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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Chairman**

Y.Bhg. Dato' Seri Chew Weng Khak @  
Chew Weng Kiak

#### **Managing Director**

Mr. Chew Chuon Jin

#### **Executive Directors**

Y.Bhg. Dato' Tan King Tai @ Tan Khoon Hai  
Puan Zahara Bt. Pawanchik P.P.N, P.J.K.  
Mr. Chew Chuon Ghee

#### **Non Executive Directors**

En. Nyak Zahari Bin Nyak Ibrahim  
En. Khairilnuar Bin Abdul Rahman

### **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

### **REGISTRAR**

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

### **AUDITORS**

Teh Eng Aun & Co.  
Chartered Accountants

### **PRINCIPAL BANKERS**

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad  
Aseambankers Malaysia Berhad

# CORPORATE STRUCTURE

PENSONIC HOLDINGS BERHAD  
(COMPANY NO. 300426-P)

NOTICE IS HEREBY GIVEN that the 9<sup>th</sup> Annual General Meeting of PENSONIC HOLDINGS BERHAD will be held at Dahlia Room, Sunway Hotel, 33, New Lane, 10400 Penang, Malaysia, on Friday, 7<sup>th</sup> day of November, 2003 at 11.30 a.m. for the following purposes :-

**AGENDA**

1. To receive and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> May, 2003 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve a First and Final Dividend of 1% less tax of 28% for the financial year ended 31<sup>st</sup> May, 2003. (Resolution 2)
3. To approve Directors' Fees for the financial year ended 31<sup>st</sup> May, 2003. (Resolution 3)
4. To re-elect the following Directors who retire in accordance with Article 29(2) of the Company's Articles of Association :-
  - a) Zahara Bt. Pawanchik P.P.N., P.J.K. (Resolution 4)
  - b) Nyak Zahari Bin Nyak Ibrahim (Resolution 5)
5. To re-appoint Messrs. Teh Eng Aun & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

6. **AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions :-

**ORDINARY RESOLUTIONS :-**

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

- a. “ 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.” (Resolution 7)

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 9<sup>th</sup> Annual General Meeting, the First and Final dividend of 1% less tax of 28% in respect of the financial year ended 31<sup>st</sup> May, 2003 will be paid on 23<sup>rd</sup> December, 2003 to depositors registered in the Records of Depositors at the close of business on 28<sup>th</sup> November, 2003.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28th November, 2003 in respect of transfers; and
- (b) Share 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 : 15<sup>th</sup> October, 2003

**Notes :-**

1. 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.
2. 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 Notes of Special Business :**

3. Resolution Pursuant to Section 132D of the Companies Act, 1965. The Ordinary Resolution proposed under item 6a., 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.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### STATEMENT ACCOMPANYING NOTICE OF THE 9<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY

(Pursuant to Paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Listing Requirements)

1. Names of Directors who are standing for re-election :-
  - (a) Puan Zahara Bt. Pawanchik P.P.N., P.J.K. (retiring pursuant to Article 29(2) of the Articles of Association)
  - (b) En. Nyak Zahari Bin Nyak Ibrahim (retiring pursuant to Article 29(2) of the Articles of Association)

2. Details of attendance of Directors at the Board of Directors' Meetings :

Four (4) Board of Directors' Meeting were held during the financial year from 1<sup>st</sup> June, 2002 to 31<sup>st</sup> May, 2003. Details of attendance of Directors at the Board of Directors' Meeting during the financial year are as follows :-

Name	No. of Meeting attended
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	4
Chew Chuon Jin	4
Dato' Tan King Tai @ Tan Khoon Hai	4
Zahara Bt. Pawanchik P.P.N., P.J.K.	1
Nyak Zahari Bin Nyak Ibrahim	3
Chew Chuon Ghee	1
Khairilnuar Bin Abdul Rahman	2
Chew Weng Yeaw (decline for re-appointment at the 8 <sup>th</sup> Annual General Meeting held on 12 <sup>th</sup> November, 2002)	2

3. Venue, date and time of the Board of Directors' Meetings :-

All four (4) Board of Directors' Meeting held during the financial year ended 31<sup>st</sup> May, 2003 took place at 2-5-26, Harbour Trade Centre, No. 2, Gat Lebu Macallum, 10300 Penang.

