
	<u>As at</u> <u>01.06.2001</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2002</u>
CHEW WENG KHAK REALTY SDN. BHD.				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	6,188,797	-	-	6,188,797 *****
CHEW CHUON JIN	6,188,797	-	-	6,188,797 *****
CHEW CHUON GHEE	6,188,797	-	-	6,188,797 *****

TAN KHOON HAI SDN. BHD.

DATO' TAN KING TAI @				
TAN KHOON HAI	2,000	-	-	2,000

* Inclusive of 7,570,000 ordinary shares which are held through a nominee company.

** Inclusive of 450,000 ordinary shares which are held through a nominee company.

*** Inclusive of 1,255,000 ordinary shares which are held through a nominee company.

**** Inclusive of 250,000 ordinary shares which are held through a nominee company.

***** Inclusive of 2,000,000 ordinary shares which are held through a nominee company.

	<u>Option over number of ordinary shares of RM1 each</u>			
	<u>As at</u> <u>01.06.2001</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at</u> <u>31.05.2002</u>
The Company :-				
DATO' CHEW WENG KHAK @				
CHEW WENG KIAK	105,000	230,000	(40,000)	295,000
CHEW CHUON JIN	105,000	230,000	(40,000)	295,000
DATO' TAN KING TAI @				
TAN KHOON HAI	105,000	230,000	-	335,000
ZAHARA BT. PAWANCIK				
P.P.N., P.J.K.	105,000	230,000	(40,000)	295,000
CHEW CHUON GHEE	48,000	140,000	(30,000)	158,000

COMPANY NO: 300426 - P

Other than as disclosed, no other Director in office at the end of the financial year held any interest in shares or option in shares and debentures of the Company and its subsidiary companies.

Since the end of the previous year, no Director has received or become entitled to received any benefits (other than as disclosed in the notes to the financial statements) by reason of a contract made by the Company or related corporation with any Director or with a firm of which a Director is a member or with a company in which the Director has a substantial financial interest other than virtue of transactions entered into the ordinary course of business.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate except for the options over shares granted by PENSONIC HOLDINGS BERHAD to eligible executives, including Directors of the Company, pursuant to the Pensonic Holdings Berhad Executives' Share Option Scheme.

In accordance with the register of the Directors' shareholdings, there are no changes in the directors' interest in shares in the Company and its related corporations at 21ST JUNE, 2002.

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps :

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate provisions had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances :

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets, in the financial statements of the Group and of the Company misleading ; or

COMPANY NO: 300426 - P

OTHER STATUTORY INFORMATION (Continued)

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate;

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist :

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person ; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than as disclosed in NOTE 22 to the financial statements.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors :

- (a) the results of the Group and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any time, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

COMPANY NO: 300426 - P

AUDITORS

The auditors, **TEH ENG AUN & CO.**, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:

DATO' CHEW WENG KHAK @
CHEW WENG KIAK
DIRECTOR

DATO' TAN KING TAI @
TAN KHOON HAI
DIRECTOR

Penang.

Dated :

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND SUBSIDIARY COMPANIES

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, **DATO' CHEW WENG KHAK @ CHEW WENG KIAK** and **DATO' TAN KING TAI @ TAN KHOON HAI**, being two of the Directors of **PENSONIC HOLDINGS BERHAD**, state that, in the opinion of the Directors, the accompanying balance sheets, income statements, statements of changes in equity and the cash flow statements, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at **31ST MAY, 2002** and of the results of their operations and the cash flows for the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATO' CHEW WENG KHAK @
CHEW WENG KIAK

DATO' TAN KING TAI @
TAN KHOON HAI

Dated :

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, **DATO' CHEW WENG KHAK @ CHEW WENG KIAK**, I.C.NO. **421102-02-5141**, the Director responsible for the financial management of **PENSONIC HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto, are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)

abovenamed **DATO' CHEW WENG KHAK**
@ CHEW WENG KIAK at)

Georgetown in the State of **Pulau Pinang**)

this day of 2002)

BEFORE ME,

DATO' CHEW WENG KHAK
@ CHEW WENG KIAK

COMPANY NO: 300426 - P

**REPORT OF THE AUDITORS TO THE MEMBERS
OF
PENSONIC HOLDINGS BERHAD
(300426 – P)
(Incorporated in Malaysia)**

We have audited the financial statements together with the notes thereto of the Group and of the Company. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of: -
 - i) the state of affairs of the Group and of the Company as at **31ST MAY, 2002** and of the results of the Group and of the Company and cash flows of the Group and of the Company for the financial year then ended ; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the Company's financial statements and consolidated financial statements; and

COMPANY NO: 300426 - P

- b) The accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we received satisfactory information and explanations required by us for those purposes.

The Auditors' Report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174 (3) of the Companies Act 1965.

