

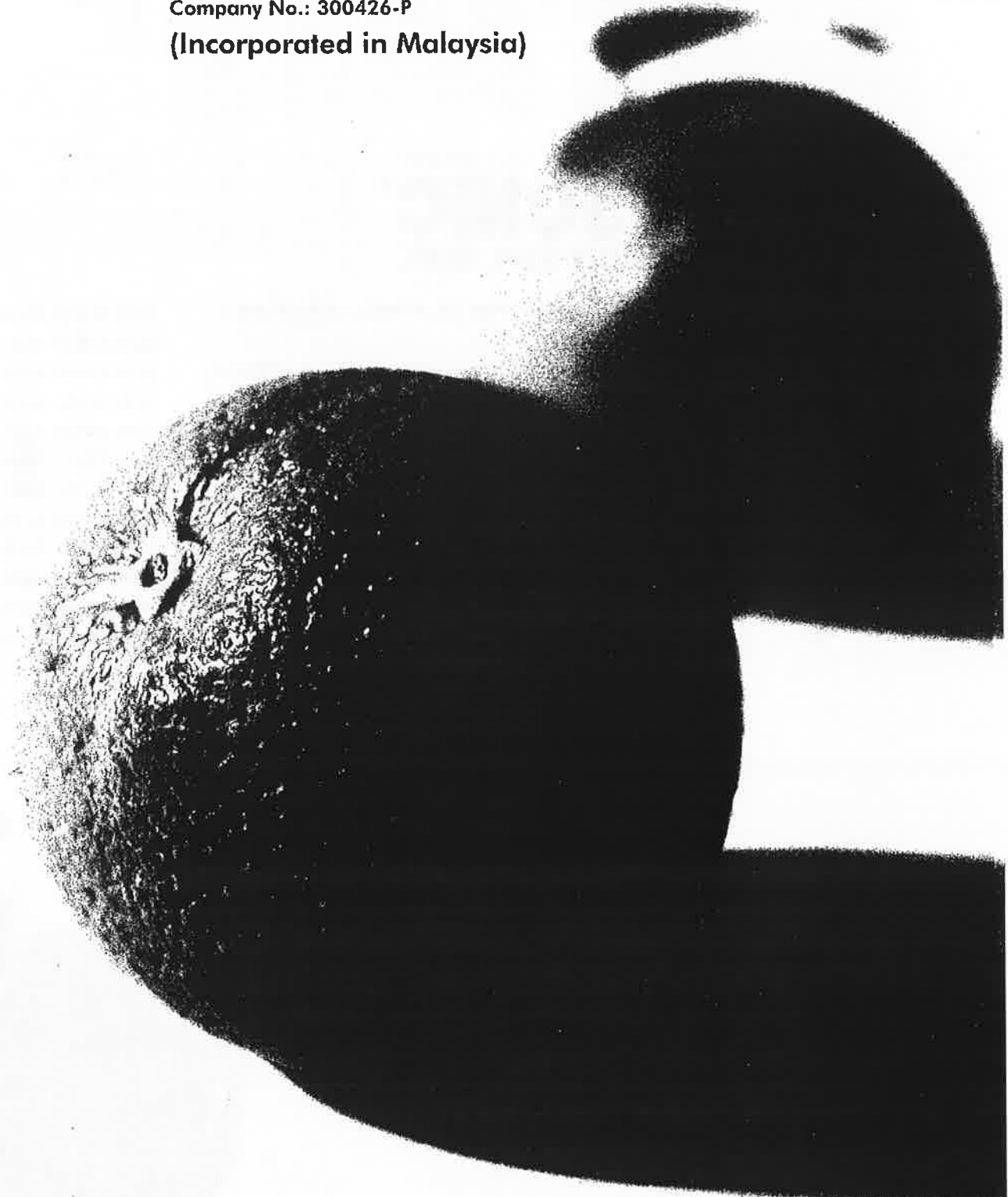


PENSONIC®

PENSONIC HOLDINGS BERHAD

Company No.: 300426-P

(Incorporated in Malaysia)



enjoy
fresh.



Beyond Millennium
2000



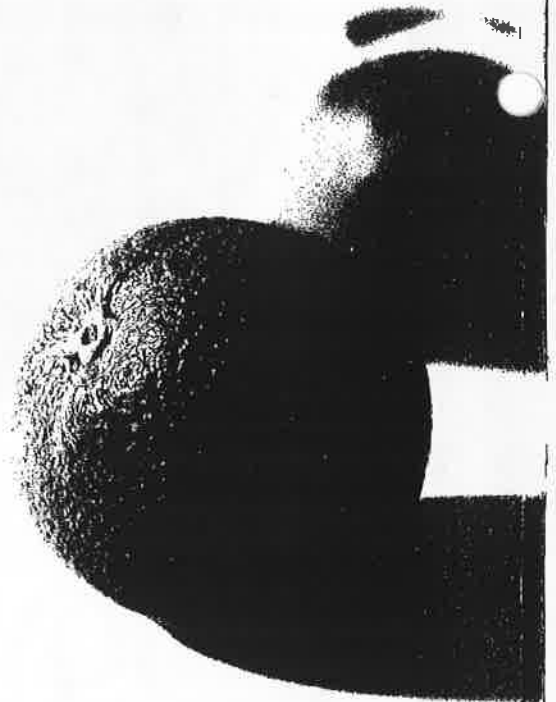
SUKSES MALAYSIA

1 9 9 9
A
n
n
u
a
l
R
e
p
o
r
t

(162419-M)

 **PENSONIC**[®]
SALES & SERVICE SDN. BHD.

PENANG (Head Office)	Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, PENANG.	Tel:04-5070393 Fax:04-5073825
SERVICE CENTRE	143-145, Perak Road, 10150 PENANG.	Tel:04-2269923 Fax:04-2267425
	Plot 5, Tingkat Perusahaan 6, Phase 4 Prai Industrial Estate, 13600 Prai, PENANG.	Tel:04-5079266 Fax:04-5079466
KUALA LUMPUR	Lot 11B, Jalan 223 Sec. 51A, 46100 Petaling Jaya, SELANGOR DARUL EHSAN.	Tel:03-7545200 Fax:03-7545705
IPOH	31, Laluan Perusahaan Kledang 9, Ind. Chandan Raya, 31450 Menglembu, Ipoh, PERAK.	Tel:05-2816930 Fax:05-2816960
MALACCA	385-C, Taman Peringgit Jaya, 75400 MALACCA.	Tel:06-2830215 Fax:06-2830216
JOHOR BAHRU	31, Jalan Ros Merah Satu / I, Taman Johor Jaya, 81100 Johor Bahru, JOHOR.	Tel:07-3533082 Fax:07-3535905
KOTA BAHRU	1895-A, Jalan Ismail, 15000 Kota Bharu, KELANTAN.	Tel:09-7445293 Fax:09-7449295
KUANTAN	E-1381, Jalan Wong Ah Jang, 25100 Kuantan, PAHANG.	Tel:09-5131222 Fax:09-5138558
LANGKAWI	8, Jalan Bunga Raya, Langkawi Mall, 07000 Langkawi, KEDAH.	Tel:04-9667235 Fax:04-9667236
SABAH	Lot 4, Towering Industrial Centre, 88300 Penampang, Kota Kinabalu, SABAH.	Tel:088-715519 Fax:088-715730
SARAWAK	Lot 7574 & 7575, Jalan Kwang Lec Bank, 93450 Peding, Kuching, SARAWAK.	Tel:082-484003 Fax:082-339939



Contents

Notice Of Annual General Meeting	2-3
Corporate Information	4
Corporate Structure	5
Chairman's Statement	6-7
Audit Committee	8
Financial Statements	9-41
List Of Properties Owned By The Group	42-43
Analysis Of Shareholdings	44
Corporate Calendar	45-46
Proxy Form	47-48

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of PENSONIC HOLDINGS BERHAD will be held at Sunway Hotel, 33 New Lane, 10400 Penang, Malaysia, Dahlia Room, on Tuesday 02 November 1999 at 11.30 a.m.