Date of Meetings	Time
06-09-2002	10.30 a.m.
23-10-2002	10.00 a.m.
15-11-2002	10.00 a.m.
24-01-2003	10.00 a.m.

4. Details of the profile of directors who are standing for re-election are set out in the Directors' Profile on pages 9 to 10 of the Annual Report.

5. None of the directors have any conflict of interest in the Company except for those transactions disclosed in Note 31 to the financial statements.
6. None of the directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.
7. None of the directors hold any directorship in any public listed company other than Dato' Tan King Tai @ Tan Khoon Hai, who is also a director of Unimech Group Berhad.
8. Details of the Directors' securities holdings in the Company, any/or in a related corporations are set out on pages 91 to 95 of the Annual Report.



## **DIRECTORS' PROFILE**

**Dato' Seri Chew Weng Khak @ Chew Weng Kiak**, a Malaysian, aged 61, was appointed to the Board as an Executive Director. He is the Group Executive Chairman and the founder of **Pensonic Holdings Berhad Group**. He has more than 30 years experience in the manufacturing and trading of electrical and electronic products. His vision and stewardship over the past 30 years has taken the Group from being a small family operation into a position as one of the leading electrical & electronic manufacturers in Malaysia. His invaluable experience and vast knowledge of management and production as well as the business connections he established in Malaysia and overseas over the years have helped the Group tremendously in achieving its growth. Through his innovative management style, Dato' Seri Chew Weng Khak @ Chew Weng Kiak has been responsible and is the catalyst for the numerous advancement and milestones experienced by the Group.

Dato' Seri Chew is the father of Mr. Chew Chuon Jin and Mr. Chew Chuon Ghee.

**Chew Chuon Jin**, a Malaysian, aged 34, was appointed to the Board as an Executive Director. He is the Managing Director of the **Pensonic Holdings Berhad Group**. He graduated from the National Cheng Chi University of Taiwan with a Bachelor of Business Administration in 1991. Upon graduation, he worked for Lapro Corporation, a Taiwanese company, as a Management Trainee for 2 years prior to joining the **Pensonic Holdings Berhad Group** in June 1993. He is responsible for the product development, brand building and marketing of **Pensonic** products in domestic and international markets. He is also assisting the Executive Chairman in the strategic planning of the **Pensonic Holdings Berhad Group's** business venture. His many years experience in the electrical appliances industry and excellent entrepreneurial skills have steered Pensonic into a leading company in Malaysia and abroad.

Mr. Chew Chuon Jin is the eldest son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak, the Group chairman.

**Dato' Tan King Tai @ Tan Khoon Hai**, a Malaysian, aged 48, was appointed to the Board as an Executive Director and Audit Committee of Pensonic Holdings Berhad. He is a member of The Institute of Certified Public Accountants, Ireland and is currently the President of The Institute of Commercial and Industrial Accountants, Malaysia. He holds the position of an Executive Director of **Pensonic Holdings Berhad** since 1995. He has over 25 years of working experience in the fields of auditing, accounting and corporate finance. He was appointed as Executive Director of Pensia Industries Sdn. Bhd., a company involved in the manufacture, assembly and sale of electrical and electronic home appliances, and Pensonic Corporation Sdn. Bhd., a company involved in dealing in all kinds of electrical products and the operation of a licenced manufacturing warehouse, since 3rd April 1990 and 22nd November 1991 respectively. Both companies are within the Pensonic Group. He is responsible for the corporate planning, finance, data processing and management information functions. Dato' Tan King Tai @ Tan Khoon Hai is a director of Unimech Group Berhad a company listed on the Second Board of KLSE. He also sits on the board of several other private limited companies.

He has no family relationship with any other Director or Major shareholder of the Group.

- \* **Zahara Bt. Pawanchik**, P.P.N., P.J.K., a Malaysian, aged 59, was appointed to the Board as an Executive Director. She has been a Director of Pensia Industries Sdn. Bhd. since 1987. Prior to joining Pensia Industries Sdn. Bhd., she was involved in the political arena. She has held various positions in UMNO, Tanjong Division. She was the Divisional Head of Wanita UMNO, Tanjong Division from 1981 to 1987. She is now a Committee Member of the Division. She is responsible for the overall management of Pensia Industries Sdn. Bhd.

She has no family relationship with any other Director or Major shareholder of the Group.

