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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of **PENSONIC HOLDINGS BERHAD** will be held at Sunway Hotel, 33, New Lane, 10400 Penang, Malaysia, Dahlia Room, on Monday 23 October, 2000 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, 2000. (Resolution 1)
2. To declare a First and Final Dividend of 5% less tax of 28% for the year ended 31 May, 2000. (Resolution 2)
3. To approve Directors' fees for the year ended 31 May, 2000. (Resolution 3)
4. (i) To re-elect the following Directors who retire in accordance with Article 29.2 of the Company's Articles of Association :-
 - a) Dato' Chew Weng Khak @ Chew Weng Kiak (Resolution 4)
 - b) Dato' Abdul Rahman Bin Hj. Abbas (Resolution 5)
- (ii) To re-elect the Director, Nyak Zahari Bin Nyak Ibrahim who is retiring under Article 29.6 of the Company's Articles of Association. (Resolution 6)
5. To re-appoint Messrs. Teh Eng Aun & Co. as Auditors and to authorise the Executive Directors to fix their remuneration. (Resolution 7)
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 8)

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 6th Annual General Meeting, the first and final dividend of 5% less tax of 28% in respect of the financial year ended 31 May, 2000 will be payable on 18 December, 2000 to depositors registered in the Records of Depositors on 21 November, 2000.

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 21 November, 2000, 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 : 6 October, 2000

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, is passed, will given 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
En. Nyak Zahari Bin Nyak Ibrahim

SECRETARY

Mdm. Ker Siew Luan

REGISTERED OFFICE

2-5-26, Harbour Trade Centre,
No. 2, Gat Lebu Macallum,
10300 Penang.
Tel : 604-2638 100/200
Fax : 604-2638 500

REGISTRARS

Plantation Agencies Sdn. Bhd.
Standard Chartered Bank Chambers
Lebuh Pantai,
10300 Penang.
Tel : 604-2625 333
Fax : 604-2622 018

AUDITORS

Teh Eng Aun & Co.
Public Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Aseambankers Malaysia Berhad

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, 2000.

FINANCIAL PERFORMANCE

I am delighted to report that the Group has managed to achieve a substantially higher profit before tax of RM7.50 million on the back of a turnover of RM103.6 million as compared to RM6.25 million and RM92.29 million respectively in the previous year. The higher profit before taxation achieved was mainly attributable to the Company's policy to concentrate on more value added products that offer better margins and prudent cost cutting measure implemented by the Group.

For the year under review earnings per share rose to 33.70 sen against 26.98 sen in the previous year. The Group's net tangible assets per share strengthened to RM2.67 against RM2.49 for the last financial year. The Group's shareholders' funds increased to RM60.25 million as at 31 May, 2000.

DIVIDEND

After taking into account the financial position of the company, the Board of Directors is pleased to recommend a first and final dividend of 5% less tax of 28% for the year ended 31 May, 2000 (1999 : 5% tax exempt).

CORPORATE EXERCISE

The following proposals were approved by the relevant authorities subsequent to the financial year ended 31 May, 2000.

- i) The proposed revaluation of investment in subsidiary companies.
- ii) The proposed bonus issue of up to 11,345,000 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 right issue of 11,345,000 new ordinary shares of RM1.00 each together with 11,345,000 warrants at an issue price of RM2.60 per new ordinary share with one (1) warrant payable in full upon acceptance on the basis of one (1) new ordinary share with one (1) warrant for every two (2) existing ordinary shares of RM1.00 each at a date to be determined later.
- 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 exercises are expected to be completed by the end of the year 2000.

Chairman's Statement

FUTURE STRATEGY

The Group believes that the Malaysian and regional economies has seen its worse and will return back to its high growth levels in the near future. It has thus positioned itself to take advantage of the situation by investing strategically in its chosen areas where it commands significant competitive advantages. It envisaged to be a major regional player within the industry. This is inevitable with the imminent trade liberalization, the force of globalisation and the spate of mega consolidation and mergers happening in the world.

Whilst pursuing its various growth and developments, the Board of Directors and management team of the Group remain at all time cognizant of the need for value added corporate and public relations, corporate governance, prudent risk management and compliance with regulatory requirements. The Group is constantly working towards achieving the highest standards of best business practice.

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 hard work 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
2 OCTOBER, 2000.