AGENDA

1. To receive and consider the Report of the Directors and the Audited Accounts for the year ended 31 May, 1999. (Resolution 1)
2. To declare a First and Final Dividend of 5% tax exempt for the year ended 31 May, 1999. (Resolution 2)
3. To approve Directors' fees for the year ended 31 May, 1999. (Resolution 3)
4. To re-elect the Director, Zahara Bt Pawanchik who is retiring under Article 29.1 of the Company's Articles of Association (Resolution 4)
5. To re-appoint Messrs. Teh Eng Aun & Co. as Auditors and to authorise the Executive Directors to fix their remuneration. (Resolution 5)

6. AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

ORDINARY RESOLUTION:

Power To Issue Shares pursuant to Section 132D of the Companies Act, 1965

(Resolution 6)

That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

7. To transact any other business of which due notice shall have been given.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 5th Annual General Meeting, the first and final tax exempt dividend of 5% in respect of the financial year ended 31 May 1999 will be payable on 30 December 1999 to depositors registered in the Records of Depositors on 8 December 1999.

Notice Of Annual General Meeting

A depositor shall qualify for entitlement only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on 8 December 1999, in respect of ordinary transfers.
- (b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

Ker Siew Luan
Secretary

Penang
Date: 14 October 1999

Every member of the Company is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his stead. A proxy need not be a member of the Company. The Proxy Form must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.

The Proxy Form must be deposited at the Registered Office of the Company at 2-5-26, Harbour Trade Centre, No. 2 Gat Lebu Macallum, 10300 Penang, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory Note of Special Business:

Resolution Pursuant to Section 132D of the Companies Act, 1965. The Ordinary Resolution proposed under item 6, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expires at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Y.Bhg. Dato' Chew Weng Khak @ Chew Weng Kiak

Managing Director
Mr. Chew Chuon Jin

Executive Directors
Mr. Tan King Tai @ Tan Khoon Hai
Puan. Zahara bt Pawanchik

Non Executive Directors
Y.Bhg. Dato' Abdul Rahman bin Hj. Abbas
Mr. Chew Weng Yeaw
Mr. Ng Eng Huat

SECRETARY

Mdm. Ker Siew Luan

REGISTERED OFFICE

2-5-26, Harbour Trade Centre
No. 2, Gat Lebuah Macallum
10300 Penang.
Tel: 604-263 8100/200
Fax: 604-263 8500

REGISTRARS

Plantation Agencies Sdn Bhd
Standard Chartered Bank Chambers
Lebuah Pantai
10300 Penang
Tel: 604-2625333
Fax: 604-2622018

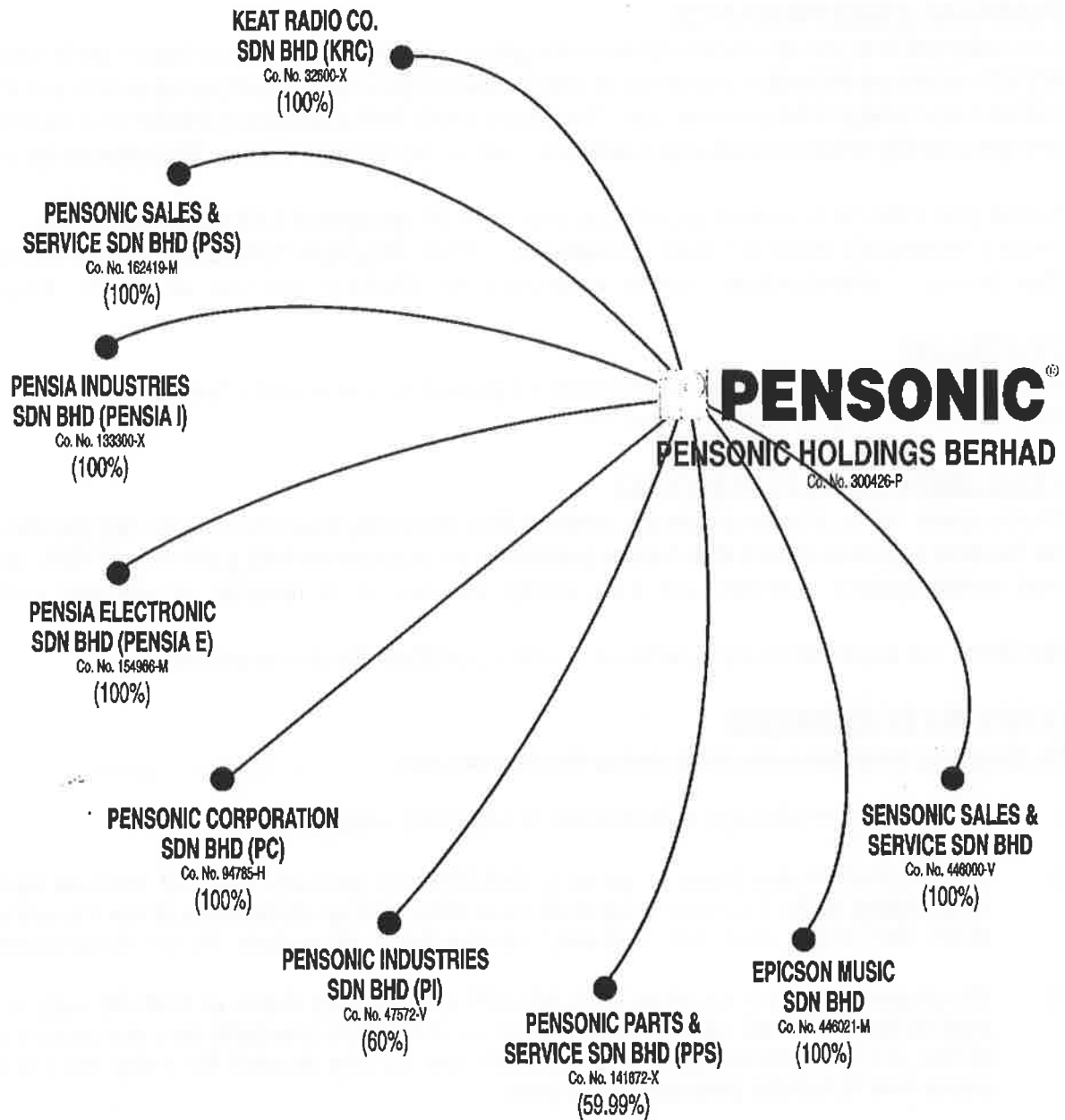
AUDITORS

Teh Eng Aun & Co
Public Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
Hongkong Bank Malaysia Berhad
Aseambankers Malaysia Berhad

Corporate Structure



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the PENSONIC'S Group and Company Annual Report and Audited Accounts for the year ended 31 May, 1999.

FINANCIAL PERFORMANCE

I am delighted to report that the Group has managed to achieved a substantially higher profit before tax of RM6.25 million on the back of a turnover of RM92.3 million as compared to RM2.46 million and RM117.81 million respectively in the previous year. The higher profit before taxation achieved was mainly attributable to the saving of foreign exchange losses and prudent cost cutting measure implemented by the Group.

For the year under review earnings per share rose to 26.98 sen against 8.83 sen in the previous year. The Group's net tangible assets per share strengthened to RM2.49 against RM2.25 for the last financial year. The Group's shareholders' funds increased to RM54.9 million as at 31 May, 1999.

DIVIDENDS

In view of the favourable results, the Directors are pleased to recommend a first and final tax exempt dividend 5% for the year ended 31 May, 1999.

YEAR 2000 COMPLIANCE (Y2K)

The Company and the Group has already achieved Year 2000 compliance bearing the fact that the nature of our business activities is such that there is practically no exposure to third party risk of Y2K and that all vital computerised services are Y2K ready whether it is internal or sourced externally.

The Group has not incurred any significant capital expenditure for the compliance.

CORPORATE EXERCISE

The following proposals were made during the financial year.