- \* **Nyak Zahari Bin Nyak Ibrahim**, a Malaysian, aged 48, was appointed to the Board as an Independent, Non-Executive Director and Audit Committee of Pensonic Holdings Berhad. He worked as a male nurse in Penang Adventist Hospital from 1975 to 1980. He joined Malaysia Airlines and worked as a traffic clerk in 1980 and was promoted to traffic officer in 1991. He was appointed to the Board of Pensonic Holdings Berhad on 4th November, 1999.

He has no family relationship with any other Director or Major shareholder of the Group.

**Chew Chuon Ghee**, a Malaysian, aged 31, was appointed to the Board as an Executive Director. He graduated from Eastern Michigan University with a Bachelors Degree in Business Administration in 1995. Upon graduation, he joined Pensonic Group as Marketing Manager and he is in charge of Project and Marketing operation and responsible for promoting the Group's local and overseas business venture.

He is the second son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak, the Group chairman.

**Khairilnuar Bin Abdul Rahman**, a Malaysian, aged 38, was appointed to the Board as an Independent, Non-Executive Director and Audit Committee of Pensonic Holdings Berhad. He graduated from Institute of Technology Mara in 1988. En. Khairilnuar is the Executive Director of Infinity Prospect Sdn. Bhd. since 1993 and he is also the committee member of UMNO Youth of Kepala Batas Division since 2001.

He has no family relationship with any other Director or Major shareholder of the Group.

- \* Directors who are standing for re-election.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Pensonic Holdings Berhad, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of the Group and the Company, for the year ended 31 May 2003.

### *Review of Operations*

During the financial year under review, the US-led war against Iraq as well as Severe Acute Respiratory Syndrome (SARS) had created uncertainties in the global economy resulting in a temporary contraction of consumer spending in general. The bigger and more specific threat, however, was that the electrical home appliances industry was adversely affected by the intense pricing competition from the entry of imports from China.

To meet these major challenges, the Group undertook aggressive marketing, promotional and pricing strategies to protect its market share in both the domestic as well as export markets. These strategies have proved to be fruitful, with the Group's turnover increasing 21% as compared to the previous year. However, these strategies also necessitated short-term sacrifices on profit margins. Faced with a substantial decline in retail prices and shorter life-cycles of electrical home appliances in the market, the management of the Group also felt it was prudent to revalue certain inventories to net realizable value.

The Group is expanding its distribution network into the export markets, primarily into the ASEAN region. It has participated in various overseas trade missions and fairs to promote the PENSONIC brand and its products to the targeted export markets. On the local front, the Group has also organized road-shows throughout the country to generate greater awareness in the PENSONIC brand and its products. During the year under review, the PENSONIC brand was selected by MATRADE as one of the 20 leading and prominent brands in Malaysia for SHOWCASE MALAYSIA 2003 trade exhibition held in conjunction with the XIII NAM Summit.

To broaden its domestic revenue-base, the Group has moved towards a multi-brands platform in order to tap on the niche market segments which are traditionally not the market segment for the products under the PENSONIC brand. The objective is to cater to the full spectrum of the segments of the market and to extend its market reach. During the financial year under review, the Group has introduced products under the Lebensstil Kollektion line which was in-house developed for the higher-end market. The Group was also appointed as the principal distributor in Malaysia for the world renowned Princess household appliances from the Netherlands, the products of which are targeted for the niche market segment.

The Group is well focused on developing products that are of high quality, functionality, safety and aesthetic appeal. In the financial year under review, the Group was awarded the MALAYSIA GOOD DESIGN MARK for its Blender Model PB-501 under the PENSONIC brand in the Domestic Category by the Malaysia Design Council.

### ***Financial Review***

For the financial year under review, the Group achieved a turnover of RM121 Million as compared with a turnover of RM100 Million in the previous year. The significant improvement in turnover of 21% over the previous year was achieved as a result of aggressive marketing strategies of the Group to increase market share and to counter the competition of cheaper products from China in both the domestic and export markets.

The Group incurred a Loss Before Taxation of RM3.9 Million as compared to a Profit Before Taxation of RM1.38 Million achieved in the previous year. The weaker profitability performance of the Group was mainly due to the revaluation of inventories from cost to net realizable value as a measure of prudence. The inventories revaluation was done after a careful review of the prevailing market conditions which were affected by the need to reduce selling price for certain products in the face of intense pricing competition from the entry of imports from China and partly due to the shorter life-cycles of electrical home appliances.