Audit Committee

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

<u>Name</u>	<u>Designation</u>
1. Dato' Abdul Rahman Bin Hj. Abbas	Independent Non-Executive Director (Chairman)
2. En. Nyak Zahari Bin Nyak Ibrahim	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.

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

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 accounts of the Company and of the Group for the financial year ended 31st MAY, 2000.

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 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	5,233,896	787,251
Minority interest	<u>(161,539)</u>	<u>-</u>
Profit attributable to shareholders	5,072,357	787,251
Retained profits brought forward	<u>11,475,763</u>	<u>4,723,404</u>
Profit available for appropriation	16,548,120	5,510,655
Proposed dividend	<u>(811,836)</u>	<u>(811,836)</u>
Retained profits carried forward	<u>15,736,284</u>	<u>4,698,819</u>

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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 a dividend of 5% amounting to RM1,101,800 (tax exempted) in respect of the financial year ended 31st MAY, 1999.

The Directors now propose a first and final dividend of 5% less tax 28%, amounting to RM811,836 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.
- (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.

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- (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 RM22,036,000 to RM22,551,000 through the issue of 515,000 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

515,000

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

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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
NYAK ZAHARI BIN NYAK IBRAHIM (Appointed on 4.11.1999)

In accordance with Article 29(2) of the Company's Articles of Association, DATO CHEW WENG KHAK @ CHEW WENG KIAK and DATO' ABDUL RAHMAN BIN HAJI ABBAS shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 29(6) of the Company's Articles of Association, NYAK ZAHARI BIN NYAK IBRAHIM who was appointed during the year retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

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

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>As at 01.06.99</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at 31.05.2000</u>
<u>DIRECT INTEREST</u>				
The Company :-				
DATO' CHEW WENG KHAK @ CHEW WENG KIAK	4,568,596	33,000	500,000	4,101,596 *
DATO' ABDUL RAHMAN BIN HAJI ABBAS	78,000	-	5,000	73,000
CHEW CHUON JIN	546,100	33,000	175,000	404,100
TAN KING TAI @ TAN KHOON HAI	443,405	46,000	64,000	425,405 **
P.K.T. ZAHARA BT. PAWANCIK				
P.P.N., P.J.K.	1,100,260	33,000	318,000	815,260
CHEW WENG YEAW	30,000	-	-	30,000
NYAK ZAHARI BIN NYAK IBRAHIM	-	-	-	-

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 01.06.99 Acquired Disposed As at 31.05.2000

CHEW WENG KHAK REALTY SDN. BHD.

DATO' CHEW WENG KHAK @

CHEW WENG KIAK	3,366,899	-	700,000	2,666,899
CHEW CHUON JIN	3,366,899	-	700,000	2,666,899

TAN KHOON HAI SDN. BHD.

TAN KING TAI @ TAN KHOON

HAI P.K.T.	1,000	-	-	1,000
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* Inclusive of 3,885,000 ordinary shares which are held through a nominee company.

** Inclusive of 380,000 ordinary shares which are held through a nominee company.

Option over number of ordinary shares of RM1.00 each
As at 01-06-99 Exercised As at 31-05-2000

DATO' CHEW WENG KHAK @

CHEW WENG KIAK	99,000	33,000	66,000
CHEW CHUON JIN	99,000	33,000	66,000
TAN KING TAI @ TAN KHOON HAI P.K.T.	99,000	33,000	66,000
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	99,000	33,000	66,000

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.

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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, 2000.

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.

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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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following proposals were made and duly approved by the shareholders on 26 th MAY 2000 :

- i) The proposed bonus issue of up to 11,668,500 new ordinary shares 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.
- ii) The proposed renounceable rights issue of up to 11,668,500 new ordinary shares of RM1.00 each at an issue price of RM2.60 per ordinary share with up to 11,668,500 detachable warrants on the basis of one (1) new ordinary share together with one (1) warrant for every two (2) ordinary shares held before the proposed bonus issue.
- iii) 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 shares of RM1.00 each by the creation of an additional 75,000,000 new ordinary shares of RM1.00 each.
- iv) The proposed amendments to the Memorandum and Articles of Association of the Company.

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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 HAI, P.K.T.
Director

Penang.