- i) The proposed revaluation of investment in subsidiary companies.
- ii) The proposed bonus issue of up to 11,668,500 new ordinary share of RM1.00 each to the shareholders of the Company to be credited as fully paid-up on the basis of one (1) new ordinary share for every two (2) ordinary shares held at a date to be determined later.
- iii) The proposed rights issue of up to 11,668,500 new ordinary shares of RM1.00 each at an issue price to be determined later together with up to 11,668,500 detachable free warrants on the basis of one (1) new ordinary share together with one (1) free warrant for every two (2) ordinary shares held before the proposed bonus issue.
- iv) The proposed increased in authorised share capital of the Company from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary share of RM1.00 each by the creation of an additional 75,000,000 new ordinary shares of RM1.00 each.

The above mentioned proposals are subject to the approval from the relevant authorities and shareholders of the Company.

Chairman's Statement

FUTURE OUTLOOK

The electrical industry remains competitive and is expected to remain so in the near future. Ongoing strategies are being put in place to get closer to the consumer in order to increase market penetration and presence.

On behalf of the Board of Directors, I would like to express our appreciation and sincere thanks to the management and staff at all level of the Group for their effort, commitment, dedication, support and hardwork displayed and to our valuable dealers, customers, suppliers, bankers, business associates, shareholders and regulatory authorities and agencies for their invaluable support. With such good support, our Group can continue to forge ahead to even better accomplishments.

Y. Bhg. DATO' CHEW WENG KHAK
GROUP EXECUTIVE CHAIRMAN
14 OCTOBER, 1999

Audit Committee

The Audit Committee consists of three (3) Directors as follows:

	Name	Designation
1.	Dato' Abdul Rahman bin Hj. Abbas	Independent Non-Executive Director (Chairman)
2.	Ng Eng Huat	Independent Non-Executive Director
3.	Tan King Tai @ Tan Khoon Hai	Executive Director

FUNCTIONS:

The functions of the Audit Committee shall be:

- a) To review:
 - i) with the external auditor, the audit plan;
 - ii) with the external auditor, his evaluation of the system of internal accounting controls;
 - iii) with the external auditor, his audit report;
 - iv) the assistance given by the Company's officers to the auditor;
 - v) the scope and results of the internal audit procedures;
 - vi) the balance-sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and thereafter to submit them to the Directors of the Company and
 - vii) any related party transactions that may arise within the Company or Group.
- b) To consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

FREQUENCY OF MEETINGS:

Meeting shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

For The Year Ended 31 May, 1999

Financial Statement

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

Directors' Report

Authorised by the Board of Directors of the Company on 21st May 1999. The Directors are pleased to present this report and the audited accounts of the Company and of the Group for the financial year ended 31st May, 1999.

The Directors have pleasure in presenting their report and the audited accounts of the Company and of the Group for the financial year ended 31ST MAY, 1999.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	5,922,254	1,917,881
Minority interest	(93,875)	-
Profit attributable to shareholders	5,828,379	1,917,881
Retained profits brought forward	6,749,184	3,907,323
Profit available for appropriation	12,577,563	5,825,204
Proposed dividend	(1,101,800)	(1,101,800)
Retained profits carried forward	11,475,763	4,723,404

RESERVES AND PROVISIONS

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

DIVIDENDS

During the year, the Company paid dividend of 5% less tax at 28% amounting to RM773,496 in respect of the financial year ended 31ST MAY, 1998.

The Directors now propose a first and final dividend of 5%, amounting to RM1,101,800 (tax exempted) in respect of the current financial year.

EMPLOYEES' SHARE OPTION SCHEME

Pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") which became effective on 9th March 1998, options were granted on 3rd April 1998 over 2,011,000 ordinary shares of RM1.00 each in the Company to eligible directors and employees of the Group at an option price of RM2.20 per share.

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. At the commencement of the Scheme, the total number of shares available for offer is 2,011,000 ordinary shares of RM2.20 each.
- (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).
- (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.

Directors' Report

- (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.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from RM21,486,000 to RM22,036,000 through the issue of 550,000 Ordinary shares of RM1.00 as follows :-

Terms and purpose of issue

Number of ordinary shares

Options exercised pursuant to ESOS; at price of RM2.20

550,000

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

Directors' Report

DIRECTORS

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

DATO' CHEW WENG KHAK @ CHEW WENG KIAK
DATO' ABDUL RAHMAN BIN HAJI ABBAS
CHEW CHUON JIN
TAN KING TAI @ TAN KHOON HAI
P.K.T.
ZAHARA BT. PAWANCIK
P.P.N., P.J.K.
CHEW WENG YEAW
NG ENG HUAT

In accordance with the Company's Articles of Association, ZAHARA BT. PAWANCIK; P.P.N., P.J.K. and NG ENG HUAT retire at the forthcoming annual general meeting. ZAHARA BT. PAWANCIK being eligible offers herself for re-election while NG ENG HUAT is not seeking 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 RM1.00 each</u>			
	<u>As at 01.06.98</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at 31.05.99</u>
<u>DIRECT INTEREST</u>				
The Company :-				
DATO' CHEW WENG KHAK @ CHEW WENG KIAK	4,157,596	1,696,000	1,285,000	4,568,596 *
DATO' ABDUL RAHMAN BIN HAJI ABBAS	80,000	-	2,000	78,000
CHEW CHUON JIN	513,100	33,000	-	546,100
TAN KING TAI @ TAN KHOON HAI P.K.T.	520,405	249,000	326,000	443,405 **
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	1,390,260	33,000	323,000	1,100,260
CHEW WENG YEAW	30,000	-	-	30,000
NG ENG HUAT	11,000	-	-	11,000

Directors' Report

INDIRECT INTEREST

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

Number of ordinary shares of RM1.00 each
As at 01.06.98 Acquired Disposed As at 31.05.99

CHEW WENG KHAK REALTY SDN. BHD.

DATO' CHEW WENG KHAK @

CHEW WENG KIAK	4,281,899	-	915,000	3,366,899
CHEW CHUON JIN	4,281,899	-	915,000	3,366,899

TAN KHOON HAI SDN. BHD.

TAN KING TAI @ TAN KHOON

HAI	1,000	-	-	1,000
P.K.T.				

* Inclusive of 3,885,000 ordinary shares which are held through a nominee company.

** Inclusive of 330,000 ordinary shares which are held through a nominee company.

Option over number of ordinary shares of RM1.00 each
As at 01-06-98 Exercised As at 31-05-99

DATO' CHEW WENG KHAK @

CHEW WENG KIAK	132,000	33,000	99,000
CHEW CHUON JIN	132,000	33,000	99,000
TAN KING TAI @ TAN KHOON			
HAI	132,000	33,000	99,000
P.K.T.			
ZAHARA BT. PAWANCIK			
P.P.N., P.J.K.	132,000	33,000	99,000

Exercise price of RM2.20 each.

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 those disclosed as Directors' remuneration) 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.

Directors' Report

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, 1999.

OTHER STATUTORY INFORMATION

Before the profit and loss account and balance sheet of the Company and of the Group 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 accounts of the Company and of the Group inadequate to any substantial extent; or
- b) which would render the values attributed to current assets, in the accounts of the Company and of the Group misleading ; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate; or
- d) not otherwise dealt with in this report or accounts which would render any amount stated in the accounts of the Company and of the Group misleading.

Directors' Report

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

- a) any charge on the assets of the Company and of the Group 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 Company and of the Group which has arisen since the end of the financial year.

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 Company and of the Group to meet its obligations as and when they fall due.

In the opinion of the Directors :

- a) the results of the Company and of the Group'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 Company and of the Group for the financial year in which this report is made.

YEAR 2000 COMPLIANCE (Y2K)

The Company and the Group has already achieved Year 2000 compliance bearing the fact that the nature of our business activities is such that there is practically no exposure to third party risk of Y2K and that all vital computerised services are Y2K ready whether it is internal or sourced externally.

The Group has not incurred any significant capital expenditure for the compliance.

Directors' Report

AUDITORS

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

On behalf of the Board :

DATO' CHEW WENG KHAK @
CHEW WENG KIAK
Director

TAN KING TAI @
TAN KHOON HAL, P.K.T.
Director

Penang.