The weaker profitability performance of the Group for the financial year under review had been contained. A turnaround in bottom-line result is expected in the 1<sup>st</sup> Quarter of the current financial year though the various strategic measures that have been adopted by the Group.

The Net Tangible Asset per share of the Group for the year is RM1.83 against RM1.93 for the previous year.

### ***Future Prospects***

With the impact of the external factors already diminishing, the global economy is already showing signs of recovery. The Malaysian economy, spurred by domestic demand and investments, is also expected to grow modestly in the absence of further external shocks. The continuation of these positive outlooks in the economic environment would have a favorable impact on the performance of the Group.

To enhance its long-term competitiveness, the Group has embarked on the following strategies:-

- To further build and capitalize on the strength of PENSONIC, already a leading Malaysian brand for electrical home appliances, into a regional brand in the middle term and into a global brand in the longer term.
- To expand its distribution network in the export markets in particular the ASEAN region.
- To expand its ranges of products to target the upper and niche market segments in the domestic market.
- To improve on cost efficiencies through achieving economy of scale for target products for local production and through outsourcing production for low-volume products to low-cost manufacturing bases such as China.
- To establish strategic alliances with leading electrical home appliances manufacturers, key components manufacturers and Research & Development institutions to elevate the Group's capabilities on product design, product development and production.

The Group will focus on tapping into the strength of low-cost manufacturing bases including China and simultaneously capitalize on the opportunities accorded under AFTA, to leverage them with the Group's core competencies to stay ahead of the competition from the influx of China imports.

I am confident, with the above strategies in place, the Group will be able to achieve sustainable growth and further provide value to its shareholders.

### ***Dividends***

The Board is recommending a first and final dividend of 1% less 28% tax in respect of the financial year ended 31 May 2003 (2002 : 3% less 28% tax).

### ***Appreciation***

On behalf of the Board, I would like to express my sincere appreciation to our loyal shareholders for your dedicated support. I also extend my heartfelt gratitude to all our valued customers, vendors, business associates, bankers, media and the investment community, for your continued trust and confidence in us. To the relevant government authorities and agencies, thank you for your guidance and assistance.

Finally, I would like to convey my special appreciation to my fellow board members and employees of the Group for your untiring efforts, contributions and commitment towards the progress of the Group.

**Y.Bhg. Dato' Seri Chew Weng Khak**  
**Group Executive Chairman**

**22 September 2003**

## AUDIT COMMITTEE REPORT

### COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee who have served during the financial year ended 31 May 2003 are as follows:-

<u>Member</u>	<u>Designation</u>
Encik Khairilnuar Bin Abdul Rahman	Chairman (Independent Non-Executive Director)
Encik Nyak Zahari Bin Nyak Ibrahim	Member (Independent Non-Executive Director)
Dato' Tan King Tai @ Tan Khoon Hai	Member (Executive Director)

### TERMS OF REFERENCE

- **Objectives**

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's internal control measures.

- **Membership**

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, the majority of whom including the Chairman shall be Independent Directors. At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experiences as approved by Kuala Lumpur Stock Exchange (KLSE). No alternate director shall be appointed as a member of the Audit Committee. Any vacancy which affects the composition must be filled up within three (3) months. The member shall serve up to the forthcoming Annual General Meeting. An appointment terminates when a member ceases to be a Director.

- **Meetings and Procedures**

The Audit Committee shall meet at least 4 times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The external auditors may request for a meeting if they consider this necessary.

The Company Secretary shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by such necessary explanatory documentation to the members of the Audit Committee prior to each meeting. The Secretary shall also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to the members and other members of the Board. Other directors and employees shall attend any particular Audit Committee meeting only at the invitation of the Audit Committee.

During the financial year ended 31 May 2003, the Audit Committee held a total of four (4) meetings, the details of attendance of which are as follows:-

<b><u>Member</u></b>	<b><u>No. of meetings attended</u></b>
Encik Khairilnuar Bin Abdul Rahman	4 of 4
Encik Nyak Zahari Bin Nyak Ibrahim	4 of 4
Dato' Tan King Tai @ Tan Khoon Hai	4 of 4

- **Quorum**

The quorum for an Audit Committee meeting shall consist of a majority of independent directors.