TEH ENG AUN & CO.
NO : AF - 0322
CHARTERED ACCOUNTANTS

TEH ENG HIN
NO : 1708/8/2003(J)
PARTNER

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	2	27,642,094	27,949,789
Intangible assets	3	47,525	25,497
		27,689,619	27,975,286
CURRENT ASSETS			
Inventories	5	56,085,293	54,226,461
Trade and other receivables	6	29,699,889	31,536,929
Amount owing by related companies	7	7,766,488	6,313,005
Fixed deposits, cash and bank balances	9	4,629,437	9,494,808
		98,181,107	101,571,203
CURRENT LIABILITIES			
Trade and other payables	10	31,091,000	29,450,957
Short term borrowings	11	2,383,056	7,134,516
Provision for taxation		348,362	772,473
Proposed dividend		1,000,296	980,208
		34,822,714	38,338,154
NET CURRENT ASSETS		63,358,393	63,233,049
		91,048,012	91,208,335
FINANCED BY :-			
SHARE CAPITAL	12	46,310,000	45,380,000
RESERVES	13	42,511,963	42,663,348
		88,821,963	88,043,348
SHAREHOLDERS' EQUITY		88,821,963	88,043,348
MINORITY INTEREST		719,202	587,827
LONG TERM AND DEFERRED LIABILITIES :-			
Long-term loan	14	1,199,465	2,244,735
Deferred taxation	15	307,382	332,425
		1,506,847	2,577,160
Total Long-Term and Deferred Liabilities		91,048,012	91,208,335

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
REVENUE	16	100,348,048	93,382,210
COST OF SALES		<u>(84,198,786)</u>	<u>(77,769,291)</u>
GROSS PROFIT		16,149,262	15,612,919
OTHER OPERATING INCOME		193,245	258,948
DISTRIBUTION COSTS		(5,926,698)	(5,273,785)
ADMINISTRATION EXPENSES		<u>(8,672,099)</u>	<u>(9,188,956)</u>
PROFIT FROM OPERATIONS		1,743,710	1,409,126
FINANCE COSTS		<u>(360,456)</u>	<u>(1,077,290)</u>
PROFIT BEFORE TAXATION	17	1,383,254	331,836
INCOME TAX EXPENSE	18	<u>(769,718)</u>	<u>(716,106)</u>
PROFIT/(LOSS) AFTER TAXATION		613,536	(384,270)
MINORITY INTEREST		<u>(73,775)</u>	<u>(263,009)</u>
NET PROFIT/(LOSS) FOR THE YEAR		<u>539,761</u>	<u>(647,279)</u>
BASIC EARNINGS/(LOSS) PER SHARE (sen)	19	<u>1.18</u>	<u>(1.90)</u>

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY, 2002

	Share capital RM	Share premium RM	Revaluation reserve RM	Capital reserve RM	Reserve on consolidation RM	Retained profits RM	Total RM
Balance as at 31st May, 2000	22,551,000	8,349,900	407,649	4,487,540	8,716,627	15,355,319	59,868,035
Issue of shares							
- ESOS	139,000	166,800	-	-	-	-	305,800
- Bonus Issue	11,345,000	(3,214,129)	-	-	-	(8,130,871)	-
- Rights Issue with warrants	11,345,000	18,152,000	-	-	-	-	29,497,000
Net loss for the year	-	-	-	-	-	(647,279)	(647,279)
Proposed final dividend (3% less tax) (Note 20)	-	-	-	-	-	(980,208)	(980,208)
Balance as at 31st May, 2001	45,380,000	23,454,571	407,649	4,487,540	8,716,627	5,596,961	88,043,348
Issue of shares							
- ESOS	930,000	309,150	-	-	-	-	1,239,150
Net profit for the year	-	-	-	-	-	539,761	539,761
Proposed final dividend (3% less tax) (Note 20)	-	-	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002	46,310,000	23,763,721	407,649	4,487,540	8,716,627	5,136,426	88,821,963

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,383,254	331,836
Adjustments for :-			
Amortisation of intangible assets			
- Trade mark		11,881	6,374
- Listing expenses		-	38,918
Amortisation of leasehold land and buildings		240,704	244,448
Bad debts written off		7,839	-
Depreciation of property, plant and equipment		1,184,221	1,245,740
Interest expense		1,301,644	2,239,188
Loss/(Gain) on disposal of property, plant and equipment		27,798	(23,132)
Interest income		(16,735)	(75,984)
		<hr/>	<hr/>
Operating profit before working capital changes		4,140,606	4,007,388
Increase in inventories		(1,858,832)	(2,438,672)
Decrease/(Increase) in receivables		411,210	(357,735)
Increase/(Decrease) in payables		1,640,043	(10,923,974)
		<hr/>	<hr/>
Cash generated from/(used in) operations		4,333,027	(9,712,993)
Taxes paid		(1,196,763)	(1,806,047)
Interest expense		(1,301,644)	(2,239,188)
Interest income		16,735	75,984
		<hr/>	<hr/>
Net cash from/(used in) operating activities		1,851,355	(13,682,244)

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	21	(1,168,829)	(1,137,838)
Proceeds from disposal of property, plant and equipment		23,800	62,500
Intangible assets applied		(33,909)	-
Net cash used in investing activities		(1,178,938)	(1,075,338)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from ESOS issue		1,239,150	305,800
Proceeds from rights issue with warrants		-	29,497,000
Dividend paid		(980,208)	(811,836)
Repayment of term loan		(956,540)	(7,601,630)
Net cash (used in)/generated from financing activities		(697,598)	21,389,334
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(25,181)	6,631,752
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,165,307	(3,466,445)
* CASH AND CASH EQUIVALENTS CARRIED FORWARD		3,140,126	3,165,307
* <u>CASH AND CASH EQUIVALENTS</u>		RM	RM
Cash and bank balances		4,486,851	4,868,258
Fixed deposits with licensed banks		142,586	4,626,550
Bank overdrafts		(1,380,311)	(6,220,501)
		3,249,126	3,274,307
Less : Fixed deposits pledge to licensed bank		(109,000)	(109,000)
		3,140,126	3,165,307