Dated : 30 September, 1999

Statement by Directors

We, DATO' CHEW WENG KHAK @ CHEW WENG KIAK and TAN KING TAI @ TAN KHOON HAI, P.K.T., being two of the directors of PENSONIC HOLDINGS BERHAD, state that, in the opinion of the directors, the accompanying balance sheets, profit and loss accounts and the cash flow statement, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Company and of the Group at 31ST MAY, 1999 and of the results of their operations and the cash flow for the Group for the year ended on that date.

ON BEHALF OF THE BOARD,

DATO' CHEW WENG KHAK @
CHEW WENG KIAK

TAN KING TAI @
TAN KHOON HAI, P.K.T.

Dated : 30 September, 1999

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, profit and loss accounts and cash flow statement, 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 Penang)

this 30 day of September 1999) DATO' CHEW WENG KHAK @
CHEW WENG KIAK

Before me,

LIM THIN CHUP

Commissioner of Oaths, Penang

Consolidated Cash Flow Statement

31 May 1999

TO THE MEMBERS OF PENSONIC HOLDINGS BERHAD

We have audited the financial statements of the Company and the Group together with the notes thereto. 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 standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the account. Our audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

- a) the accounts are properly drawn up in accordance with the provision of the companies Act 1965 and applicable approved accounting standards so as to give a true and fair view of :-
 - i) the state of affairs of the Company and of the Group as at 31ST MAY, 1999 and of the results of the Company and of the Group and statement of cash flow of the Group for the year ended ; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the Company's accounts and consolidated accounts ; and
- 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 accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we received satisfactory information and explanations required by us for those purposes.

The auditors' report of the accounts 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
PUBLIC ACCOUNTANTS
Date: 30 September,1999

TEH ENG HIN
NO : 1708/8/2001 (J)
PARTNER

Consolidated Balance Sheet

As At 31 May, 1999

	NOTE	1999 RM	1998 RM
FIXED ASSETS	2	30,071,636	30,311,744
INTEREST IN SUBSIDIARY COMPANIES	3	-	80,500
CURRENT ASSETS			
Stocks	4	52,848,830	54,150,114
Trade debtors		21,782,596	17,982,473
Other debtors, deposits and prepayment		6,847,613	9,167,289
Fixed deposits with a licensed bank		111,927	35,000
Amount due by related companies	5	607,564	284,603
Cash and bank balances		3,407,351	2,831,710
		85,605,881	84,451,189
CURRENT LIABILITIES			
Trade creditors	6	36,882,293	45,398,507
Other creditors and accruals		991,921	1,796,455
Hire purchase creditors	7	155,002	358,672
Bank borrowings	8	7,362,899	6,306,228
Term loan	9	1,192,608	1,192,608
Provision for taxation		532,831	2,205,502
Proposed dividend		1,101,800	2,069,496
		48,219,354	59,327,468
NET CURRENT ASSETS		37,386,527	25,123,721
HIRE PURCHASE CREDITORS	7	-	(154,862)
TERM LOAN	9	(12,585,484)	(6,905,957)
INTANGIBLE ASSETS	10	352,276	495,614
		55,224,955	48,950,760
SHARE CAPITAL	11	22,036,000	21,486,000
RESERVES	12	32,819,479	27,284,956
MINORITY INTEREST		163,279	69,404
DEFERRED TAXATION	13	206,197	110,400
		55,224,955	48,950,760

The accompanying notes form an integral part of the accounts.

Consolidated Profit And Loss Account

For The Year Ended 31 May, 1999

	NOTE	1999 RM	1998 RM
TURNOVER	14	<u>92,292,228</u>	<u>117,813,422</u>
COST OF GOODS SOLD		<u>71,940,378</u>	<u>96,132,691</u>
PROFIT BEFORE TAXATION	15	6,248,780	2,462,178
TAXATION	16	<u>326,526</u>	<u>662,057</u>
PROFIT AFTER TAXATION		5,922,254	1,800,121
MINORITY INTEREST		<u>(93,875)</u>	<u>(15,722)</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		5,828,379	1,784,399
RETAINED PROFITS BROUGHT FORWARD		<u>6,749,184</u>	<u>8,142,298</u>
		12,577,563	9,926,697
PROFIT CAPITALISED FOR BONUS ISSUE	17	-	<u>(2,404,017)</u>
PROFIT AVAILABLE FOR APPROPRIATION		12,577,563	7,522,680
PROPOSED DIVIDEND	18	<u>(1,101,800)</u>	<u>(773,496)</u>
RETAINED PROFITS CARRIED FORWARD		<u>11,475,763</u>	<u>6,749,184</u>
Retained by :-			
The Company		4,723,404	3,907,323
Subsidiary companies		<u>6,752,359</u>	<u>2,841,861</u>
		<u>11,475,763</u>	<u>6,749,184</u>
EARNINGS PER SHARE	19	<u>26.98 sen</u>	<u>8.83 sen</u>

Consolidated Cash Flow Statement

For The Year Ended 31 May, 1999

	1999 RM	1998 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,248,780	2,462,178
Adjustments for :-		
1) Amortisation of intangible assets	223,926	199,873
Amortisation of leasehold land and building	252,538	136,611
Depreciation of fixed assets	1,011,228	848,908
Loss/(profit) on disposal of fixed assets	2,374	(78,942)
Interest expenses	1,858,056	1,147,794
Interest income	(3,480)	(720)
Operating profit before working capital changes	9,593,422	4,715,702
Increase in stocks	1,301,284	(11,826,653)
Decrease in debtors	15,385,872	15,038,587
Decrease in creditors	(27,167,158)	(2,229,355)
Cash (used in)/generated from operations	(886,580)	5,698,281
Interest paid	(1,858,056)	(949,845)
Interest received	3,480	720
Taxes paid	(2,321,409)	(2,778,604)
Net cash (used in)/from operating activities	(5,062,565)	1,970,552
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,031,631)	(14,451,431)
Proceeds from disposal of fixed assets	5,600	434,986
Proceeds from issuance of shares	1,210,000	9,169,900
Purchase of investments	-	(4)
Intangible assets applied	(73,010)	(129,055)
Net cash used in investing activities	110,959	(4,975,604)

Consolidated Cash Flow Statement

For The Year Ended 31 May, 1999

	1999 RM	1998 RM
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(773,496)	(1,085,728)
Proceeds from hire purchase creditors	-	218,000
Repayment of hire purchase creditors	(358,532)	(347,182)
Proceeds from term loan	6,000,000	8,000,000
Repayment of term loan	(320,473)	(99,384)
Net cash from financing activities	4,547,499	6,685,706
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(404,107)	3,680,654
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(3,439,518)	(7,120,172)
* CASH AND CASH EQUIVALENTS CARRIED FORWARD	(3,843,625)	(3,439,518)
 * <u>CASH AND CASH EQUIVALENTS</u>		
	RM	RM
Cash and bank balances	3,407,347	2,744,783
Fixed deposits with a licensed bank	111,927	121,927
Bank borrowings	(7,362,899)	(6,306,228)
	(3,843,625)	(3,439,518)

The accompanying notes form an integral part of the accounts

Balance Sheet

As At 31 May, 1999

	NOTE	1999 RM	1998 RM
FIXED ASSETS			
INTEREST IN SUBSIDIARY COMPANIES	2	190,325	269,080
	3	34,939,884	31,265,865
CURRENT ASSETS			
Sundry debtors		256,572	1,474,000
Cash and bank balances		63,581	51,540
		320,153	1,525,540
CURRENT LIABILITIES			
Sundry creditors and accruals		88,091	55,519
Hire purchase creditors	7	32,194	96,677
Provision for taxation		2,000	2,000
Proposed dividend		1,101,800	773,496
		1,224,085	927,692
NET CURRENT (LIABILITIES)/ASSETS		(903,932)	597,848
HIRE PURCHASE CREDITORS	7	-	(32,194)
INTANGIBLE ASSETS	10	265,027	364,624
		34,491,304	32,465,223
SHARE CAPITAL	11	22,036,000	21,486,000
RESERVES	12	12,455,304	10,979,223
		34,491,304	32,465,223

The accompanying notes form an integral part of the accounts.