Dated : 25 AUGUST 2000

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

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, 2000 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 : 25 AUGUST 2000

STATUTORY DECLARATION

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)

G/TOWN in the state of PULAU PINANG)

this 25 th day of AUGUST 2000)

DATO'CHEW WENG KHAK @
CHEW WENG KIAK

Before me,

LIM THIN CHUP
Commissioner of Oaths, Penang

COMPANY NO. 300426 - P

**REPORT OF THE AUDITORS 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, 2000 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

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

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2000

	NOTE	2000 RM	1999 RM
FIXED ASSETS	2	28,341,507	29,001,109
CURRENT ASSETS			
Stocks	4	51,787,789	52,848,830
Trade debtors		21,659,629	21,782,596
Other debtors, deposits and prepayment		6,238,224	7,918,140
Fixed deposits with a licensed bank		111,927	111,927
Amount due by related companies	5	6,414,491	607,564
Cash and bank balances		4,889,612	3,407,351
		91,101,672	86,676,408
CURRENT LIABILITIES			
Trade creditors	6	35,045,566	36,882,293
Other creditors and accruals		2,715,024	991,921
Hire purchase creditors	7	-	155,002
Bank overdrafts	8	8,358,984	7,362,899
Term loans due within one year	9	2,290,694	1,192,608
Provision for taxation		1,339,677	532,831
Proposed dividend		811,836	1,101,800
		50,561,781	48,219,354
NET CURRENT ASSETS		40,539,891	38,457,054
TERM LOANS	9	(8,469,687)	(12,585,484)
INTANGIBLE ASSETS	10	451,754	352,276
		60,863,465	55,224,955
SHARE CAPITAL			
	11	22,551,000	22,036,000
RESERVES			
	12	37,698,000	32,819,479
MINORITY INTEREST			
		324,818	163,279
DEFERRED TAXATION			
	13	289,647	206,197
		60,863,465	55,224,955

The accompanying notes form an integral part of the accounts.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY, 2000

	NOTE	2000 RM	1999 RM
TURNOVER	14	103,680,782	92,292,228
COST OF GOODS SOLD		82,380,732	71,940,378
PROFIT BEFORE TAXATION	15	7,502,598	6,248,780
TAXATION	16	2,268,702	326,526
PROFIT AFTER TAXATION		5,233,896	5,922,254
MINORITY INTEREST		(161,539)	(93,875)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		5,072,357	5,828,379
RETAINED PROFITS BROUGHT FORWARD		11,475,763	6,749,184
PROFIT AVAILABLE FOR APPROPRIATION		16,548,120	12,577,563
PROPOSED DIVIDEND	17	(811,836)	(1,101,800)
RETAINED PROFITS CARRIED FORWARD		15,736,284	11,475,763
Retained by :-			
The Company		4,698,819	4,723,404
Subsidiary companies		11,037,465	6,752,359
		15,736,284	11,475,763
EARNINGS PER SHARE	18	22.78 sen	26.98 sen

The accompanying notes form an integral part of the accounts.

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MAY, 2000

	NOTE	2000 RM	1999 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		7,502,598	6,248,780
Adjustments for :-			
Amortisation of intangible assets		243,022	223,926
Amortisation of leasehold land and building		248,390	252,538
Depreciation of fixed assets		1,118,776	1,011,228
Loss on disposal of fixed assets		46,497	2,374
Interest expenses		1,454,582	1,395,043
		<hr/>	<hr/>
Operating profit before working capital changes		10,613,865	9,133,889
Decrease in stocks		1,061,041	1,301,284
(Increase)/Decrease in debtors		(3,967,511)	15,385,872
Decrease in creditors		(6,122,198)	(27,167,158)
		<hr/>	<hr/>
Cash generated from/(used in) operations		1,585,197	(1,346,113)
Interest paid		(1,454,582)	(1,395,043)
Taxes paid		(1,405,402)	(2,321,409)
		<hr/>	<hr/>
Net cash used in operating activities		(1,274,787)	(5,062,565)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	19	(1,275,562)	(1,031,631)
Proceeds from disposal of fixed assets		521,500	5,600
Proceeds from issuance of shares at premium		1,133,000	1,210,000
Intangible assets applied		(343,462)	(73,010)
		<hr/>	<hr/>
Net cash generated from investing activities		35,476	110,959
		<hr/>	<hr/>

	NOTE	2000 RM	1999 RM
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(1,101,800)	(773,496)
Repayment of hire purchase creditors		(155,002)	(358,532)
Proceeds from term loan		4,000,000	6,000,000
Repayment of term loan		(1,017,711)	(320,473)
Net cash generated from financing activities		<u>1,725,487</u>	<u>4,547,499</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		486,176	(404,107)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		<u>(3,843,621)</u>	<u>(3,439,514)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	20	<u><u>(3,357,445)</u></u>	<u><u>(3,843,621)</u></u>