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

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

BALANCE SHEET AS AT 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	2	1	32,815
Investment in subsidiary companies	4	28,024,705	28,224,705
		28,024,706	28,257,520
CURRENT ASSETS			
Other receivables	6	566,697	256,572
Amounts owing by subsidiary companies	8	53,681,837	52,865,420
Cash at bank	9	15,372	19,172
		54,263,906	53,141,164
CURRENT LIABILITIES			
Other payables	10	81,265	61,292
Proposed dividend		1,000,296	980,208
		1,081,561	1,041,500
NET CURRENT LIABILITIES			
		53,182,345	52,099,664
		81,207,051	80,357,184
Financed by :-			
SHARE CAPITAL	12	46,310,000	45,380,000
RESERVES	13	34,897,051	34,977,184
SHAREHOLDERS' EQUITY		81,207,051	80,357,184

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

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

INCOME STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
REVENUE	16	1,350,000	1,349,153
ADMINISTRATION EXPENSES		<u>(305,058)</u>	<u>(1,178,496)</u>
PROFIT FROM OPERATIONS		1,044,942	170,657
FINANCE COSTS		<u>(30)</u>	<u>(477)</u>
PROFIT BEFORE TAXATION	17	1,044,912	170,180
INCOME TAX EXPENSE	18	<u>(433,899)</u>	<u>(361,200)</u>
NET PROFIT/(LOSS) FOR THE YEAR		<u>611,013</u>	<u>(191,020)</u>

The accompanying notes form an integral part of the financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY, 2002

	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance as at 31st May, 2000	22,551,000	8,349,900	16,261,743	4,562,969	51,725,612
Issue of shares					
- ESOS	139,000	166,800	-	-	305,800
- Bonus Issue	11,345,000	(3,214,129)	(8,130,871)		-
- Rights Issue with warrants	11,345,000	18,152,000	-		29,497,000
Net loss for the year	-	-	-	(191,020)	(191,020)
Proposed dividends (3% less tax) (Note 20)	-	-	-	(980,208)	(980,208)
Balance as at 31st May, 2001	45,380,000	23,454,571	8,130,872	3,391,741	80,357,184
Issue of shares					
- ESOS	930,000	309,150	-	-	1,239,150
Net profit for the year	-	-	-	611,013	611,013
Proposed dividends (3% less tax) (Note 20)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002	<u>46,310,000</u>	<u>23,763,721</u>	<u>8,130,872</u>	<u>3,002,458</u>	<u>81,207,051</u>

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002

	NOTE	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,044,912	170,180
Adjustments for :-			
Amortisation of intangible assets			
- listing expenses		-	38,918
Depreciation of property, plant and equipment		32,814	78,755
Interest expenses		30	477
Interest income		-	(59,153)
		<hr/>	<hr/>
Operating profit before working capital changes		1,077,756	229,177
Increase in receivables		(7,411)	-
Increase/(Decrease) in payables		19,973	(1,853)
		<hr/>	<hr/>
Cash generated from operations		1,090,318	227,324
Taxes paid		(436,614)	(361,200)
Interest expense		(30)	(477)
Interest income		-	59,153
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		653,674	(75,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies		<hr/>	<hr/>
		(916,416)	(28,939,735)

COMPANY NO: 300426 - P

PENSONIC HOLDINGS BERHAD

(300426 - P)

(Incorporated in Malaysia)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2002**

	2002	2001
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from ESOS issue	1,239,150	305,800
Proceeds from rights issue with warrants	-	29,497,000
Dividend paid	(980,208)	(811,836)
Net cash generated from financing activities	258,942	28,990,964
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,800)	(23,971)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	19,172	43,143
* CASH AND CASH EQUIVALENTS CARRIED FORWARD	15,372	19,172
* <u>CASH AND CASH EQUIVALENTS</u>		
	RM	RM
Cash at bank	15,372	19,172

The accompanying notes form an integral part of the financial statements.

COMPANY NO: 300426 - P

**PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment of the Group and investments in subsidiaries of the Company unless otherwise indicated in the significant accounting policies and comply with approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the 31st May 2002. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The difference between acquisition costs and the fair values of the subsidiary companies' net assets is reflected as reserve on consolidation. Reserve on consolidation are not amortised and will be transferred directly to income statement upon disposal of the subsidiary companies concerned.

All inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

COMPANY NO: 300426 - P

1.3 Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation except freehold land which is not amortised. Leasehold land and buildings are amortised over the lease periods ranging from 40 to 85 years. Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the property, plant and equipment on the straight-line basis and reducing balance basis over the estimated useful lives of the property, plant and equipment concerned. The principal annual rates used are :-

	Group		Company
	Straight - line	Reducing balance	Straight - line
Buildings	-	2% - 5%	-
Motor vehicles	20%	20%	20%
Furniture and fittings	10%	5%	-
Office equipments	10%	10%	-
Electrical installation, Renovation	10%	-	-
Fire protection system, Showcase	10%	10%	-
Factory fittings and equipments	12%	10%	-
Moulds, Signboard	10%	10%	-
Tools and equipments	10%	5% - 10%	-
Plant and machinery	10%	10%	-
Computer	50%	50%	-

1.4 Intangible assets

In previous years, preliminary expenses, pre-operating expenses and listing expenses are deferred and amortised on straight line basis over a period of five year upon commencement of operations or the useful life, whichever is the shorter.

However, in compliance with MASB Standard No.1 expenditure which do not meet the criteria of an assets should not be shown in the balance sheet and instead be expensed off when they are incurred. Arising therefrom, the Group and the Company changed their accounting policy to comply with this standard.