Profit And Loss Account

For The Year Ended 31 May, 1999

	NOTE	1999 RM	1998 RM
TURNOVER	14	<u>2,360,000</u>	<u>5,750,000</u>
PROFIT BEFORE TAXATION	15	1,917,881	5,300,639
TAXATION	16	-	<u>1,610,000</u>
PROFIT AFTER TAXATION		1,917,881	3,690,639
RETAINED PROFITS BROUGHT FORWARD		<u>3,907,323</u>	<u>990,180</u>
PROFIT AVAILABLE FOR APPROPRIATION		5,825,204	4,680,819
PROPOSED DIVIDEND	18	<u>(1,101,800)</u>	<u>(773,496)</u>
RETAINED PROFITS CARRIED FORWARD		<u>4,723,404</u>	<u>3,907,323</u>

The accompanying notes form an integral part of the accounts.

Notes To The Accounts

31 May, 1999

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The accounts of the Company and of the Group are prepared under the historical cost convention modified to include the valuation of certain fixed assets and comply with approved accounting standards.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the end of the financial year. The results of the subsidiary companies are included in the consolidated accounts from the date of acquisition or up to the date of disposal. Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

The difference between the consideration paid for the shares in the subsidiary companies and the fair value of the underlying assets acquired at the date of acquisition is treated as goodwill or reserve on consolidation where appropriate.

c) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Leasehold land is amortised over the lease period. Depreciation on other assets is calculated to write off the cost or valuation of the fixed assets on the straight-line basis and reducing balance basis over the estimated useful lives of the assets 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	10%	-	-
Renovation	10%	-	-
Fire protection system	10%	10%	-
Showcase	10%	10%	-
Factory fittings and equipments	12%	10%	-
Moulds	10%	10%	-
Signboard	10%	10%	-
Tools and equipments	10%	5% - 10%	-

31 May, 1999

d) Stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis for raw materials and first in first out basis for finished goods. Cost comprise of the purchase cost, direct labour and an appropriate proportion of production overheads.

e) Related companies

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

f) 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 tax 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.

g) Foreign currency transactions

Foreign currency transactions have been translated into Malaysian Ringgit at rates of exchange ruling at that date. Gain or losses resulting from these transactions have been treated as revenue or loss items.

h) Hire purchase

Assets acquired under hire purchase arrangements are capitalised as fixed assets based on the principal sum of the hire purchase and the corresponding obligations are taken up as hire purchase creditors.

The interest element is charged to Profit and Loss Account over the period of the respective arrangements.

Notes To The Accounts

31 May, 1999

2. FIXED ASSETS AND DEPRECIATION

GROUP				
1999				
COST OR VALUATION				
	At			At
	01.06.98	Additions	Disposals	31.05.99
	RM	RM	RM	RM
At valuation :-				
Leasehold land	407,649	-	-	407,649
At cost :-				
Leasehold land and buildings	14,397,315	105,218	-	14,502,533
Freehold land and buildings	2,259,821	-	-	2,259,821
Buildings	9,778,228	-	-	9,778,228
Motor vehicles	2,436,599	80,000	18,000	2,498,599
Furniture and fittings	373,316	24,026	-	397,342
Office equipments	590,518	65,279	2,520	653,277
Electrical installation	276,313	8,554	-	284,867
Renovation	568,873	210,707	-	779,580
Fire protection system	355,719	230	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	251,942	17,953	-	269,895
Moulds	1,808,561	442,681	-	2,251,242
Signboard	116,063	28,414	-	144,477
Tools and equipment	76,762	11,810	-	88,572
Plant and machinery	257,174	6,075	-	263,249
Computer	27,559	30,684	-	58,243
	34,049,158	1,031,631	20,520	35,060,269

Notes To The Accounts

31 May, 1999

2. FIXED ASSETS AND DEPRECIATION (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	At 01.06.98 RM	Charge for the year RM	Disposals RM	At 31.05.99 RM	At 31.05.99 RM
At valuation :-					
Leasehold land	27,176	6,794	-	33,970	373,679
At cost :-					
Leasehold land and buildings	831,249	245,744	-	1,076,993	13,425,540
Freehold land and buildings	76,448	13,627	-	90,075	2,169,746
Buildings	223,369	191,097	-	414,466	9,363,762
Motor vehicles	935,542	350,154	12,102	1,273,594	1,225,005
Furniture and fittings	99,344	22,327	-	121,671	275,671
Office equipments	249,972	54,189	444	303,717	349,560
Electrical installation	62,429	23,003	-	85,432	199,435
Renovation	208,905	67,810	-	276,715	502,865
Fire protection system	86,373	26,987	-	113,360	242,589
Showcase	57,145	960	-	58,105	8,641
Factory fittings and equipments	76,376	28,560	-	104,936	164,959
Moulds	637,467	165,500	-	802,967	1,448,275
Signboard	59,177	13,207	-	72,384	72,093
Tools and equipment	17,001	7,079	-	24,080	64,492
Plant and machinery	69,553	19,506	-	89,059	174,190
Computer	19,887	27,222	-	47,109	11,134
	3,737,413	1,263,766	12,546	4,988,633	30,071,636

Notes To The Accounts

31 May, 1999

2. FIXED ASSETS AND DEPRECIATION

GROUP 1998

COST OR VALUATION

	At 01.6.97 RM	Additions RM	Disposals RM	At 31.5.98 RM
At valuation :-				
Leasehold land	407,649	-	-	407,649
At cost :-				
Leasehold land and buildings	5,310,221	9,087,094	-	14,397,315
Freehold land and buildings	2,559,821	-	300,000	2,259,821
Buildings	5,640,628	4,137,600	-	9,778,228
Motor vehicles	2,032,375	482,424	78,200	2,436,599
Furniture and fittings	346,448	26,868	-	373,316
Office equipments	522,766	67,752	-	590,518
Electrical installation	240,798	35,515	-	276,313
Renovation	447,614	121,259	-	568,873
Fire protection system	354,416	1,303	-	355,719
Showcase	66,746	-	-	66,746
Factory fittings and equipments	216,336	35,606	-	251,942
Moulds	1,434,894	373,667	-	1,808,561
Signboard	111,231	4,832	-	116,063
Tools and equipment	55,584	21,178	-	76,762
Plant and machinery	215,679	41,495	-	257,174
Computer	12,721	14,838	-	27,559
	<u>19,975,927</u>	<u>14,451,431</u>	<u>378,200</u>	<u>34,049,158</u>

Notes To The Accounts

31 May, 1999

2. FIXED ASSETS AND DEPRECIATION (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	At 01.6.97 RM	Charge for the year RM	Disposals RM	At 31.5.98 RM	At 31.5.98 RM
At valuation :-					
Leasehold land	20,382	6,794	-	27,176	380,473
At cost :-					
Leasehold land and buildings	701,432	129,817	-	831,249	13,566,066
Freehold land and buildings	62,148	14,300	-	76,448	2,183,373
Buildings	112,813	110,556	-	223,369	9,554,859
Motor vehicles	610,483	347,216	22,157	935,542	1,501,057
Furniture and fittings	78,477	20,867	-	99,344	273,972
Office equipments	200,212	49,761	-	249,973	340,545
Electrical installation	38,446	23,983	-	62,429	213,884
Renovation	161,050	47,855	-	208,905	359,968
Fire protection system	56,418	29,955	-	86,373	269,346
Showcase	56,079	1,066	-	57,145	9,601
Factory fittings and equipments	46,993	29,383	-	76,376	175,566
Moulds	513,632	123,835	-	637,467	1,171,094
Signboard	48,745	10,432	-	59,177	56,886
Tools and equipment	11,676	5,325	-	17,001	59,761
Plant and machinery	48,706	20,847	-	69,553	187,621
Computer	6,360	13,527	-	19,887	7,672
	2,774,052	985,519	22,157	3,737,414	30,311,744

Notes To The Accounts

31 May, 1999

COMPANY 1999					
COST	At	Additions	Disposals	At	
	01.6.98			31.5.99	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	
ACCUMULATED DEPRECIATION					
	At	Charge for	Disposals	At	At
	01.6.98	the year		31.5.99	31.5.99
	RM	RM	RM	RM	RM
Motor vehicle	124,696	78,755	-	203,451	190,325
COMPANY 1998					
COST	At	Additions	Disposals	At	
	01.6.97			31.5.98	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	
ACCUMULATED DEPRECIATION					
	At	Charge for	Disposals	At	At
	01.6.97	the year		31.5.98	31.5.98
	RM	RM	RM	RM	RM
Motor vehicle	45,941	78,755	-	124,696	269,080

- i) The valuation for leasehold land were made in 1994 based on valuations by independent professional valuers using the open market value basis.
- ii) The net book value of the group's motor vehicles includes RM734,083 (1998 : RM966,518) and the net book value of the Company's motor vehicle amounts to RM190,325 (1998 : RM269,080) acquired under hire purchase contracts.
- iii) Certain leasehold land acquired by the Group is not amortised as the purchase of the land has not been finalised as at balance sheet date.

