

COMPANY NO: 300426 – P

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY, 2003**

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, 2003**.

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
Net (loss)/profit for the year	(4,179,257)	281,114
Pre-acquisition loss	125,351	-
Minority interest	91,217	-
(Loss)/Profit attributable to shareholders	(3,962,689)	281,114
Retained profits brought forward - As restated	6,136,722	4,002,754
Dividends	(1,000,296)	(1,000,296)
Retained profits carried forward	<u>1,173,737</u>	<u>3,283,572</u>

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DIVIDENDS

During the financial year, the Company paid a dividend of 3% less tax 28%, amounting to RM1,000,296 in respect of the financial year ended 31st May, 2002.

The Directors propose a first and final dividend of 1% less tax 28%, amounting to RM333,432 in respect of the current financial year subject to the approval of members at the forthcoming Annual General Meeting.

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, there were no changes to the authorized and paid-up share capital 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).

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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> RM	<u>Balance at 1st June, 2001</u>	<u>Lapsed due to resignation</u>	<u>Exercised</u>	<u>Expired</u>	<u>Balance at 31st May, 2003</u>
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
-	1.39	435,000	-	-	(435,000)	-
-	1.30	2,683,000	-	-	(2,683,000)	-

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DIRECTORS' INTERESTS IN WARRANTS

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

	<u>As at</u> <u>01.06.2002</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2003</u>	
<u>DIRECT INTEREST</u>					
The Company :-					
DATO' SERI CHEW WENG KHAK					
@ CHEW WENG KIAK	1,826,799	-	-	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.	-	-	-	-	
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>01.06.2002</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2003</u>	
CHEW WENG KHAK REALTY SDN. BHD.					
DATO' SERI CHEW WENG KHAK					
@ CHEW WENG KIAK	1,334,079	-	-	1,334,079	
CHEW CHUON JIN	1,334,079	-	-	1,334,079	
CHEW CHUON GHEE	1,334,079	-	-	1,334,079	
TAN KHOON HAI SDN. BHD.					
DATO' TAN KING TAI @					
TAN KHOON HAI	500	-	-	500	

* Inclusive of 1,250,000 Warrants which are held through a nominee company.

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

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DIRECTORS

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

DATO' SERI CHEW WENG KHAK @
CHEW WENG KIAK
CHEW CHUON JIN
DATO' TAN KING TAI @ TAN KHOON HAI
ZAHARA BT. PAWANCIK
P.P.N., P.J.K.
NYAK ZAHARI BIN NYAK IBRAHIM
CHEW CHUON GHEE
KHAIRILANUAR BIN ABDUL RAHMAN
CHEW WENG YEAW

(Declined re-appointment at the
8th Annual General Meeting held
on 12th November, 2002)

In accordance with Article 29(2) of the Company's Articles of Association, ZAHARA BT. PAWANCIK P.P.N., P.J.K. and NYAK ZAHARI BIN NYAK IBRAHIM retire at the forthcoming Annual General Meeting and, being eligible, offer themselves 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>01.06.2002</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2003</u>
<u>DIRECT INTEREST</u>				
The Company :-				
DATO' SERI CHEW WENG KHAK				
@ CHEW WENG KIAK	8,533,194	-	-	8,533,194 *
CHEW CHUON JIN	848,200	-	-	848,200 **
DATO' TAN KING TAI @				
TAN KHOON HAI	1,291,809	65,000	-	1,356,809 ***
ZAHARA BT. PAWANCIK				
P.P.N., P.J.K.	235,520	-	-	235,520
NYAK ZAHARI BIN				
NYAK IBRAHIM	-	-	-	-
CHEW CHUON GHEE	327,580	-	-	327,580 ****
KHAIRILANUAR BIN				
ABDUL RAHMAN	-	-	-	-

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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>As at</u>
<u>01.06.2002</u>	<u>Acquired</u>	<u>Disposed</u>		<u>31.05.2003</u>

CHEW WENG KHAK REALTY SDN. BHD.

DATO' SERI 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	
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* Inclusive of 5,600,000 ordinary shares which are held through a nominee company.

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

*** Inclusive of 1,325,000 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.

Option over number of ordinary shares of RM1 each

<u>As at</u>					<u>As at</u>
<u>01.06.2002</u>	<u>Granted</u>	<u>Exercised</u>	<u>Expired</u>		<u>31.05.2003</u>

The Company :-

DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	295,000	-	-	295,000	-
CHEW CHUON JIN	295,000	-	-	295,000	-
DATO' TAN KING TAI @ TAN KHOON HAI	335,000	-	-	335,000	-
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	295,000	-	-	295,000	-
CHEW CHUON GHEE	158,000	-	-	158,000	-

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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 receive 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, 2003.

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 allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance 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 allowance 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

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 28 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.

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AUDITORS

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

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

**DATO' SERI 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 ITS SUBSIDIARY COMPANIES**

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

We, **DATO' SERI 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 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, 2003** 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.