Trade mark incurred is amortised over a maximum period of 10 years from the year the expense is incurred.

COMPANY NO: 300426 - P

1.5 Investments

Investments in subsidiary companies are stated at valuation based on the net tangible assets value of the subsidiary companies. Acquisition subsequent to valuation date are stated at cost. A valuation will be conducted in an interval of at least once every five years.

Provision is made for any diminution in the value of the investments which, in the opinion of the directors, is considered permanent.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on a weighted average basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of finished goods comprises of purchase cost, direct labour and an appropriate proportion of production overheads.

1.7 Trade and other receivables

Known bad debts are written off and specific provisions are made for all debts considered doubtful.

1.8 Related companies

Related companies are companies within the Pensonic Holdings Berhad's group of companies.

1.9 Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, bank balances, bank overdrafts and fixed deposits. Cash equivalents consists of short term, highly liquid investments that are readily convertible to known amounts of cash and

1.10 Deferred taxation

Deferred taxation, calculated by the liability method is provided on timing differences arising from the different treatments in accounting and taxation of certain items except where it can be demonstrated with reasonable probability that deferral will continue for the foreseeable future.

In accounting for timing differences deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

COMPANY NO: 300426 - P

1.11 Revenue and revenue recognition

Revenue of the Group consists of gross sales of electronic products and electrical home appliances less returns and discounts.

Revenue for the Company represents gross dividend received and fixed deposits interest received.

Revenue from sale of goods is recognised upon the delivery of products and customer acceptance. Dividends from subsidiaries are included in the income statements of the Company and the Group when the shareholder's right to receive payment is established. Interest income and income from royalty are recognized on an accrual basis.

All inter-company transactions are eliminated on consolidation.

1.12 Foreign currency transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates and, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchanges rates prevailing on that date. Gains or losses arising from foreign currency conversions are taken up in the income statements.

2. PROPERTY, PLANT AND EQUIPMENT

GROUP
2002

COST OR VALUATION

	AT 01.06.2001 RM	Additions RM	Disposals RM	AT 31.05.2002 RM
At valuation :-				
Leasehold land	1,523,532	-	-	1,523,532
At cost :-				
Leasehold land and buildings	12,316,123	86,400	-	12,402,523
Freehold land	997,287	-	-	997,287
Buildings	10,611,287	-	-	10,611,287
Motor vehicles	2,937,169	226,453	(140,186)	3,023,436
Furniture and fittings	521,533	164,631	-	686,164
Office equipments	775,706	73,613	(2,500)	846,819
Electrical installation	306,894	40,324	-	347,218
Renovation	1,111,850	354,557	-	1,466,407
Fire protection system	355,949	-	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	322,800	6,470	-	329,270
Moulds	2,749,638	135,091	-	2,884,729
Signboard	161,277	9,261	-	170,538
Tools and equipment	258,416	39,600	-	298,016
Plant and machinery	330,757	-	-	330,757
Computer	151,672	32,429	-	184,101
	<u>35,498,636</u>	<u>1,168,829</u>	<u>(142,686)</u>	<u>36,524,779</u>

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.2001 RM	Charge for the year RM	Disposals RM	AT 31.05.2002 RM	AT 31.05.2002 RM
At valuation :-					
Leasehold land	177,744	25,392	-	203,136	1,320,396
At cost :-					
Leasehold land and buildings	1,426,057	215,312	-	1,641,369	10,761,154
Freehold land	-	-	-	-	997,287
Buildings	915,592	203,146	-	1,118,738	9,492,549
Motor vehicles	1,830,459	359,770	(88,587)	2,101,642	921,794
Furniture and fittings	172,505	39,888	-	212,393	473,771
Office equipments	456,940	97,076	(2,500)	551,516	295,303
Electrical installation	129,083	24,013	-	153,096	194,122
Renovation	465,659	125,658	-	591,317	875,090
Fire protection system	159,534	19,698	-	179,232	176,717
Showcase	59,746	700	-	60,446	6,300
Factory fittings and equipments	162,585	26,150	-	188,735	140,535
Moulds	1,178,776	192,481	-	1,371,257	1,513,472
Signboard	101,266	14,655	-	115,921	54,617
Tools and equipment	55,692	25,436	-	81,128	216,888
Plant and machinery	130,855	20,183	-	151,038	179,719
Computer	126,354	35,367	-	161,721	22,380
	<u>7,548,847</u>	<u>1,424,925</u>	<u>(91,087)</u>	<u>8,882,685</u>	<u>27,642,094</u>

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP
2001

COST OR VALUATION

	AT 01.06.2000 RM	Additions RM	Disposals RM	AT 31.05.2001 RM
At valuation :-				
Leasehold land	1,523,532	-	-	1,523,532
At cost :-				
Leasehold land and buildings	12,316,123	-	-	12,316,123
Freehold land	997,287	-	-	997,287
Buildings	10,611,287	-	-	10,611,287
Motor vehicles	2,655,477	394,213	(112,521)	2,937,169
Furniture and fittings	408,999	112,534	-	521,533
Office equipments	698,922	76,784	-	775,706
Electrical installation	293,539	13,355	-	306,894
Renovation	1,020,424	91,426	-	1,111,850
Fire protection system	355,949	-	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	310,550	12,250	-	322,800
Moulds	2,567,184	182,454	-	2,749,638
Signboard	161,277	-	-	161,277
Tools and equipment	102,830	155,586	-	258,416
Plant and machinery	282,154	48,603	-	330,757
Computer	101,039	50,633	-	151,672
	<u>34,473,319</u>	<u>1,137,838</u>	<u>(112,521)</u>	<u>35,498,636</u>