31 May, 1999

3. INTEREST IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Unquoted shares - at cost	-	75,002	11,962,962	11,962,962
Amount owing by subsidiary companies	-	5,498	22,976,922	19,302,903
	-	80,500	34,939,884	31,265,865

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

The subsidiary companies which are incorporated in Malaysia are :-

Name of company	Principal activities	Effective interest	
		1999	1998
Keat Radio Co. Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic appliances	100%	100%
Pensonic Sales & Service Sdn. Bhd.	Assembling and sale of electrical and electronic 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 appliances	100%	100%
Pensia Industries Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic appliances	100%	100%
Pensonic Industries Sdn. Bhd.	Dealing in electrical and electronic items.	60%	60%
Pensonic Parts & Service Sdn. Bhd.	Dealing in electrical and electronic items.	59.99%	59.99%

Notes To The Accounts

31 May, 1999

Name of company	Principal activities	Effective interest	
		1999	1998
Epicson Music Sdn. Bhd.	Promoters of music industry (Dormant during the year)	100%	100%
Sensonic Sales & Service Sdn. Bhd.	Manufacturing of electrical product (Dormant during the year)	100%	100%

All the subsidiary companies are audited by Teh Eng Aun & Co.

4. STOCKS

	GROUP	
	1999 RM	1998 RM
Raw materials	20,791,010	20,860,299
Finished goods	32,057,820	33,289,815
	<u>52,848,830</u>	<u>54,150,114</u>

5. AMOUNT DUE BY RELATED COMPANIES

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

6. TRADE CREDITORS

	GROUP	
	1999 RM	1998 RM
Trade creditors	2,369,293	3,847,796
Bills payable	34,513,000	41,550,711
	<u>36,882,293</u>	<u>45,398,507</u>

31 May, 1999

7. HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Balance as at 31st May	155,002	513,534	32,194	128,871
Repayment due within one year (Shown under current liabilities)	155,002	358,672	32,194	96,677
Repayment due after one year	-	154,862	-	32,194

8. BANK BORROWINGS

The bank borrowings includes bank overdrafts which bear interest ranging from 1% to 2% above the banks' base lending rates and are secured by the following :-

- i) Legal charges over the certain properties belonging to subsidiary companies.
- ii) Fixed deposits belonging to subsidiary companies.
- iii) Corporate Guarantee by the Company.

9. TERM LOAN

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Balance as at 31st May	13,778,092	8,098,565	-	-
Repayment due within one year (Shown under current liabilities)	1,192,608	1,192,608	-	-
Repayment due after one year	12,585,484	6,905,957	-	-

Term loan bear interest at 2% per annum above the bank's base lending rate and is secured by the following :-

- i) Legal charges over certain properties belonging to subsidiary companies.
- ii) Corporate Guarantee by the Company.

Notes To The Accounts

31 May, 1999

10. INTANGIBLE ASSETS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
- At cost				
Trade mark	60,423	60,423	-	-
Preliminary expenses	54,470	46,894	-	-
Listing expenses	1,018,005	944,994	863,005	789,994
	<u>1,132,898</u>	<u>1,052,311</u>	<u>863,005</u>	<u>789,994</u>
- Less amortisation :-				
Trade mark	(21,129)	(10,191)	-	-
Preliminary expenses	(37,515)	(28,136)	-	-
Listing expenses	(721,978)	(518,370)	(597,978)	(425,370)
	<u>352,276</u>	<u>495,614</u>	<u>265,027</u>	<u>364,624</u>

Trade mark is amortised over a period of 10 years commencing 1991. Preliminary expenses and listing expenses are amortised over a period of 5 years commencing 1996.

11. SHARE CAPITAL

	COMPANY	
	1999 RM	1998 RM
Ordinary shares of RM1.00 each		
Authorised :-	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid-up :-		
At 1st June	21,486,000	19,388,000
Issued under private placement	-	1,938,000
Issued under Employees' Share Option Scheme	550,000	160,000
	<u>22,036,000</u>	<u>21,486,000</u>

During the financial year, the issued and paid-up capital of the Company was increased from 21,486,000 to 22,036,000 via the issue of 550,000 fully paid-up ordinary shares of RM1.00 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM2.20 per share.

The new shares issued rank pari passu with the then existing shares of the Company.

As at 31st May, 1999 options to subscribe for 1,301,000 ordinary shares at an option price of RM2.20 per share remain unexercised.

Notes To The Accounts

31 May, 1999

12. RESERVES

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
a) Revaluation reserve :				
Reserve arising from the surplus on revaluation of the leasehold land	407,649	407,649	-	-
b) Capital reserve :				
Transfer from profit and loss account	1,087,540	1,087,540	-	-
Reserve arising on issue of bonus shares by subsidiary companies	3,400,000	3,400,000	-	-
	4,487,540	4,487,540	-	-
c) Share premium :				
Private Placement	6,879,900	6,879,900	6,879,900	6,879,900
Employees' Shares Option Scheme	852,000	192,000	852,000	192,000
	7,731,900	7,071,900	7,731,900	7,071,900
d) Reserve on Consolidation	8,716,627	8,568,683	-	-
e) Retained profits	11,475,763	6,749,184	4,723,404	3,907,223

TOTAL RESERVES

Total reserves at 31st May are analysed as follows :

Distributable	11,475,763	6,749,184	4,723,404	3,907,323
Non-distributable	21,343,716	20,535,772	7,731,900	7,071,900
	32,819,479	27,284,956	12,455,304	10,979,223

13. DEFERRED TAXATION

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
As at 1st June	110,400	-	-	-
Transfer from profit and loss account	95,797	110,400	-	-
As at 31st May	206,197	110,400	-	-

Notes To The Accounts

31 May, 1999

14. TURNOVER

Turnover for the Company represents gross dividend received.

Turnover for the Group represents invoiced value of goods sold less discounts and returns.

15. PROFIT BEFORE TAXATION

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

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
After charging :-				
Audit fee	64,600	63,800	8,000	8,000
Amortisation of leasehold land and building	252,538	136,611	-	-
Amortisation of intangible assets :-				
- Trade mark	10,939	1,488	-	-
- Preliminary expenses	9,378	9,378	-	-
- Listing expenses	203,608	189,006	172,608	158,006
Bad debts written off	6,167	-	-	-
Directors' remuneration :-				
- fees	40,000	40,000	40,000	40,000
- emoluments	589,650	519,500	-	-
Depreciation of fixed assets	1,011,228	848,907	78,755	78,755
Bank interest	447,976	882,728	-	-
Hire purchase interest	66,519	67,117	16,675	18,065
Rental	272,679	412,828	-	-
Loan interest	880,548	197,949	-	-
Loss on disposal of fixed assets	1,476	-	-	-
Loss on foreign exchange	880,514	3,696,344	-	-
And crediting :-				
Interest received	-	720	-	-
Rental received	215,757	233,296	-	-
Gross dividend received from subsidiary companies	-	-	2,360,000	5,750,000
Profit on disposal of fixed assets	898	82,200	-	-

Notes To The Accounts

31 May, 1999

16. TAXATION

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Provision for current year	-	448,000	-	-
Underprovision in prior year	230,729	103,657	-	-
Tax deducted at source	-	-	-	1,610,000
Deferred taxation	95,797	110,400	-	-
	<u>326,526</u>	<u>662,057</u>	-	<u>1,610,000</u>

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

No provision of tax has been made during the current year, due to the waiver of tax on the income from operations for the current year in conjunction with the streamlining of the Malaysian tax administration system involving a change in basis of taxation from the preceding year basis to the current year basis beginning in the Year 2000.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained distributable profits as at 31st May, 1999 subject to the agreement by the Inland Revenue Board.