ON BEHALF OF THE BOARD,

**DATO' SERI CHEW WENG KHAK @
CHEW WENG KIAK**

**DATO' TAN KING TAI @
TAN KHOON HAI**

Dated:

COMPANY NO: 300426 – P

**PENSONIC HOLDINGS BERHAD
(300426 - P)
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**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965**

I, **DATO' SERI 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' SERI CHEW WENG
KHAK @ CHEW WENG KIAK** at)

Georgetown in the State of **Penang**)

this day of)

**DATO' SERI CHEW WENG
KHAK @ CHEW WENG KIAK**

BEFORE ME,

COMPANY NO: 300426 – P

**REPORT OF THE AUDITORS TO THE MEMBERS
OF
PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

We have audited the accompanying balance sheets, income statements, statements of changes in equity and cash flow 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 these 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, 2003** and of the results of the Group and of the Company and cash flow 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

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- 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.

The name of the subsidiary company of which we have not acted as auditors is indicated in Note 5 to the financial statements. We have considered the financial statements of the subsidiary thereon.

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 have 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 : 1708/8/2005(J)
PARTNER

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2003

	NOTE	2003 RM	2002 RM (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	3	27,516,368	27,642,094
Intangible assets	4	37,761	47,525
		27,554,129	27,689,619
CURRENT ASSETS			
Inventories	6	46,687,706	56,085,293
Trade receivables	7	28,376,800	23,187,966
Other receivables, deposits and prepayment	8	7,385,009	6,511,923
Amount owing by related companies	9	4,347,172	7,766,488
Fixed deposits, cash and bank balances	11	5,516,195	4,629,437
		92,312,882	98,181,107
CURRENT LIABILITIES			
Trade payables	12	8,127,921	6,477,206
Other payables and accruals	13	2,506,599	2,396,763
Short term borrowings	14	23,549,325	24,600,087
Tax liabilities		156,679	348,362
		34,340,524	33,822,418
NET CURRENT ASSETS		57,972,358	64,358,689
		85,526,487	92,048,308

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PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
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CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2003

	NOTE	2003 RM	2002 RM (Restated)
FINANCED BY :-			
SHARE CAPITAL	15	46,310,000	46,310,000
RESERVES	16	38,079,412	43,512,259
SHAREHOLDERS' EQUITY		84,389,412	89,822,259
MINORITY INTEREST		623,246	719,202
LONG TERM AND DEFERRED LIABILITIES :-			
Hire purchase creditor	17	117,500	-
Long-term loan	18	71,441	1,199,465
Deferred taxation	19	324,888	307,382
Total Long-Term and Deferred Liabilities		513,829	1,506,847
		85,526,487	92,048,308

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

PENSONIC HOLDINGS BERHAD
(300426 - P)
(Incorporated in Malaysia)
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CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2003

	NOTE	2003 RM	2002 RM
REVENUE	20	120,791,608	100,348,048
COST OF SALES		<u>(103,567,637)</u>	<u>(84,198,786)</u>
GROSS PROFIT		17,223,971	16,149,262
OTHER OPERATING INCOME		308,356	193,245
DISTRIBUTION COSTS		(9,291,232)	(5,926,698)
ADMINISTRATION EXPENSES		<u>(11,850,358)</u>	<u>(8,672,099)</u>
(LOSS)/PROFIT FROM OPERATIONS	21	(3,609,263)	1,743,710
FINANCE COSTS	22	<u>(259,947)</u>	<u>(360,456)</u>
(LOSS)/PROFIT BEFORE TAXATION		(3,869,210)	1,383,254
INCOME TAX EXPENSE	23	<u>(310,047)</u>	<u>(769,718)</u>
(LOSS)/PROFIT AFTER TAXATION		(4,179,257)	613,536
PRE-ACQUISITION LOSS		125,351	-
MINORITY INTEREST		<u>91,217</u>	<u>(73,775)</u>
NET (LOSS)/PROFIT FOR THE YEAR		<u><u>(3,962,689)</u></u>	<u><u>539,761</u></u>
BASIC (LOSS)/EARNINGS PER SHARE (sen)	24	<u><u>(8.56)</u></u>	<u><u>1.18</u></u>

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

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PENSONIC HOLDINGS BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY, 2003

	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, 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)	-	-	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002							
- as previously reported	46,310,000	23,763,721	407,649	4,487,540	8,716,627	5,136,426	88,821,963
- Prior year adjustment (Note 25)	-	-	-	-	-	1,000,296	1,000,296
As restated	46,310,000	23,763,721	407,649	4,487,540	8,716,627	6,136,722	89,822,259
Goodwill arising on acquisition of subsidiary company	-	-	-	-	(469,862)	-	(469,862)
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	-	-	(1,000,296)	(1,000,296)
Net loss for the year	-	-	-	-	-	(3,962,689)	(3,962,689)
Balance as at 31st May, 2003	46,310,000	23,763,721	407,649	4,487,540	8,246,765	1,173,737	84,389,412