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

BALANCE SHEET AS AT 31ST MAY, 2000

	NOTE	2000 RM	1999 RM
FIXED ASSETS	2	111,570	190,325
INTEREST IN SUBSIDIARY COMPANIES	3	52,150,390	34,939,884
CURRENT ASSETS			
Sundry debtors and deposits		256,572	256,572
Cash and bank balances		43,143	63,581
		<u>299,715</u>	<u>320,153</u>
CURRENT LIABILITIES			
Sundry creditors and accruals		63,145	88,091
Hire purchase creditors	7	-	32,194
Provision for taxation		-	2,000
Proposed dividend		811,836	1,101,800
		<u>874,981</u>	<u>1,224,085</u>
NET CURRENT LIABILITIES		(575,266)	(903,932)
INTANGIBLE ASSETS	10	174,768	265,027
		<u>51,861,462</u>	<u>34,491,304</u>
SHARE CAPITAL	11	22,551,000	22,036,000
RESERVES	12	29,310,462	12,455,304
		<u>51,861,462</u>	<u>34,491,304</u>

The accompanying notes form an integral part of the accounts.

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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY, 2000

	NOTE	2000 RM	1999 RM
TURNOVER	14	<u>1,700,000</u>	<u>2,360,000</u>
PROFIT BEFORE TAXATION	15	1,254,507	1,917,881
TAXATION	16	<u>467,256</u>	-
PROFIT AFTER TAXATION		787,251	1,917,881
RETAINED PROFITS BROUGHT FORWARD		<u>4,723,404</u>	<u>3,907,323</u>
PROFIT AVAILABLE FOR APPROPRIATION		5,510,655	5,825,204
PROPOSED DIVIDEND	17	<u>(811,836)</u>	<u>(1,101,800)</u>
RETAINED PROFITS CARRIED FORWARD		<u>4,698,819</u>	<u>4,723,404</u>

The accompanying notes form an integral part of the accounts.

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

NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The accounts of the Group and of the Company are prepared under the historical cost convention modified to include the revaluation of certain fixed assets of the Group and investment in subsidiaries of the Company and in accordance with applicable approved Accounting Standards.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the 31 May 2000. 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 except freehold land which is not amortised. 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, 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

d) Investments

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

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

e) Stocks

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.

f) Related companies

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

g) 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.

h) 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.

i) 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.

2. FIXED ASSETS AND DEPRECIATION

**GROUP
2000**

COST OR VALUATION

	AT 01.06.1999 RM	Additions RM	Disposals RM	AT 31.05.2000 RM
At valuation :-				
Leasehold land	407,649	-	-	407,649
At cost :-				
Leasehold land and buildings	13,432,006	-	-	13,432,006
Freehold land and buildings	2,259,821	-	(429,475)	1,830,346
Buildings	9,778,228	-	-	9,778,228
Motor vehicles	2,498,599	513,488	(356,610)	2,655,477
Furniture and fittings	397,342	11,657	-	408,999
Office equipments	653,277	51,545	(5,900)	698,922
Electrical installation	284,867	8,672	-	293,539
Renovation	779,580	240,844	-	1,020,424
Fire protection system	355,949	-	-	355,949
Showcase	66,746	-	-	66,746
Factory fittings and equipments	269,895	40,655	-	310,550
Moulds	2,251,242	315,942	-	2,567,184
Signboard	144,477	16,800	-	161,277
Tools and equipment	88,572	14,258	-	102,830
Plant and machinery	263,249	18,905	-	282,154
Computer	58,243	42,796	-	101,039
	33,989,742	1,275,562	(791,985)	34,473,319