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.2000 RM	Charge for the year RM	Disposals RM	AT 31.05.2001 RM	AT 31.05.2001 RM
At valuation :-					
Leasehold land	152,352	25,392	-	177,744	1,345,788
At cost :-					
Leasehold land and buildings	1,207,001	219,056	-	1,426,057	10,890,066
Freehold land	-	-	-	-	997,287
Buildings	711,465	204,127	-	915,592	9,695,695
Motor vehicles	1,458,638	444,974	(73,153)	1,830,459	1,106,710
Furniture and fittings	144,306	28,199	-	172,505	349,028
Office equipments	356,962	99,978	-	456,940	318,766
Electrical installation	107,441	21,642	-	129,083	177,811
Renovation	368,460	97,199	-	465,659	646,191
Fire protection system	137,658	21,876	-	159,534	196,415
Showcase	58,969	777	-	59,746	7,000
Factory fittings and equipments	134,407	28,178	-	162,585	160,215
Moulds	987,612	191,164	-	1,178,776	1,570,862
Signboard	86,943	14,323	-	101,266	60,011
Tools and equipment	32,302	23,390	-	55,692	202,724
Plant and machinery	108,478	22,377	-	130,855	199,902
Computer	78,818	47,536	-	126,354	25,318
	<u>6,131,812</u>	<u>1,490,188</u>	<u>(73,153)</u>	<u>7,548,847</u>	<u>27,949,789</u>

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY 2002				
COST	At	Additions	Disposals	At
	01.06.2001			31.05.2002
	RM	RM	RM	RM
Motor vehicle	393,776	-	-	393,776

ACCUMULATED DEPRECIATION	At	Charge for	Disposals	At	NET BOOK VALUE
	01.06.2001	the year		31.05.2002	At
	RM	RM	RM	RM	31.05.2002
					RM
Motor vehicle	360,961	32,814	-	393,775	1

COMPANY 2001				
COST	At	Additions	Disposals	At
	01.06.2000			31.05.2001
	RM	RM	RM	RM
Motor vehicle	393,776	-	-	393,776

ACCUMULATED DEPRECIATION	At	Charge for	Disposals	At	NET BOOK VALUE
	01.06.2000	the year		31.05.2001	At
	RM	RM	RM	RM	31.05.2001
					RM
Motor vehicle	282,206	78,755	-	360,961	32,815

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (i) The property, plant and equipment of certain subsidiary companies pledged to licensed banks for banking facilities granted to the Group are as follows :-

	GROUP	
	2002	2001
	RM	RM
At cost :-		
Freehold land and building	1,246,666	1,246,666
Leasehold land and building	22,268,691	22,268,691
	<u>23,515,357</u>	<u>23,515,357</u>

- (ii) The valuation for leasehold land were made in 1994 based on valuations by independent professional valuers using the open market value basis. The valuations have not been updated as the Group has not adopted a policy of regular revaluation. Pursuant to the transitional provisions of International Accounting Standard No. 16 (Revised) - Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, the said assets are stated at their valuation less accumulated depreciation.

- (iii) Had the revalued asset been carried at cost less accumulated depreciation the carrying amounts would have been as follows :-

GROUP	Cost	Accumulated	Net
	RM	Depreciation	book value
	RM	RM	RM
2002			
Leasehold land	1,115,883	167,382	948,501
			<u>948,501</u>
2001			
Leasehold land	1,115,883	148,784	967,099
			<u>967,099</u>

- (iv) Deferred taxation is not provided on the surplus arising from the revaluation of leasehold land of a subsidiary company as the Group has no intention of disposing the revalued asset in the foreseeable future.

3. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
a) Trade mark :				
Cost				
As at 1st June	62,456	62,456	-	-
Add : Addition during the year	33,909	-	-	-
As at 31st May	96,365	62,456	-	-
Accumulated amortisation				
As at 1st June	36,959	30,585	-	-
Add : Amortisation during the year	11,881	6,374	-	-
As at 31st May	48,840	36,959	-	-
As at 31st May	47,525	25,497	-	-
b) Listing expenses :				
Cost				
As at 31st May	-	964,498	-	809,498
Accumulated amortisation				
As at 1st June	-	925,580	-	770,580
Add : Amortisation during the year	-	38,918	-	38,918
As at 31st May	-	964,498	-	809,498
As at 31st May	-	-	-	-

4. INVESTMENT IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares				
- at cost	-	-	11,962,962	11,962,962
- at directors valuation	-	-	16,261,743	16,261,743
			<hr/>	<hr/>
	-	-	28,224,705	28,224,705
Less : Dividend paid out by a subsidiary company out of retained profits after revaluation date	-	-	(200,000)	-
			<hr/>	<hr/>
	-	-	28,024,705	28,224,705
			<hr/> <hr/>	<hr/> <hr/>

During the financial year ended 31st May, 2000 the cost of investment in certain subsidiaries were revalued by the directors based on the audited net tangible assets of these subsidiaries as at 31st May, 1998.