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

PENSONIC HOLDINGS BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2003

	NOTE	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(3,869,210)	1,383,254
Adjustments for :-			
Amortisation of intangible assets			
- Trade mark		12,411	11,881
Amortisation of leasehold land and buildings		228,101	240,704
Bad debts written off		-	7,839
Depreciation of property, plant and equipment		1,138,263	1,184,221
Interest expense		976,593	1,301,644
Loss on disposal of property, plant and equipment		-	27,798
Interest income		(10,387)	(16,735)
Property, plant and equipment written off		2	-
Allowance for doubtful debts		952,668	-
		(571,559)	4,140,606
Operating (loss)/profit before working capital changes		(571,559)	4,140,606
Decrease/(Increase) in inventories		10,188,868	(1,858,832)
(Increase)/Decrease in receivables		(4,273,534)	411,210
(Decrease)/Increase in payables		(277,725)	1,640,043
		5,066,050	4,333,027
Cash generated from operations		5,066,050	4,333,027
Taxes paid		(888,409)	(1,196,763)
Interest expense		(976,593)	(1,301,644)
Interest income		10,387	16,735
		3,211,435	1,851,355
Net cash from operating activities		3,211,435	1,851,355
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary's property, plant and equipment		(126,807)	
Purchase of property, plant and equipment	27	(963,833)	(1,168,829)
Proceeds from disposal of property, plant and equipment		-	23,800
Intangible assets applied		(2,647)	(33,909)
** Acquisition of a subsidiary company net of cash acquired		(206,800)	-
		(1,300,087)	(1,178,938)
Net cash used in investing activities		(1,300,087)	(1,178,938)

**PENSONIC HOLDINGS BERHAD
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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2003**

	2003	2002
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from ESOS issue	-	1,239,150
Repayment of hire purchase creditor	(2,500)	-
Dividend paid	(1,000,296)	(980,208)
Repayment of term loan	(1,040,702)	(956,540)
Net cash used in financing activities	(2,043,498)	(697,598)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(132,150)	(25,181)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,140,126	3,165,307
* CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,007,976	3,140,126
<u>* CASH AND CASH EQUIVALENTS</u>	RM	RM
Cash and bank balances	5,368,305	4,486,851
Fixed deposits with licensed banks	147,890	142,586
Bank overdrafts	(2,399,219)	(1,380,311)
	3,116,976	3,249,126
Less : Fixed deposits pledge to licensed bank	(109,000)	(109,000)
	3,007,976	3,140,126

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, 2003**

**** ACQUISITION OF SUBSIDIARY COMPANY**

During the financial year, the Company acquired Pensonic (H.K.) Corporation Limited. The fair value of the assets acquired and the liabilities assumed are as follows :-

	2003 RM
Cash and bank balances	30,850
Property, plant and equipment	86,227
Intangible assets	9,700
Inventories	758,406
Trade and other receivables	496,362
Amount owing to related companies	(1,709,835)
Trade and other payables	(207,856)
Minority interest	<u>10,723</u>
Share of net assets acquired	(525,423)
Goodwill on acquisition	<u>763,073</u>
Total acquisition price	237,650
Cash and cash equivalents of subsidiary acquired	<u>(30,850)</u>
Cash flow on acquisition, net of cash and cash equivalents acquired	<u><u>206,800</u></u>

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, 2003

	NOTE	2003 RM	2002 RM (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	3	1	1
Investment in subsidiary companies	5	28,024,705	28,024,705
		28,024,706	28,024,706
CURRENT ASSETS			
Other receivables, deposits and prepayments	8	270,901	566,697
Amounts owing by subsidiary companies	10	53,237,543	53,681,837
Cash at bank	11	32,888	15,372
		53,541,332	54,263,906
CURRENT LIABILITIES			
Other payables and accruals	13	77,873	81,265
		77,873	81,265
NET CURRENT ASSETS		53,463,459	54,182,641
		81,488,165	82,207,347
Financed by :-			
SHARE CAPITAL	15	46,310,000	46,310,000
RESERVES	16	35,178,165	35,897,347
SHAREHOLDERS' EQUITY		81,488,165	82,207,347

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, 2003**

	NOTE	2003 RM	2002 RM
REVENUE	20	780,000	1,350,000
ADMINISTRATION EXPENSES		<u>(292,099)</u>	<u>(305,058)</u>
PROFIT FROM OPERATIONS	21	487,901	1,044,942
FINANCE COSTS	22	<u>-</u>	<u>(30)</u>
PROFIT BEFORE TAXATION		487,901	1,044,912
INCOME TAX EXPENSE	23	<u>(206,787)</u>	<u>(433,899)</u>
NET PROFIT FOR THE YEAR		<u>281,114</u>	<u>611,013</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, 2003

	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
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)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002					
- as previously reported	46,310,000	23,763,721	8,130,872	3,002,458	81,207,051
- Prior year adjustment (Note 25)	-	-	-	1,000,296	1,000,296
As restated	46,310,000	23,763,721	8,130,872	4,002,754	82,207,347
Net profit for the year	-	-	-	281,114	281,114
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2003	46,310,000	23,763,721	8,130,872	3,283,572	81,488,165

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, 2003**

	NOTE	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		487,901	1,044,912
Adjustments for :-			
Depreciation of property, plant and equipment		-	32,814
Interest expenses		-	30
Operating profit before working capital changes		487,901	1,077,756
Decrease/(Increase) in receivables		307,409	(7,411)
(Decrease)/Increase in payables		(3,392)	19,973
Cash generated from operations		791,918	1,090,318
Taxes paid		(218,400)	(436,614)
Interest expense		-	(30)
Net cash generated from operating activities		573,518	653,674
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances from/(to) subsidiary companies		444,294	(916,416)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from ESOS issue		-	1,239,150
Dividend paid		(1,000,296)	(980,208)
Net cash (used in)/generated from financing activities		(1,000,296)	258,942

COMPANY NO: 300426 - P

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2003

	2003	2002
	RM	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17,516	(3,800)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>15,372</u>	<u>19,172</u>
* CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>32,888</u>	<u>15,372</u>
* <u>CASH AND CASH EQUIVALENTS</u>	RM	RM
Cash at bank	<u>32,888</u>	<u>15,372</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 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).