2. FIXED ASSETS AND DEPRECIATION (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.1999 RM	Charge for the year RM	Disposals RM	AT 31.05.2000 RM	AT 31.05.2000 RM
At valuation :-					
Leasehold land	33,970	6,794	-	40,764	366,885
At cost :-					
Leasehold land and buildings	1,076,993	241,596	-	1,318,589	12,113,417
Freehold land and buildings	90,075	17,994	-	108,069	1,722,277
Buildings	414,466	188,930	-	603,396	9,174,832
Motor vehicles	1,273,594	405,068	(220,024)	1,458,638	1,196,839
Furniture and fittings	121,671	22,635	-	144,306	264,693
Office equipments	303,717	57,208	(3,963)	356,962	341,960
Electrical installation	85,432	22,009	-	107,441	186,098
Renovation	276,715	91,745	-	368,460	651,964
Fire protection system	113,360	24,298	-	137,658	218,291
Showcase	58,105	864	-	58,969	7,777
Factory fittings and equipments	104,936	29,471	-	134,407	176,143
Moulds	802,967	184,645	-	987,612	1,579,572
Signboard	72,384	14,559	-	86,943	74,334
Tools and equipment	24,080	8,222	-	32,302	70,528
Plant and machinery	89,059	19,419	-	108,478	173,676
Computer	47,109	31,709	-	78,818	22,221
	4,988,633	1,367,166	(223,987)	6,131,812	28,341,507

2. FIXED ASSETS AND DEPRECIATION

**GROUP
1999**

COST OR VALUATION

	AT 01.06.1998 RM	Additions RM	Disposals RM	AT 31.05.1999 RM
At valuation :-				
Leasehold land	407,649	-	-	407,649
At cost :-				
Leasehold land and buildings	13,326,788	105,218	-	13,432,006
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
	32,978,631	1,031,631	(20,520)	33,989,742

2. FIXED ASSETS AND DEPRECIATION (Continued)

	ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	AT 01.06.1998 RM	Charge for the year RM	Disposals RM	AT 31.05.1999 RM	AT 31.05.1999 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	12,355,013
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	29,001,109

**COMPANY
2000**

COST	At	Additions	Disposals	At	
	01.06.1999			31.05.2000	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	

ACCUMULATED DEPRECIATION	At	Charge for	Disposals	At	At
	01.06.1999	the year		31.05.2000	31.05.2000
	RM	RM	RM	RM	RM
Motor vehicle	203,451	78,755	-	282,206	111,570

**COMPANY
1999**

COST	At	Additions	Disposals	At	
	01.06.1998			31.05.1999	
	RM	RM	RM	RM	
Motor vehicle	393,776	-	-	393,776	

ACCUMULATED DEPRECIATION	At	Charge for	Disposals	At	At
	01.06.1998	the year		31.05.1999	31.05.1999
	RM	RM	RM	RM	RM
Motor vehicle	124,696	78,755	-	203,451	190,325

- i) 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, the said assets are stated at their valuation less accumulated depreciation.
- ii) The net book value of the group's motor vehicles includes RM : NIL (1999 : RM 734,083) and the net book value of the Company's motor vehicle amounts to RM : NIL (1998 : RM 190,325 acquired under hire purchase contracts).

3. INTEREST IN SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Unquoted shares				
- at cost	-	-	11,962,962	11,962,962
- at directors valuation	-	-	16,261,743	-
Amount owing by subsidiary companies	-	-	23,925,685	22,976,922
	-	-	52,150,390	34,939,884

During the current financial year, 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 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 :-

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2000	1999
Keat Radio Co. Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic appliances	100%	100%
Pensonic Sales & Services 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 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%

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2000	1999
Pensonic Part & Services Sdn. Bhd.	Dealing in electrical and electronic items.	59.99%	59.99%
Epicson Music Sdn. Bhd.	Promoters of music industry (Dormant during the year)	100%	100%
Sensonic Sales & Service Sdn. Bhd.	Manufacturing of electrical products (Dormant during the year)	100%	100%

All the subsidiary companies are audited by us.

4. STOCKS

	GROUP	
	2000	1999
	RM	RM
Raw materials	22,057,973	20,791,010
Finished goods	29,729,816	32,057,820
	<u>51,787,789</u>	<u>52,848,830</u>

5. AMOUNT DUE BY RELATED COMPANIES

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

6. TRADE CREDITORS

	GROUP	
	2000	1999
	RM	RM
Trade creditors	3,488,566	2,369,293
Bills payable (secured)	31,557,000	34,513,000
	<u>35,045,566</u>	<u>36,882,293</u>

7. HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Balance as at 31st May	-	155,002	-	32,194
Repayment due within one year (Shown under current liabilities)	-	155,002	-	32,194
Repayment due after one year	-	-	-	-

8. BANK OVERDRAFTS

The bank overdrafts and other banking facilities bear interest ranging from 1% to 2% above the banks' base lending rates and 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 LOANS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Balance as at 31st May	10,760,381	13,778,092	-	-
Repayment due within one year (Shown under current liabilities)	2,290,694	1,192,608	-	-
Repayment due after one year	8,469,687	12,585,484	-	-

Term loans bear interest ranging from 1.5% to 1.75% per annum above the bank's base lending rate and are secured by charges as mentioned in Note 8.

10. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
- At cost				
Trade mark	60,423	60,423	-	-
Preliminary expenses	51,494	51,494	-	-
Pre-operating expenses	240,515	2,976	-	-
Listing expenses	1,120,932	1,018,005	965,933	863,005
	<u>1,473,364</u>	<u>1,132,898</u>	<u>965,933</u>	<u>863,005</u>
- Less amortisation				
Trade mark	(28,551)	(21,129)	-	-
Preliminary expenses	(46,894)	(37,515)	-	-
Listing expenses	(946,165)	(721,978)	(791,165)	(597,978)
	<u>451,754</u>	<u>352,276</u>	<u>174,768</u>	<u>265,027</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	
	2000 RM	1999 RM
Ordinary shares of RM1 each		
Authorised :-	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid-up :-		
At 1st June	22,036,000	21,486,000
Issued under Employees' Share Option Scheme	515,000	550,000
At 31 st May	<u>22,551,000</u>	<u>22,036,000</u>

During the financial year, the issued and paid-up capital of the Company was increased from 22,036,000 to 22,551,000 via the issue of 515,000 fully paid-up ordinary shares of RM1 each for cash pursuant to the Pensonic Holdings Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM2.20 per share.

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

As at 31st May, 2000 options to subscribe for 786,000 ordinary shares at an option price of RM2.20 per share remain unexercised.

12. RESERVES

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
<u>Non-Distributable :-</u>				
a) Revaluation reserve :				
As at 1st June	407,649	407,649	-	-
Add : Surplus on revaluation of subsidiaries	-	-	16,261,743	-
As at 31st May	407,649	407,649	16,261,743	-
b) Capital reserve :				
As at 31st May	4,487,540	4,487,540	-	-
c) Share premium :				
As at 1st June	7,731,900	7,071,900	7,731,900	7,071,900
Add : Employees' Share Option Scheme	618,000	660,000	618,000	660,000
As at 31st May	8,349,900	7,731,900	8,349,900	7,731,900
d) Reserve on Consolidation				
As at 31st May	8,716,627	8,716,627	-	-
<u>Distributable :-</u>				
e) Retained profits				
As at 1st June	11,475,763	6,749,184	4,723,404	3,907,323
Profit/(Loss) during the year	4,260,521	4,726,579	(24,585)	816,081
As at 31st May	15,736,284	11,475,763	4,698,819	4,723,404
TOTAL RESERVES				
Total reserves at 31st May are analysed as follows :				
Distributable	15,736,284	11,475,763	4,698,819	4,723,404
Non-distributable	21,961,716	21,343,716	24,611,643	7,731,900
	37,698,000	32,819,479	29,310,462	12,455,304

13. DEFERRED TAXATION

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
As at 1st June	206,197	110,400	-	-
Transfer from profit and loss account	83,450	95,797	-	-
As at 31st May	289,647	206,197	-	-

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	
	2000	1999	2000	1999
	RM	RM	RM	RM
After charging :-				
Audit fee	64,400	64,600	9,000	8,000
Amortisation of leasehold land and building	248,390	252,538	-	-
Amortisation of intangible assets :-				
- Trade mark	9,456	10,939	-	-
- Preliminary expenses	9,379	9,379	-	-
- Listing expenses	224,187	203,608	193,187	172,608
Bad debts written off	15,749	6,167	-	-
Bank interest	694,640	447,976	53	-
Directors' remuneration :-				
- fees	40,000	40,000	40,000	40,000
- emoluments	532,288	589,650	-	-
Depreciation of fixed assets	1,118,776	1,011,228	78,755	78,755
Hire purchase interest	29,702	66,519	5,493	16,675
Loan interest	666,822	880,548	-	-
Loss on disposal of fixed assets	46,497	2,374	-	-
Loss on foreign exchange	10,573	880,514	-	-
Rental	201,273	272,679	-	-
Term loan interest	63,418	-	-	-
<hr/> <hr/>				
And crediting :-				
Rental received	215,737	215,757	-	-
Gross dividend received from subsidiary companies	-	-	1,700,000	2,360,000
<hr/> <hr/>				

16. TAXATION

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM	RM	RM	RM
Provision for current year	2,104,100	-	-	-
Under/(Over)provision in prior year	87,896	230,729	(2,000)	-
Tax refund	(6,744)	-	(6,744)	-
Tax deducted at source	-	-	476,000	-
Deferred taxation	83,450	95,797	-	-
	<u>2,268,702</u>	<u>326,526</u>	<u>467,256</u>	<u>-</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 year is in respect of dividend income.