17. PROFIT CAPITALISATION

Profit capitalisation for the previous year represents the capitalisation of reserves from two wholly-owned subsidiary companies satisfied by the issuance of ordinary shares to the Company on the basis of 5 new ordinary shares of RM1.00 each for every 1 ordinary share of RM1.00 each held, and 1 new ordinary share of RM1.00 each for every 1 ordinary share of RM1.00 each held in the subsidiary companies respectively.

18. DIVIDEND

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Proposed dividend of 5% (tax exempted) (1998 : 5% less tax)	<u>1,101,800</u>	<u>773,496</u>	<u>1,101,800</u>	<u>773,496</u>

Current year dividend is declared out of profits from tax waiver year 1999.

Notes To The Accounts

31 May, 1999

19. EARNINGS PER SHARE

The earnings per share has been calculated on after tax group earnings of RM5,828,379 (1998 : RM1,784,399) and on the weighted average number of ordinary shares in issue during the year of 21,599,625 (1998 : on the weighted average number of ordinary shares in issue of 20,208,834).

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions during the year are as follows :-

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Gross dividend received from subsidiary companies	-	-	2,360,000	5,750,000
Advances to subsidiary companies	-	-	1,314,020	7,563,114

21. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Guarantees given to bankers in respect of bank facilities granted to subsidiary companies	-	-	67,100,000	39,700,000

22. SEGMENT ANALYSIS

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

23. CAPITAL COMMITMENT

	GROUP	
	1999 RM	1998 RM
Contracted but not provided for	4,282,109	4,282,109

31 May, 1999

24. SIGNIFICANT EVENTS DURING THE YEAR

The following proposals were made during the financial year:

- i) The proposed revaluation of investment in subsidiary companies.
- ii) The proposed bonus issue of up to 11,668,500 new ordinary share of RM1.00 each to the shareholders of the Company to be credited as fully paid-up on the basis of one (1) new ordinary share for every two (2) ordinary shares held at a date to be determined later.
- iii) The proposed rights issue of up to 11,668,500 new ordinary shares of RM1.00 each at an issue price to be determined later together with up to 11,668,500 detachable free warrants on the basis of one (1) new ordinary share together with one (1) free warrant for every two (2) ordinary shares held before the proposed bonus issue.
- iv) The proposed increased in authorised share capital of the Company from RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary share of RM1.00 each by the creation of an additional 75,000,000 new ordinary shares of RM1.00 each.

The above mentioned proposals are subject to the approval from the relevant authorities and shareholders of the company.

25. COMPARATIVE FIGURES

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

List Of Properties Owned By The Group

DETAILS OF PHB GROUP'S PROPERTIES ARE SET OUT BELOW :-

Registered Owner	Location	Description And Existing Use	Approximately Age of Buildings (Yrs)	Tenure	Land/ Built-Up Area	Net Book Value At 31.05.1999 RM
KRC	Plot 5, Tingkat Perusahaan 6, Phase 4, Prai Industrial Estate, 13600 Prai, Penang.	Industrial land with Factory, warehouse and office	7	Leasehold Expiring in 2052	184,410 acres/ 40,000 sq.ft.	2,347,773
KRC	17, Solok Gurney 1, 10250 Penang	Double storey Residential Building	17	Freehold	2,777 sq.ft/ 3,026 sq.ft.	440,000
KRC	158,160 & 162, Jalan Perak, 10150 Penang.	Shop/ warehouse	Pre-war	Freehold	4,945 sq.ft/ 4,945 sq.ft.	391,265
KRC	Block H.1.09 H2.09, HI.10.H.1.11, H2.10, H.2-11, CI-09,CI-10, C1-11, C2-09,C-2-10, C2-11, Taman Pelangi, 13600 Prai	Residential	3	Leasehold	7,200 sq.ft/ 7,200 sq.ft.	454,432
KRC	Lot 2286 & 2287, TS 6, NED, Penang	Development land	-	Freehold	14,348 sq.ft.	415,401
KRC	Shoplot B1-1-27 & B1.1.28 Komtar, Penang	Shoplot	17	Leasehold Expiring in 2075	624 sq.ft/ 624 sq.ft.	463,816

List Of Properties Owned By The Group

Registered Owner	Location	Description And Existing Use	Approximately Age of Buildings (Yrs)	Tenure	Land/ Built-Up Area	Net Book Value At 31.05.1999 RM
PENSONIC INDUSTRIES	Shoplot B1.1.29 Komtar, Penang.	Shoplot	17	Leasehold Expiring in 2075	312 sq.ft.	157,895
PENSIA ELECTRONIC	Plot 98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang.	Industrial land with warehouse and office	3	Leasehold Expiring in 2054	3.05632 acres	6,705,485
PSS	Lot 114E, Prima Subang Perindustrial Park, 47200 Subang, Selangor.	Warehouse and office	1	Freehold	3,200 sq.ft.	429,475
PSS	Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah.	Warehouse and office	8	Leasehold Expiring in 2037	2700 sq.ft.	352,857
PSS	Lot 11-B, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Factory Building and Office	8	Leasehold Expiring in 2069	43560 sq.ft.	11,667,864
PSS	31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu.	Factory Building and Office	3	Leasehold Expiring in 2082	5494 sq.ft.	396,763

Analysis Of Shareholdings As At 30 September 1999

Board Lot	:	1,000 shares
Class of Share	:	Ordinary Share (RM1.00)
Voting Right	:	1 vote per share

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARE	%
1 - 1,000	1,528	52.08	1,527,355	6.88
1,001 - 5,000	1,141	38.89	3,077,749	13.85
5,001 - 10,000	162	5.52	1,243,000	5.60
10,000 AND ABOVE	103	3.51	16,365,896	73.67
TOTAL	2,934	100.00	22,214,000	100.00

TWENTY (20) MAJOR SHAREHOLDERS AS AT 30 SEPTEMBER 1999

No	Name of Shareholder	No of shares	%
1.	Chew Weng Khak @ Chew Weng Kiak	4,568,596	20.57
2.	Chew Weng Khak Realty Sdn Bhd	3,366,899	15.16
3.	I-Berhad	2,000,000	9.00
4.	Permodalan Nasional Berhad	1,720,000	7.74
5.	Zahara Bt. Pawanchik	1,100,260	4.95
6.	Chew Chuon Jin	546,100	2.46
7.	The Kulim-Baling Road Transport Company Sdn Bhd	500,000	2.25
8.	Tan King Tai @ Tan Khoon Hai	382,405	1.72
9.	Orchid City Sdn. Bhd.	269,000	0.21
10.	Tay Keng	202,000	0.91
11.	Cheah See Han	81,000	0.36
12.	Abdul Rahman Bin Abbas	78,000	0.35
13.	UT Securities Sdn. Bhd.	70,000	0.32
14.	Tan Ah Nya @ Tan Bee Tiang	67,000	0.30
15.	Chan Mei Cheng	51,000	0.23
16.	Tan Ah Lee	51,000	0.23
17.	Chew Chuon Ghee	33,790	0.15
18.	Chew Weng Yeaw	30,000	0.14
19.	Chiu, Chuang-Hsien	30,000	0.14
20.	Junie Phaik Hoon Ong	30,000	0.14
TOTAL		15,177,050	68.33

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER, 1999

SHAREHOLDERS	----NO. OF SHARES HELD----			
	DIRECT	% SHARE-HOLDING	INDIRECT	%SHARE-HOLDING
Chew Weng Khak @ Chew Weng Kiak	4,568,596	20.57	*3,366,899	15.16
Chew Weng Khak Realty Sdn. Bhd.	3,366,899	15.16	-	-
Chew Chuon Jin	546,100	2.46	*3,366,899	15.16
I-Berhad	2,000,000	9.0	-	-
Permodalan Nasional Berhad	1,720,000	7.74	-	-
Zahara Bt. Pawanchik	1,100,260	4.95	-	-
The Kulim-Baling Road Transport Company Sdn. Bhd.	500,000	2.25	-	-

* Held through CHEW WENG KHAK REALTY SDN. BHD.