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2002	2001
Keat Radio Co. Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%
Pensonic Sales & Service Sdn. Bhd.	Assembling and sale of electrical and electronic home appliances	100%	100%
Pensonic Corporation Sdn. Bhd.	Dealing in all kinds of electrical products and operators of licensed manufacturing warehouse	100%	100%
Pensia Electronic Sdn. Bhd.	Manufacturing, assembling, and sale of electrical and electronic home appliances	100%	100%
Pensia Industries Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%

COMPANY NO: 300426 - P**4. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)**

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2002	2001
Pensia Air Conditioners Sdn. Bhd. (Formerly Known as Sensonic Sales & Service Sdn. Bhd.)	Assembling and sales of electrical and electronic product.	100%	100%
Epicson Sales & Service Sdn. Bhd. (Formerly Known as Epicson Music Sdn. Bhd.)	Dealing in electronic products and electrical home appliances.	100%	100%
Pensonic Industries Sdn. Bhd.	Dealing in electrical and electronic items	60%	60%
Pensonic Part & Services Sdn. Bhd.	Dealing in electrical and electronic items	59.99%	59.99%

All the subsidiary companies are audited by us.

5. INVENTORIES

	GROUP	
	2002	2001
	RM	RM
Raw materials	15,571,594	19,925,102
Finished goods	40,513,699	34,301,359
	<u>56,085,293</u>	<u>54,226,461</u>

Raw materials and finished goods are carried at net realisable value.

6. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade receivables	23,187,966	24,679,357	-	-
Other receivables	6,511,923	6,857,572	566,697	256,572
	<u>29,699,889</u>	<u>31,536,929</u>	<u>566,697</u>	<u>256,572</u>

COMPANY NO: 300426 - P**7. AMOUNT OWING BY RELATED COMPANIES**

Amount owing by related companies are unsecured, interest free and with no fixed terms of repayment.

8. AMOUNT OWING BY SUBSIDIARY COMPANIES

The amount owing by subsidiary companies are unsecured, interest free and with no fixed terms of repayment.

9. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Fixed deposits with licensed banks	142,586	4,626,550	-	-
Cash and bank balances	4,486,851	4,868,258	15,372	19,172
	<u>4,629,437</u>	<u>9,494,808</u>	<u>15,372</u>	<u>19,172</u>

Included in the fixed deposits with licensed bank of the Group are fixed deposits amounting to RM109,000 (2001 : RM109,000) pledged to licensed bank for banking facilities granted to the Group.

10. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade payables	6,477,206	3,761,216	-	-
Bills payable - secured	22,217,031	24,335,656	-	-
Other payables	2,396,763	1,354,085	81,265	61,292
	<u>31,091,000</u>	<u>29,450,957</u>	<u>81,265</u>	<u>61,292</u>

11. SHORT-TERM BORROWINGS - SECURED

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
Bank overdrafts	1,380,311	6,220,501	-	-
Term loan - Repayment due within one year (Note 14)	1,002,745	914,015	-	-
	<u>2,383,056</u>	<u>7,134,516</u>	-	-

The bank borrowings and other banking facilities bear interest ranging from 1% to 2% per annum above the banks' base lending rates and are secured by the followings :-

- i) Legal charges over the certain properties belonging to subsidiary companies as shown in Note 2 (i) to the financial statements.
- ii) Fixed deposits belonging to subsidiary companies as disclosed in Note 9 to the financial statements.
- iii) Corporate Guarantee by the Company.

12. SHARE CAPITAL

	COMPANY	
	2002 RM	2001 RM
Ordinary shares of RM1 each		
Authorised :-	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid-up :-		
At 1st June	45,380,000	22,551,000
Issued under Employees' Share Option Scheme	930,000	139,000
Bonus issue	-	11,345,000
Rights issue with warrants	-	11,345,000
At 31st May	<u>46,310,000</u>	<u>45,380,000</u>

12. SHARE CAPITAL (Continued)

During the financial year, the Company increased its issued and paid up capital from RM45,380,000 to RM46,310,000 via the issue of 595,000 and 335,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM1.30 and RM1.39 per share respectively.

The new shares rank pari passu in all aspects with the then existing ordinary shares of the Company.

As at 31st May, 2002 options to subscribe for 2,683,000 ordinary shares and 435,000 ordinary shares at an option price of RM1.30 and RM1.39 respectively, remains unexercised.

During the financial year ended 31st May, 2001, the Company issued 11,345,000 Warrants 2001/2006 in respect of renounceable Rights Issue on the basis of one (1) Warrant for every two (2) ordinary shares to the shareholders.

The details of the Warrants are as follows :-

The Warrants were constituted under a Deed Poll dated 6 September, 2000 and each Warrant entitles its registered holder to subscribe for one (1) new ordinary shares of RM1.00 each in the Company at the exercise price of RM2.85 payable in cash. The exercise price is subject to adjustment in accordance with the basis set out in the Deed Poll. The Warrants may be exercised at any time commencing on the date of issue of Warrants and ending on 4 January 2006. Any Warrants which have not been exercised

The exercise period may be extended by the Company for a further term of five (5) years from the date expiration subject to the approval of relevant authorities and shareholders.

The new ordinary shares allotted and issued upon exercise of the Warrants shall be fully paid-up and shall rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, entitlements and/or other distributions, the record date which is prior to the relevant subscription date (record date means, in relation to any dividends, rights, allotments or other distributions, the date on which the shareholders of the Company must be registered in order to participate in such dividends, rights, allotments or other distributions).

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 31st May, 2002 is 11,345,000 (2001 : 11,345,000).