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, 2000 subject to the agreement by the Inland Revenue Board.

No provision of tax has been made for the previous 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.

17. PROPOSED DIVIDEND

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM	RM	RM	RM
Proposed dividend of 5%				
less tax				
(1999 : 5% tax exempted)	811,836	1,101,800	811,836	1,101,800
	<u>811,836</u>	<u>1,101,800</u>	<u>811,836</u>	<u>1,101,800</u>

18. EARNINGS PER SHARE

The basic earnings per share has been calculated on after tax group earnings of RM5,072,357 (1999 : RM5,828,379) and on the weighted average number of ordinary shares in issue during the year of 22,265,750 (1999 : on the weighted average number of ordinary shares in issue of 21,599,625).

The fully diluted earnings per ordinary share for financial year 1999 and 2000 based on the assumed conversion of the options granted under the Employees' Share Option Scheme would be anti-dilutive and therefore, not shown in the accounts.

19. FIXED ASSETS

During the year, the Group acquired fixed assets with an aggregate cost of RM1,275,562 by cash.

20. CASH AND CASH EQUIVALENTS

	GROUP	
	2000	1999
	RM	RM
Cash and bank balances	4,889,612	3,407,351
Fixed deposits with a licensed bank	111,927	111,927
Bank overdrafts	(8,358,984)	(7,362,899)
	<u>(3,357,445)</u>	<u>(3,843,621)</u>

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	COMPANY	
	2000	1999
	RM	RM
Gross dividend received from subsidiary companies	1,700,000	2,360,000
Advances to subsidiary companies	1,019,800	1,314,020

22. CONTINGENT LIABILITIES

	COMPANY	
	2000	1999
	RM	RM
Guarantees given to bankers in respect of bank facilities granted to subsidiary companies	81,200,000	67,100,000

23. SEGMENT ANALYSIS

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

24. CAPITAL COMMITMENT

	GROUP	
	2000	1999
	RM	RM
Contracted but not provided for	-	4,282,109

25. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following proposals were made and duly approved by the shareholders on 26th May 2000 :

- i) The proposed bonus issue of up to 11,668,500 new ordinary shares 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.
- ii) The proposed renounceable rights issue of up to 11,668,500 new ordinary shares of RM1.00 each at an issue price of RM2.60 per ordinary share with up to 11,668,500 detachable warrants on the basis of one (1) new ordinary share together with one (1) warrant for every two (2) ordinary shares held before the proposed bonus issue.
- iii) The proposed increase 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 shares of RM1.00 each by the creation of an additional 75,000,000 new ordinary shares of RM1.00 each.
- iv) The proposed amendments to the Memorandum and Articles of Association of the Company.

26. COMPARATIVE FIGURES

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

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 31.05.2000 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.	2,254,118
KRC	17, Solok Gurney 1, 10250 Penang	Double storey Residential Building	17	Freehold	2,777 sq.ft/ 3,026 sq.ft.	437,360
KRC	158,160 & 162, Jalan Perak, 10150 Penang.	Shop/ warehouse	Pre-war	Freehold	4,945 sq.ft/ 4,945 sq.ft.	388,917
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.	445,343
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.	457,632

Registered Owner	Location	Description And Existing Use	Approximately Age of Buildings (Yrs)	Tenure	Land/ Built-Up Area	Net Book Value At 31.05.2000 RM
PENSONIC INDUSTRIES	Shoplot B1.1.29 Komtar, Penang.	Shoplot	17	Leasehold Expiring in 2075	312 sq.ft.	155,790
PENSIA ELECTRONIC	Plot 98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang.	Indusrtial land with warehouse and office	3	Leasehold Expiring in 2054	3.05632 acres	6,573,916
PSS	Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah.	Warehouse and office	8	Leasehold Expiring in 2037	2700 sq.ft.	343,809
PSS	Lot 11-B, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Factory Building and Office	8	Leasehold Expiring in 2069	43560 sq.ft.	11,477,887
PSS	31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu.	Factory Building and Office	3	Leasehold Expiring in 2082	5494 sq.ft.	391,982