In addition, the Group complies with new accounting standards that are effective for the reporting year. New accounting standards are retrospectively applied unless in cases where the standard specifically does not require comparatives or first adoption due to non availability of such information or when it is not practicable to do so.

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 2003. 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 off 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.

COMPANY NO: 300426 - P

1.2 Basis of consolidation (Continued)

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.

1.3 Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Freehold land 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 of 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 Reducing	Straight	
	- line balance	- 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%	-

COMPANY NO: 300426 - P

1.4 Impairment of assets

The carrying amount of the Company's assets, other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5 Intangible assets

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

COMPANY NO: 300426 - P

1.6 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 .

Impairment losses are recognised where applicable.

1.7 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.

1.8 Receivables

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

1.9 Related companies

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

1.10 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 which are subject to an insignificant risk of changes in value.

1.11 Assets acquired under hire purchase agreement

Assets financed by hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liability.

1.12 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 continued for the foreseeable future.

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

1.13 Provisions

Provision are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

COMPANY NO: 300426 - P

1.14 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 .

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 recognised on an accrual basis.

All inter-company transactions are eliminated on consolidation.

1.15 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.

1.16 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows :

a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, both external and intra-Group where the currency denomination differs from the local currency-Ringgit Malaysia (RM). The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

b) Interest rate risk

The Group borrows from licensed banks at interest rates approved by Bank Negara Malaysia to finance its working capital. The interest rates are relatively competitive compared to interest rates of similar instruments in the market.

The Company places excess funds if any, with reputable bank to generate interest income for the Company. The Company manages its interest rate risk by monitoring market rates and placing such balances on varying maturities and interest rate terms.

2. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

c) Credit risk

The Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group do not require collateral in respect of financial assets.

Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the balance sheet.

d) Liquidity and Cash Flow risks

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

3. PROPERTY, PLANT AND EQUIPMENT

**GROUP
2003**

COST OR VALUATION

	AT 01.06.2002 RM	Acquisition of subsidiary RM	Additions RM	Disposals RM	AT 31.05.2003 RM
At valuation :-					
Leasehold land	1,523,532	-	-	-	1,523,532
At cost :-					
Leasehold land and buildings	12,402,523	-	-	-	12,402,523
Freehold land	997,287	-	-	-	997,287
Buildings	10,611,287	-	-	-	10,611,287
Motor vehicles	3,023,436	-	288,155	(82,149)	3,229,442
Furniture and fittings	686,164	119,920	80,811	-	886,895
Office equipment	846,819	-	56,254	-	903,073
Electrical installation	347,218	-	19,462	-	366,680
Renovation	1,466,407	6,887	404,548	-	1,877,842
Fire protection system	355,949	-	-	-	355,949
Showcase	66,746	-	-	-	66,746
Factory fittings and equipment	329,270	-	42,919	-	372,189
Moulds	2,884,729	-	90,446	-	2,975,175
Signboard	170,538	-	1,440	-	171,978
Tools and equipment	298,016	-	62,967	-	360,983
Plant and machinery	330,757	-	-	-	330,757
Computer	184,101	-	66,831	-	250,932
	36,524,779	126,807	1,113,833	(82,149)	37,683,270

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.2002 RM	Charge for the year RM	Disposal RM	AT 31.05.2003 RM	AT 31.05.2003 RM
At valuation :-					
Leasehold land	203,136	25,392	-	228,528	1,295,004
At cost :-					
Leasehold land and buildings	1,641,369	211,757	-	1,853,126	10,549,397
Freehold land	-	-	-	-	997,287
Buildings	1,118,738	200,484	-	1,319,222	9,292,065
Motor vehicles	2,101,642	264,018	(82,147)	2,283,513	945,929
Furniture and fittings	212,393	45,305	-	257,698	629,197
Office equipment	551,516	83,762	-	635,278	267,795
Electrical installation	153,096	23,959	-	177,055	189,625
Renovation	591,317	161,018	-	752,335	1,125,507
Fire protection system	179,232	17,737	-	196,969	158,980
Showcase	60,446	630	-	61,076	5,670
Factory fittings and equipment	188,735	28,184	-	216,919	155,270
Moulds	1,371,257	189,203	-	1,560,460	1,414,715
Signboard	115,921	14,323	-	130,244	41,734
Tools and equipment	81,128	29,671	-	110,799	250,184
Plant and machinery	151,038	18,213	-	169,251	161,506
Computer	161,721	52,708	-	214,429	36,503
	<u>8,882,685</u>	<u>1,366,364</u>	<u>(82,147)</u>	<u>10,166,902</u>	<u>27,516,368</u>

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

**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 equipment	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 equipment	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>

3. 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 equipment	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 equipment	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>

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY					
2003					
COST	At	Addition	Disposal	At	
	01.06.2002			31.05.2003	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	
<hr/>					
ACCUMULATED DEPRECIATION	At	Charge for	Disposal	At	NET BOOK VALUE
	01.06.2002	the year		31.05.2003	At
	RM	RM	RM	RM	31.05.2003
					RM
Motor vehicle	393,775	-	-	393,775	1
<hr/>					
COMPANY					
2002					
COST	At	Addition	Disposal	At	
	01.06.2001			31.05.2002	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	
<hr/>					
ACCUMULATED DEPRECIATION	At	Charge for	Disposal	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
<hr/>					

3. 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	
	2003 RM	2002 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 RM	Accumulated Depreciation RM	Net book value RM
2003			
Leasehold land	1,115,883	185,980	929,903
			<u>929,903</u>
2002			
Leasehold land	1,115,883	167,382	948,501
			<u>948,501</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.

4. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
a) Trade mark :				
Cost				
As at 1st June	96,365	62,456	-	-
Add : Addition during the year	2,647	33,909	-	-
As at 31st May	99,012	96,365	-	-
Accumulated amortisation				
As at 1st June	48,840	36,959	-	-
Add : Amortisation during the year	12,411	11,881	-	-
As at 31st May	61,251	48,840	-	-
As at 31st May	37,761	47,525	-	-

5. INVESTMENT IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 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)	(200,000)
			<hr/>	<hr/>
	-	-	28,024,705	28,024,705
			<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.

The subsidiary companies which are incorporated in Malaysia are :-

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2003	2002
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%

COMPANY NO: 300426 - P**5. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)**

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2003	2002
Pensia Industries Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances	100%	100%
Pensia Air Conditioners Sdn. Bhd.	Assembling and sales of electrical and electronic product.	100%	100%
Epicson Sales & Service 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%
* Pensonic (H.K.) Corporation Limited	Dealing in electrical and electronic items	98%	-

All the subsidiary companies are audited by us.

* The subsidiary company is not audited by us.

The financial statements of the Pensonic (H.K.) Corporation Limited have been consolidated based on the Management financial statements provided by the Directors.

6. INVENTORIES

	GROUP	
	2003	2002
	RM	RM
Raw materials	8,517,716	15,571,594
Finished goods	38,169,990	40,513,699
	<u>46,687,706</u>	<u>56,085,293</u>

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

7. TRADE RECEIVABLES

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Amounts due :-				
- within 1 year	23,194,547	18,551,606	-	-
- after 1 year	6,134,921	4,636,360	-	-
	<u>29,329,468</u>	<u>23,187,966</u>	-	-
Less : Allowance for doubtful debts	952,668	-	-	-
	<u>28,376,800</u>	<u>23,187,966</u>	-	-

The allowance for doubtful debts is net of bad debts written off as follows :-

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Bad debts written off	-	7,839	-	-

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other receivables, deposits and prepayments	5,862,311	5,393,561	179,000	486,409
Tax recoverable	1,522,698	1,118,362	91,901	80,288
	<u>7,385,009</u>	<u>6,511,923</u>	<u>270,901</u>	<u>566,697</u>

9. AMOUNT OWING BY RELATED COMPANIES

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

10. AMOUNT OWING BY SUBSIDIARY COMPANIES

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

11. FIXED DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Fixed deposits with licensed banks	147,890	142,586	-	-
Cash and bank balances	<u>5,368,305</u>	<u>4,486,851</u>	<u>32,888</u>	<u>15,372</u>
	<u>5,516,195</u>	<u>4,629,437</u>	<u>32,888</u>	<u>15,372</u>

Included in the fixed deposits with licensed banks of the Group are fixed deposits RM109,000 (2002 : RM109,000) pledged to licensed bank for banking facilities granted to the Group.

12. TRADE PAYABLES

The credit terms of trade payables range from 30 days to 90 days.

13. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other payables	1,389,627	1,727,334	7,873	11,265
Accruals	1,086,972	669,429	70,000	70,000
Hire purchase creditor - Note 17	30,000	-	-	-
	<u>2,506,599</u>	<u>2,396,763</u>	<u>77,873</u>	<u>81,265</u>

14. SHORT-TERM BORROWINGS - SECURED

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Bank overdrafts	2,399,219	1,380,311	-	-
Bills payables - secured	20,060,039	22,217,031	-	-
Term loan - (Note 18)	1,090,067	1,002,745	-	-
	<u>23,549,325</u>	<u>24,600,087</u>	<u>-</u>	<u>-</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 3 (i) to the financial statements.
- ii) Fixed deposits belonging to subsidiary companies as disclosed in Note 11 to the financial statements.
- iii) Corporate Guarantee by the Company.

15. SHARE CAPITAL

	COMPANY	
	2003	2002
	RM	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	46,310,000	45,380,000
Issued under Employees' Share Option Scheme	<u>-</u>	<u>930,000</u>
At 31st May	<u>46,310,000</u>	<u>46,310,000</u>

During the year to subscribe for 2,683,000 ordinary shares and 435,000 ordinary shares at an option price of RM1.30 and RM1.39 respectively, under the Company's Employees' Share Option Scheme, expired.

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 at date of expiry will lapse and cease to be valid for any purpose.

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, 2003 is 11,345,000 (2002 : 11,345,000).