13. RESERVES

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
<u>Non-Distributable :-</u>				
a) Revaluation reserve :				
As at 1st June	407,649	407,649	8,130,872	16,261,743
Less : Amount capitalised for bonus issue	-	-	-	(8,130,871)
As at 31st May	407,649	407,649	8,130,872	8,130,872
b) Capital reserve :				
As at 31st May	4,487,540	4,487,540	-	-
c) Share premium :				
As at 1st June	23,454,571	8,349,900	23,454,571	8,349,900
Add : Employees' Share Option Scheme	309,150	166,800	309,150	166,800
Rights issue with warrants	-	18,152,000	-	18,152,000
Less : Amount capitalised for bonus issue	-	(3,214,129)	-	(3,214,129)
As at 31st May	23,763,721	23,454,571	23,763,721	23,454,571
d) Reserve on Consolidation				
As at 31st May	8,716,627	8,716,627	-	-
<u>Distributable :-</u>				
e) Retained profits				
As at 1st June	5,596,961	15,355,319	3,391,741	4,562,969
Loss during the year	(460,535)	(1,627,487)	(389,283)	(1,171,228)
Less : Amount capitalised for bonus issue	-	(8,130,871)	-	-
As at 31st May	5,136,426	5,596,961	3,002,458	3,391,741
TOTAL RESERVES				
Total reserves at 31st May are analysed as follows :				
Distributable	5,136,426	5,596,961	3,002,458	3,391,741
Non-distributable	37,375,537	37,066,387	31,894,593	31,585,443
	42,511,963	42,663,348	34,897,051	34,977,184

14. TERM LOANS - SECURED

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Balance as at 31st May	2,202,210	3,158,750	-	-
Repayment due within one year	1,002,745	914,015	-	-
Repayment due after one year	1,199,465	2,244,735	-	-

Term loans bear interest ranging from 1.5% to 1.75% per annum above the bank's base

15. DEFERRED TAXATION

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
As at 1st June	332,425	289,647	-	-
Transfer (to)/from income statement	(25,043)	42,778	-	-
As at 31st May	307,382	332,425	-	-

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Tax effect on :- Timing differences arising from excess of capital allowance over the corresponding depreciation	1,097,794	1,187,232	-	-

As at 31st May, 2002 there were no timing differences on which deferred taxation liability has not been provided (2001 : Nil)

The tax effect of the surplus on revaluation of leasehold land in a subsidiary company has not been provided in the financial statements as the Group has no intention of disposing the revalued asset in the foreseeable future.

16. REVENUE

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Sale of goods	100,348,048	93,323,057	-	-
Dividend income	-	-	1,350,000	1,290,000
Interest income	-	59,153	-	59,153
	100,348,048	93,382,210	1,350,000	1,349,153

COMPANY NO: 300426 - P**17. PROFIT BEFORE TAXATION**

Profit before taxation has been determined after inclusion of the following charges and credits :-

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
After charging :-				
Audit fee (Note a)	64,800	100,300	9,000	44,300
Amortisation of leasehold land and buildings	240,704	244,448	-	-
Amortisation of intangible assets :-				
- Trade mark	11,881	6,374	-	-
- Listing expenses	-	38,918	-	38,918
Bad debts written off	7,839	-	-	-
Bonus and rights issue expenses	-	691,544	-	691,544
Directors' remuneration (Note b)	657,000	538,879	61,000	40,000
Depreciation of property, plant and equipment	1,184,221	1,245,740	32,814	78,755
Interest expense :-				
- bank interest	135,421	261,775	30	477
- term loan interest	225,035	815,515	-	-
Loss on foreign exchange - realised	9,794	8,808	-	-
Rental of premises :-				
- paid to a director	96,000	48,000	-	-
- paid to third parties	212,166	234,694	-	-
Cost of sales :-				
- bankers acceptance interest	941,188	1,161,898	-	-
And crediting :-				
Royalty income	89,400	-	-	-
Fixed deposits interest received	16,735	75,984	-	59,153
Rental received	105,780	218,985	-	-
(Loss)/Gain on disposal of property, plant and equipment	(27,798)	23,132	-	-
Gross dividend received from subsidiary companies	-	-	1,350,000	1,290,000

17. PROFIT BEFORE TAXATION (Continued)

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
(a) Audit fee				
- statutory audit	64,800	65,000	9,000	9,000
- non-audit in relation to Company bonus and rights issue	-	35,300	-	35,300
	<u>64,800</u>	<u>100,300</u>	<u>9,000</u>	<u>44,300</u>

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
(b) Directors remuneration				
Executive Directors				
- salaries	545,000	470,879	-	-
- bonuses	51,000	28,000	-	-
- fees	35,000	20,000	35,000	20,000
- benefits-in-kind	-	-	-	-
Total	<u>631,000</u>	<u>518,879</u>	<u>35,000</u>	<u>20,000</u>
Non-Executive Directors				
- fees	26,000	20,000	26,000	20,000
- benefits-in-kind	-	-	-	-
Total	<u>26,000</u>	<u>20,000</u>	<u>26,000</u>	<u>20,000</u>
Total	<u>657,000</u>	<u>538,879</u>	<u>61,000</u>	<u>40,000</u>

	Number of directors			
	2002		2001	
	Executive Directors	Non- Executive Directors	Executive Directors	Non- Executive Directors
<u>Directors of the Group</u>				
Below RM50,000	2	3	2	3
RM50,000 - RM100,000				
RM100,000 - RM150,000	1		1	
RM150,000 - RM200,000	1			
RM200,000 - RM250,000				
RM250,000 - RM300,000	1			
RM300,000 - RM350,000			1	

18. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Provision for current year	465,300	312,400	-	-
Under / (Over) provision in prior year	329,461	360,928	(101)	-
Tax deducted at source	-	-	434,000	361,200
Deferred taxation	(25,043)	42,778	-	-
	<u>769,718</u>	<u>716,106</u>	<u>433,899</u>	<u>361,200</u>

The disproportionate tax charge in relation to the results of the Group for the current year is mainly due to certain expenses being disallowed for tax purposes.