Analysis Of Shareholdings As At 14 September 2000

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

SIZE OF HOLDINGS	NO. OF HOLDER	%	NO. OF SHARES	%
1 - 1,000	1,734	45.34	1,730,955	7.63
1,001 - 5,000	1,699	44.43	4,447,400	19.60
5,001 - 10,000	250	6.54	1,949,000	8.59
10,001 AND ABOVE	141	3.69	14,562,645	64.18
TOTAL	<u>3,824</u>	<u>100.00</u>	<u>22,690,000</u>	<u>100.00</u>

TWENTY (20) MAJOR SHAREHOLDERS AS AT 14 SEPTEMBER, 2000

No.	Name of Shareholder	No. of Shares	%
1.	Chew Weng Khak @ Chew Weng Kiak	4,101,596	18.08
2.	Chew Weng Khak Realty Sdn. Bhd.	2,666,899	11.75
3.	Permodalan Nasional Berhad	1,720,000	7.58
4.	Zahara Bt. Pawanchik	815,260	3.59
5.	The Kulim Baling Road Transport Company Sdn. Bhd.	500,000	2.20
6.	Tay Keng	445,000	1.96
7.	Tan King Tai @ Tan Khoon Hai	443,405	1.95
8.	Chew Chuon Jin	404,100	1.78
9.	Orchid City Sdn. Bhd.	250,000	1.10
10.	Chan Mei Cheng	225,000	0.99
11.	HSBC (Malaysia) Trustee Berhad – OSK-UOB Small Cap Opportunity Unit Trust	200,000	0.88
12.	Chew Chuon Ghee	148,790	0.66
13.	Metro Genesis Sdn. Bhd.	139,000	0.61
14.	Chantika Holdings Sdn. Bhd.	77,000	0.34
15.	Tan Ah Nya @ Tan Bee Tiang	70,000	0.31
16.	Euro Securities (Hongkong) Ltd.	69,000	0.30
17.	Dato' Abdul Raham Bin Abbas	68,000	0.30
18.	Lim Sa Ba	60,000	0.27
19.	Cybron Assets Sdn. Bhd.	60,000	0.27
20.	Tan Ah Lee	51,000	0.22
	TOTAL	<u>12,514,050</u>	<u>55.14</u>

SUBSTANTIAL SHAREHOLDERS AS AT 14 SEPTEMBER 2000

Name of Shareholder	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
Chew Weng Khak @ Chew Weng Kiak	4,101,596	18.08	*2,666,899	11.75
Chew Weng Khak Realty Sdn. Bhd.	2,666,899	11.75	-	-
Permodalan Nasional Berhad	1,720,000	7.58	-	-
Zahara Bt. Pawanchik	815,260	3.59	-	-
The Kulim Baling Road Transport Company Sdn. Bhd.	500,000	2.20	-	-
Chew Chuon Jin	404,100	1.78	*2,666,899	11.75

* Held through CHEW WENG KHAK REALTY SDN. BHD.

CORPORATE CALENDAR

30 December 1999	Payment of the first and final dividend of 5% less tax exempt for the year ended 31 May, 1999.
27 January 2000	Preliminary announcement of unaudited results for the first 6 months of the year ending 30 November, 1999.
31 May 2000	Financial year end.
20 June 2000	Extraordinary General Meeting.
1 August 2000	Preliminary announcement of unaudited results for the year ended 31 May 2000.
6 October 2000	Posting of Annual Report to Shareholders.
23 October 2000	Annual General Meeting.

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No. of Share

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Proxy Form

I/We

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/belief at the Annual General Meeting of the Company to be held at Sunway Hotel, 33, New Lane, 10400 Penang, Malaysia,. Dahlia Room, on Monday, 23 October 2000 at 11.30 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 dividend (Resolution 2)		
3.	Approval of payment of Directors' fees (Resolution 3)		
4.(i)	Re-election of Directors :		
	(a) Dato' Chew Weng Khak @ Chew Weng Kiak (Resolution 4)		
	(b) Dato' Abdul Rahman Bin Hj. Abbas (Resolution 5)		
	(ii) Nyak Zahari Bin Nyak Ibrahim (Resolution 6)		
5.	Appointment of Auditors (Resolution 7)		
6.	As Special Business		
	Authorising Directors to issue shares not exceeding 10% of the issue capital (Resolution 8)		

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

Date _____, 2000

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 common seal or under 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