16. RESERVES

	GROUP		COMPANY	
	2003 RM	2002 RM (Restated)	2003 RM	2002 RM (Restated)
<u>Non-Distributable :-</u>				
a) Revaluation reserve :				
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	23,763,721	23,454,571	23,763,721	23,454,571
Add : Employees' Share Option Scheme	-	309,150	-	309,150
As at 31st May	23,763,721	23,763,721	23,763,721	23,763,721
d) Reserve on Consolidation				
As at 1st June	8,716,627	8,716,627	-	-
Less : Goodwill arising on acquisition of subsidiary company	(469,862)	-	-	-
As at 31st May	8,246,765	8,716,627	-	-
<u>Distributable :-</u>				
e) Retained profits				
As at 1st June	6,136,722	5,596,961	4,002,754	3,391,741
(Loss)/Profit during the year	(3,962,689)	539,761	281,114	611,013
Dividend for the financial year ended 31st May, 2002	(1,000,296)	-	(1,000,296)	-
As at 31st May	1,173,737	6,136,722	3,283,572	4,002,754
TOTAL RESERVES				
Total reserves at 31st May are analysed as follows :				
Distributable	1,173,737	6,136,722	3,283,572	4,002,754
Non-distributable	36,905,675	37,375,537	31,894,593	31,894,593
	38,079,412	43,512,259	35,178,165	35,897,347

17. HIRE PURCHASE CREDITOR

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Amounts payable within :-				
1 year after balance sheet date	30,000	-	-	-
More than 1 year but not later than 5 years	117,500	-	-	-
	<u>147,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. TERM LOANS - SECURED

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Amounts payable within :-				
1 year after balance sheet date	1,090,067	1,002,745	-	-
More than 1 year but not later than 5 years	71,441	1,199,465	-	-
	<u>1,161,508</u>	<u>2,202,210</u>	<u>-</u>	<u>-</u>

Term loans bear interest ranging from 1.5% to 1.75% per annum above the bank's base lending rate and is secured by charges as mentioned in Note 14.

19. DEFERRED TAXATION

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
As at 1st June	307,382	332,425	-	-
Transfer from/(to) income statement	17,506	(25,043)	-	-
As at 31st May	324,888	307,382	-	-
	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Tax effect on :- Timing differences arising from excess of capital allowance over the corresponding depreciation	1,160,316	1,097,794	-	-

As at 31st May, 2003 there were no other timing differences on which deferred taxation liability has not been provided (2002 : 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.

20. REVENUE

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Sale of goods	120,791,608	100,348,048	-	-
Dividend income	-	-	780,000	1,350,000
	120,791,608	100,348,048	780,000	1,350,000

21. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations has been determined after inclusion of the following charges and credits :-

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
After charging :-				
Audit fee	67,500	64,800	9,000	9,000
Amortisation of leasehold land and buildings	228,101	240,704	-	-
Amortisation of intangible assets :-				
- Trade mark	12,411	11,881	-	-
Bad debts written off	-	7,839	-	-
Directors' remuneration (Note a)	671,294	657,000	61,000	61,000
Depreciation of property, plant and equipment	1,138,263	1,184,221	-	32,814
Interest expense :-				
- bank interest	118,617	135,421	-	30
- term loan interest	140,873	225,035	-	-
- hire purchase interest	457	-	-	-
Loss on foreign exchange				
- realised	18,467	9,794	-	-
Loss on disposal of property, plant and equipment	-	27,798	-	-
Property, plant and equipment written off	2	-	-	-
Rental of premises :-				
- paid to a director	-	96,000	-	-
- paid to third parties	446,860	212,166	-	-
Cost of sales :-				
- bankers acceptance interest	716,646	941,188	-	-
And crediting :-				
Fixed deposits interest received	5,704	16,735	-	-
Gross dividend received from subsidiary companies	-	-	780,000	1,350,000
Other income	33,167	-	-	-
Other interest	4,683	-	-	-
Patent fee received	8,386	-	-	-
Rental received	180,000	105,780	-	-
Royalty income	-	89,400	-	-

21. (LOSS)/PROFIT FROM OPERATIONS (Continued)

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
(a) Directors' remuneration				
Executive Directors				
- salaries	558,000	545,000	-	-
- bonuses	52,294	51,000	-	-
- fees	44,000	35,000	35,000	35,000
Total	654,294	631,000	35,000	35,000
Non-Executive Directors				
- fees	17,000	26,000	26,000	26,000
Total	671,294	657,000	61,000	61,000

	Number of directors			
	2003		2002	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
<u>Directors of the Group</u>				
Below RM50,000	2	2	2	3
RM50,000 - RM100,000				
RM100,000 - RM150,000	1		1	
RM150,000 - RM200,000	1		1	
RM200,000 - RM250,000				
RM250,000 - RM300,000	1		1	
RM300,000 - RM350,000				

COMPANY NO: 300426 - P**22. FINANCE COSTS**

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Bank interest	118,617	135,421	-	30
Loan interest	140,873	225,035	-	-
Hire purchase interest	457	-	-	-
	<u>259,947</u>	<u>360,456</u>	<u>-</u>	<u>30</u>

23. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Current tax expenses	141,300	465,300	-	-
Under / (Over) provision in prior year	151,241	329,461	(11,613)	(101)
Tax deducted at source	-	-	218,400	434,000
Deferred taxation	17,506	(25,043)	-	-
	<u>310,047</u>	<u>769,718</u>	<u>206,787</u>	<u>433,899</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 RM2,158,595 (2002 : RM1,355,593) under Section 108 of the Income Tax Act, 1967 to frank the payment of future dividends subject to the agreement by the Inland Revenue Board Malaysia.

24. BASIC (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share has been calculated on after tax group (loss)/earnings of (RM3,962,689) (2002: RM539,761) and on the number of ordinary shares during the year of 46,310,000 (2002: on the weighted average number of ordinary shares in issue of 45,599,500).