The Company's tax charge for the financial year is in respect of dividend income.

The Company has tax credit of approximately RM1,355,593 (2001 : RM1,752,000) under Section 108 of the Income Tax Act, 1967 to frank the payment of future

19. BASIC EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share has been calculated on after tax group earnings/(loss) of RM539,761 (2001: (RM647,279) and on the weighted average number of ordinary shares in issue during the year of 45,599,500 (2001: on the

The fully diluted earnings per ordinary share for financial year 2002 based on the assumed conversion of the options granted under the Employees' Share Option Scheme would be anti-dilutive and therefore, not shown in the financial statements.

The fully diluted loss per ordinary share in 2001 has not been computed as the Group showed basic loss per ordinary share for 2001.

20. PROPOSED DIVIDEND

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Proposed dividend of 3%				
less tax				
(2001 : 3% less tax)	1,000,296	980,208	1,000,296	980,208

21. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,168,829 (2001: RM1,137,838) by cash.

22. CONTINGENT LIABILITIES

	COMPANY	
	2002	2001
	RM	RM
Guarantees given to bankers in respect of bank facilities granted to certain subsidiary companies - unsecured	81,200,000	81,200,000

23. SEGMENT ANALYSIS

No segment analysis is prepared as the group is primarily engaged in the manufacturing, assembling and retailing of electronic and electrical home appliances.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The significant transactions of the Company with its subsidiary companies which are eliminated on consolidation are as follows :-

	COMPANY	
	2002	2001
	RM	RM
Gross dividend received from subsidiary companies :-		
- Pensonic Sales & Service Sdn. Bhd.	1,350,000	1,050,000
- Pensia Industries Sdn. Bhd.	200,000	-
- Keat Radio Co. Sdn. Bhd.	-	240,000
	<hr/>	<hr/>
Advances to subsidiary companies :-		
- Keat Radio Co. Sdn. Bhd.	1,260,767	14,166,934
- Pensonic Sales & Service Sdn. Bhd.	-	7,085,965
- Pensia Industries Sdn. Bhd.	-	6,060,765
- Pensia Electronic Sdn. Bhd.	-	1,936,736
	<hr/>	<hr/>

(b) Directors related transactions

	GROUP	
	2002	2001
	RM	RM
Rental of premises paid to :-		
- Dato' Chew Weng Khak @ Chew Weng Kiak	96,000	48,000
Directors' fee payable to :-		
- Dato' Chew Weng Khak @ Chew Weng Kiak, Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai, Puan Zahara Bt. Pawanchik, Khairilanuar Bin Abdul Rahman, Dato' Seri Haji Abdul Rahman Bin Haji Abbas, Mr. Chew Weng Yeaw and En. Nyak Zahari Bin Nyak Ibrahim	61,000	40,000
Directors' salaries and bonuses :-		
- Dato' Chew Weng Khak @ Chew Weng Kiak, Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai and Puan Zahara Bt. Pawanchik	596,000	498,879

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

- (c) The significant transactions with companies in which certain Directors and persons connected to the Directors have substantial financial interest are as follows :-

	GROUP	
	2002	2001
	RM	RM
Purchase of raw materials from Pensia Plastic Industries Sdn. Bhd.	5,096,000	4,930,000
Purchase of calculators & printers from Amazing Technology Sdn. Bhd.	150,000	5,880
Electricity charges paid by Pensia Plastic Industries Sdn. Bhd.	145,000	130,000
Factory rental paid by Pensia Plastic Industries Sdn. Bhd.	<u>60,000</u>	<u>180,000</u>

The above transactions are in the ordinary course of business and are based on terms mutually agreed between the parties concerned.

25. CORPORATE INFORMATION

- (a) Registered office and principal place of business.

The registered office and principal place of business of the Company is located at 2-5-26, Harbour Trade Centre, No.2, Gat Lebu Macallum, 10300 Penang.

- (b) Employees Information

	2002	2001
	RM	RM
Staff costs	<u>4,423,799</u>	<u>4,743,352</u>

The number of employees for the Group (excluding directors) at the end of the financial year was 358 (2001 : 342).

26. COMPARATIVE FIGURES

Comparative figures have been extended to comply with the additional disclosure requirements of the additional MASB Standards that are applicable for the year ended 31st May, 2001 :-

	GROUP		COMPANY	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
BALANCE SHEET				
Investment in subsidiary companies	-	-	28,224,705	81,090,125
Amount owing by subsidiary companies	-	-	52,865,420	-
INCOME STATEMENT				
Administration expenses	9,188,956	9,093,993	1,178,496	1,177,334
Finance costs	1,077,290	1,172,253	477	1,639
CASH FLOW STATEMENT				
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from ESOS issue	-	305,800	-	305,800
Proceeds from rights issue with warrants	-	29,497,000	-	29,497,000
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from ESOS issue	305,800	-	305,800	-
Proceeds from rights issue with warrants	29,497,000	-	29,497,000	-
Cash and cash equivalents brought forward	(3,466,445)	(3,357,445)	-	-
Cash and cash equivalents carried forward	3,165,307	3,274,307	-	-
	(47)			