CORPORATE CALENDAR

7	January 1999	Payment of the first and final dividend of 5% less tax for the year ended 31 May 1998.
12	January 1999	Announcement of Corporate Proposals to KLSE.
26	February 1999	Preliminary announcement of unaudited results for the first 6 months of the year ending 30 November 1998.
31	May 1999	Financial year end.
27	August 1999	Preliminary announcement of unaudited results for the year ended 31 May 1999.
14	October 1999	Posting of Annual Report to Shareholders.
2	November 1999	Annual General Meeting.

This page is intentionally left blank.

No. Of Share

--

Proxy Form

I/We _____ (IN BLOCK LETTERS)

of _____

Being a member of Pensonic Holdings Berhad hereby appoint _____

_____ or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our/belalf at the Annual General Meeting of the Company to be held at Sunway Hotel, 33, New Lane, 10400 Penang, Malaysia, . Dahlia Room, on Tuesday, 02 November, 1999 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below :-

RESOLUTION	FOR	AGAINST
NO. 1. Adoption of Reports and accounts (Resolution 1)		
2. Declaration of first and final devidend (Resolution 2)		
3. Approval of payment of Directors' fees (Resolution 3)		
4. Re-election of Director - Zahara bt. Pawanchik (Resolution 4)		
5. Appointment of Auditors (Resolution 5)		
As Special Business :		
6. Authorising Directors to issue shares not exceeding 10% of the issue capital (Resolution 6)		

(Please indicate with "X" how you wish to cast your vote)

Date _____, 1999

Signature/Seal

Notes:-

1. This proxy form, duly signed or sealed, must be deposited at the Registered Office of the Company listed on the reverse side of the form not less than 48 hours before the meeting.
2. If you wish to appoint a proxy, please insert the full name of the proxy (in block letters) in the space provided. A proxy need not be a member of the Company.
3. If the appointer is a corporation, this form must be executed under its commom seal or under the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

FOLD

STAMP

PENSONIC HOLDINGS BERHAD

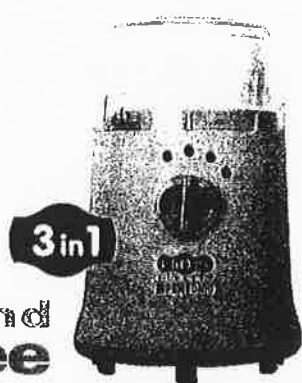
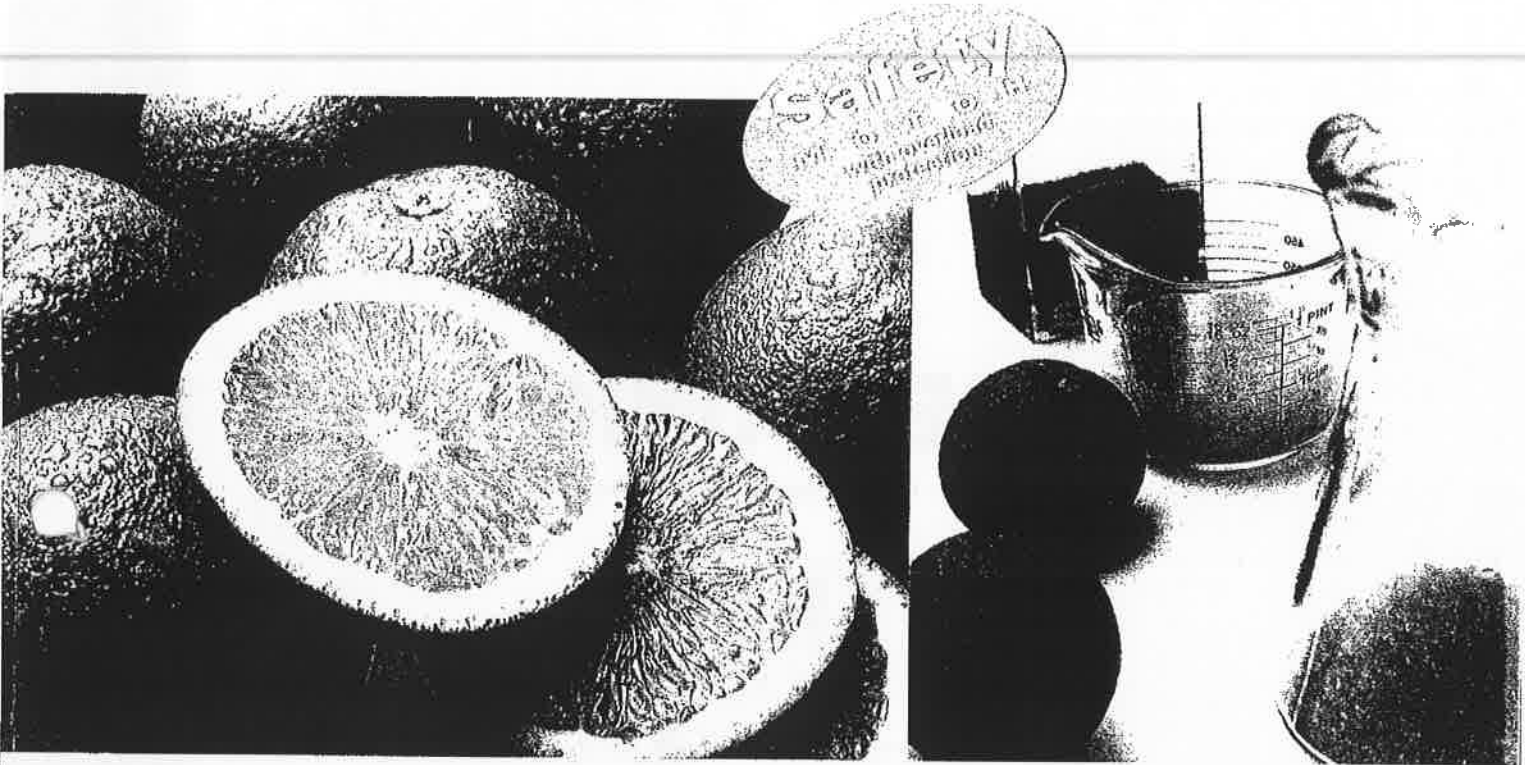
(Company No : 300426-P)
2-5-26, HARBOUR TRADE CENTRE
NO. 2, GAT LEBUH MACALLUM
10300 PENANG

FOLD

PENSONIC®

Your Choice Of Household Appliances

PB-625



**CHOPPER and
Coffee**

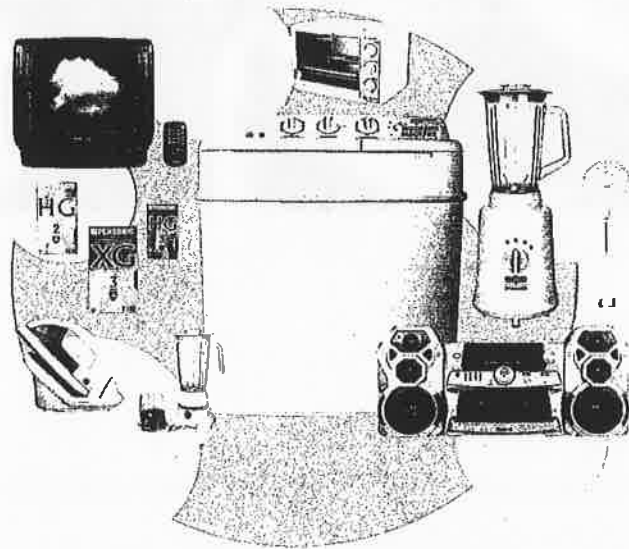
ChOpy



BUATAN MALAYSIA

PENSONIC®

Your Choice Of Household Appliances



PENSONIC HOLDINGS BERHAD

Company No.: 300426-P

(Incorporated in Malaysia)