The diluted earnings per share is not presented in the financial statements as the effect of the assumed conversion of the Options during the financial year is anti-dilutive.

25. PRIOR YEAR ADJUSTMENT

During the financial year, the Group changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 " Events After the Balance Sheet Date".

In previous years, dividend was accrued as a liability when proposed by directors. The Group has now changed this accounting policy to recognise dividend in shareholders' equity in the year in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividend is now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively and has the effect on the Group's and Company's financial statements as follows :-

	As previously reported RM	Effect of change in policy RM	As restated RM
Group			
At 31st May, 2002			
- Retained profit	5,136,426	1,000,296	6,136,722
- Proposed final dividend	1,000,296	(1,000,296)	-
Company			
At 31st May, 2002			
- Retained profit	3,002,458	1,000,296	4,002,754
- Proposed final dividend	1,000,296	(1,000,296)	-

COMPANY NO: 300426 - P**26. DIVIDEND**

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Final dividend of 3% less tax at 28% in respect of financial year ended 31st May, 2002	-	1,000,296	-	1,000,296

The Board of Directors propose a first and final dividend on ordinary shares of 1% per share, less tax amounting to RM333,432 in respect of the current financial year. This dividend is not recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained profits in the financial year ending 31st May, 2004 when approved by shareholders.

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,113,833 (2002: RM1,168,829) of which of RM150,000 (2002 : RM Nil) by terms of hire purchase. Cash payment of RM963,833 (2002 : RM1,168,829) was acquired to purchase property, plant and equipment.

28. CONTINGENT LIABILITIES

	COMPANY	
	2003	2002
	RM	RM
Guarantees given to bankers in respect of bank facilities granted to certain subsidiary companies - unsecured	81,200,000	81,200,000

29. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Contracted but not provided for	523,785	-	-	-

30. SEGMENT REPORTING

i) Business Segments

Investment holding	: The long term investment in unquoted shares.
Manufacturing and assembling	: The manufacturing and assembling of electrical home appliances
Trading	: The sales and servicing of electrical home appliances

2003	Manufacturing and			Elimination RM	Consolidation RM
	Investment Holding RM	Assembling RM	Trading RM		
Revenue					
External revenue	-	16,782,412	104,009,196	-	120,791,608
Inter-Segment revenue	780,000	92,069,103	406,904	(93,256,007)	-
Total revenue	<u>780,000</u>	<u>108,851,515</u>	<u>104,416,100</u>	<u>(93,256,007)</u>	<u>120,791,608</u>

Result

Segment result (external)	(292,099)	(2,452,739)	(874,395)		(3,619,233)
Segment interest income	-	4,629	5,341		<u>9,970</u>
Loss from operations					(3,609,263)
Finance costs					<u>(259,947)</u>
Loss before taxation					(3,869,210)
Income tax expense					<u>(310,047)</u>
Loss after taxation					(4,179,257)
Pre-acquisition loss					125,351
Minority interest					<u>91,217</u>
Net loss for the year					<u><u>(3,962,689)</u></u>

30. SEGMENT REPORTING (Continued)

	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Consolidation RM
Other information				
Segment assets	124,889	69,423,756	48,795,668	118,344,313
Unallocated corporate assets	91,901	1,328,104	102,693	1,522,698
Consolidated total assets	<u>216,790</u>	<u>70,751,860</u>	<u>48,898,361</u>	<u>119,867,011</u>
Segment liabilities	77,873	24,364,424	9,930,489	34,372,786
Unallocated corporate liabilities	-	166,219	315,348	481,567
Consolidated total liabilities	<u>77,873</u>	<u>24,530,643</u>	<u>10,245,837</u>	<u>34,854,353</u>
Capital expenditure	-	548,910	564,923	1,113,833
Depreciation	-	681,242	457,021	1,138,263
Non-cash expenses other than depreciation	-	128,508	1,064,674	1,193,182

30. SEGMENT REPORTING (Continued)

2002	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Elimination RM	Consolidation RM
Revenue					
External revenue	-	4,806,421	95,541,627	-	100,348,048
Inter-Segment revenue	1,550,000	91,176,955	-	(92,726,955)	-
Total revenue	1,550,000	95,983,376	95,541,627	(92,726,955)	100,348,048
Result					
Segment result (external)	(305,058)	1,109,923	922,110		1,726,975
Segment interest income					16,735
Profit from operations					1,743,710
Finance costs					(360,456)
Profit before taxation					1,383,254
Income tax expense					(769,718)
Profit after taxation					613,536
Pre-acquisition loss					-
Minority interest					(73,775)
Net profit for the year					539,761

30. SEGMENT REPORTING (Continued)

	Investment Holding RM	Manufacturing and Assembling RM	Trading RM	Consolidation RM
Other information				
Segment assets	414,782	82,896,760	41,440,672	124,752,214
Unallocated corporate assets	80,288	935,531	102,693	1,118,512
Consolidated total assets	<u>495,070</u>	<u>83,832,291</u>	<u>41,543,365</u>	<u>125,870,726</u>
Segment liabilities	1,081,561	23,439,564	11,152,692	34,673,521
Unallocated corporate liabilities	-	148,713	507,031	655,744
Consolidated total liabilities	<u>1,081,561</u>	<u>23,588,277</u>	<u>11,659,723</u>	<u>35,329,265</u>
Capital expenditure	-	823,074	345,755	1,168,829
Depreciation	32,814	679,110	472,297	1,184,221
Non-cash expenses other than depreciation	-	119,651	168,571	288,222

30. SEGMENT REPORTING (Continued)

ii) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Revenue		Total assets		Capital expenditure	
	2003	2002	2003	2002	2003	2002
	RM	RM	RM	RM	RM	RM
Malaysia	109,833,236	96,594,917	114,714,827	121,979,268	1,052,192	1,168,829
Outside Malaysia	10,958,372	3,753,131	3,629,486	2,772,946	61,641	-
	<u>120,791,608</u>	<u>100,348,048</u>	118,344,313	124,752,214	<u>1,113,833</u>	<u>1,168,829</u>
Unallocated assets			<u>1,522,698</u>	<u>1,118,512</u>		
			<u>119,867,011</u>	<u>125,870,726</u>		

* Inter segment pricing is determined on an arm's length basis.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	COMPANY	
	2003	2002
	RM	RM
Gross dividend received from subsidiary companies :-		
- Pensonic Sales & Service Sdn. Bhd.	780,000	1,350,000
- Pensia Industries Sdn. Bhd.	-	200,000
Advances to subsidiary companies :-		
- Keat Radio Co. Sdn. Bhd.	872,706	1,260,767
	<u>872,706</u>	<u>1,260,767</u>

(b) Directors' related transactions

	GROUP	
	2003	2002
	RM	RM
Rental of premises paid to :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak	-	96,000
Directors' fee payable to :-		
- Dato' Seri 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, Khairilnuar Bin Abdul Rahman, Dato' Seri Haji Abdul Rahman Bin Haji Abbas, En. Nyak Zahari Bin Nyak Ibrahim	61,000	61,000
Directors' salaries and bonuses :-		
- Dato' Seri 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	610,294	596,000
	<u>610,294</u>	<u>596,000</u>

31. 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	
	2003	2002
	RM	RM
Purchase of raw materials from Pensia Plastic Industries Sdn. Bhd.	3,271,777	5,096,000
Purchase of calculators & printers from Amazing Technology Sdn. Bhd.	-	150,000
Electricity charges paid by Pensia Plastic Industries Sdn. Bhd.	205,900	145,000
Factory rental paid by Pensia Plastic Industries Sdn. Bhd.	<u>180,000</u>	<u>60,000</u>

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

32. 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

	2003	2002
	RM	RM
Staff costs	<u>6,097,687</u>	<u>4,423,799</u>

The number of employees for the Group (excluding directors) at the end of the financial year was 400 (2002 : 358).

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of financial instruments of the Group and Company as at 31st May, 2003 are as follows :-

	GROUP		COMPANY	
	Carrying Amounts RM	Fair Value RM	Carrying Amounts RM	Fair Value RM
<u>Financial Assets</u>				
Trade receivables	28,376,800	28,376,800	-	-
Other receivables	4,233,329	4,233,329	-	-
Amount owing by related companies	4,347,172	4,347,172	-	-
Fixed deposits, cash and bank balances	5,516,195	5,516,195	32,888	32,888
<u>Financial Liabilities</u>				
Trade payables	8,127,921	8,127,921	-	-
Other payables	1,389,627	1,389,627	7,873	7,873
Short term borrowings	23,549,325	23,549,325	-	-

The following methods and assumptions are used to estimate the fair value of each class of financial instruments :

a) Fixed deposits, cash and bank balances

The carrying amount of fixed deposit, cash and bank balances approximates fair value due to the relatively short term maturity of these instruments.

b) Trade and other receivables and payables

The historical cost carrying amount of receivables and payables subject to normal trade credit terms approximates fair value. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.

c) Borrowings

The carrying amount of short term borrowings approximated fair value because of the short period to maturity of those instruments. The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

	2002 GROUP	
	As restated RM	As previously reported RM
<u>BALANCE SHEET</u>		
Trade and other receivables	-	29,699,889
Trade receivables	23,187,966	-
Other receivables and deposits	6,511,923	-
Trade and other payables	-	31,091,000
Trade payables	6,477,206	-
Other payables and accruals	2,396,763	-
Short term borrowings		
- Bill payables	22,217,031	-

35. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of Directors on 22nd September, 2003.

COMPANY NO. 300426 - P

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

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2003**

	2003	2002
	RM	RM
REVENUE	780,000	1,350,000
ADMINISTRATION EXPENSES		
Accounting fee	-	2,000
Advertisement	300	998
Audit fee	9,000	9,000
Bank charges	121	81
Consultancy fee	36,000	36,000
Depreciation of property, plant and equipment	-	32,814
Directors' fee	61,000	61,000
Donation	-	20,000
Insurance	28,227	47,472
Legal fee	14,896	5,405
Listing expenses	10,804	5,000
Printing and stationery	24,856	1,760
Professional charges	63,380	46,905
Secretarial fee	8,316	12,135
Training fee	24,931	-
Sundry expenses	750	14,970
Travelling expenses	2,200	200
Upkeep of motor vehicle	7,318	9318
	292,099	305,058
FINANCE COST		
Bank interest	-	30
PROFIT BEFORE TAXATION	<u>487,901</u>	<u>1,044,912</u>

This statement has been included for management use only and does not form part of the audited financial statements of the Company.