- **Functions and Duties**

The functions and duties of the Audit Committee are as follows:-

- To recommend to the Board the appointment of the external auditors, the audit fee and any matters in relation to their resignation or termination;
- To review with the external auditors the nature and scope of their audit plan;
- To review the assistance given by the officers of the Group to the external auditors;
- To discuss the outcome of the interim and final audits and any matter the external auditors may wish to discuss;
- To review quarterly and annual accounts before submission to the Board focusing particularly on –
  - Any changes in accounting policies and practices;
  - Significant adjustments and unusual events arising from the audit;
  - The going-concern assumption; and
  - Compliance with accounting standards, KLSE Listing Requirements and other legal requirements.
- To review the effectiveness of internal control systems and to consider major findings of internal investigations and management's response;
- To review the scope, functions, resources and authority given to the internal audit function, and the results of the internal audit or investigations undertaken to ensure that appropriate action is taken on the recommendation made by the internal auditor;
- To review any related party transactions and situations where conflict of interests may arise including any transaction, procedure or course of conduct that raises questions of management integrity; and
- To undertake such other functions as may be agreed to by the Audit Committee and the Board.

- **Authority of the Audit Committee**

The Audit Committee shall have explicit authority to investigate any matter within its terms of reference, the resources which it needs to do so and full unrestricted access to information. The Audit Committee shall also be able to obtain external professional advice and to invite outsiders with relevant experience to attend the Audit Committee meeting. The Audit Committee shall also have direct communication channels with the external auditors and the person carrying out the internal audit function.

## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

During the financial year ended 31 May 2003, the activities of the Audit Committee included the following:-

- Review of the external auditors' scope of work and audit plan for the year 2003;
- Review of the unaudited quarterly results, annual financial statements and related announcements prior to submission to the Board for approval and subsequent release to KLSE, to ensure that the financial reporting and disclosure requirements of the relevant authorities had been complied with;
- Review with the external auditors in respect of the audit findings, the audit report and management letters including management's response;
- Review related party transactions of the Group;
- Review the Group's key operational and business risks area and the policies in place to address and minimize such risks;
- Review the findings of the internal audit function and to ensure appropriate actions were taken and recommendations implemented; and
- Review the Corporate Governance Statement for inclusion in the Group's Annual Report.

## **INTERNAL AUDIT FUNCTION**

The role of the internal audit function is to assist the Audit Committee and Board of Directors in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, operational and internal control, and compliance with law and regulations. The internal audit function of the Group adopts a risk based approach to monitor and implement an effective internal control system for the Group. The monitoring process forms the basis for continuous improvement to the risk management process of the Group in meeting its overall objectives.



## STATEMENT ON INTERNAL CONTROL

### *Introduction*

Pursuant to paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements, the Board of Directors of Pensonic Holdings Berhad has included in the Annual Report the following statement on internal control of the Group, which has been prepared in accordance with the “Statement on Internal Control-Guidance for Directors of Listed Companies” issued by the Institute of Internal Auditors Malaysia and adopted by Kuala Lumpur Stock Exchange.

### *Board Responsibilities*

It is recognized by the Board of Directors that it is responsible for the Group’s system of internal control, including review of the adequacy and integrity of the system. The responsibilities of the Board in relation to the system extend to all subsidiaries of the Group.

As limitations are inherent in any system of internal control, the Group’s system is designed to manage and control risk rather than to eliminate the risk of failure to achieve business objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place a continuing process for identifying, evaluating, monitoring and managing of significant risks that may affect achievement of the Group’s business objectives. This process is reviewed on a regular basis by the Audit Committee and the Board of Directors.

### *System of Internal Control*

The system of internal control maintained by the Group serves to safeguard the assets of the Group; identify and manage risk affecting the Group; ensure compliance with statutory and regulatory requirements; and ensure operational results are closely monitored and substantial variances are promptly explained.

The key processes established in reviewing the adequacy and integrity of the system of internal control are described below:-

- In considering business proposals and operational issues, the Board evaluates risks involved and seeks experts’ advice, if necessary, to make an effective decision in the best interest of the Group.
- The Group has a clear organizational structure with the key job functions and responsibilities well-defined and communicated to all levels.
- The Group’s management with the assistance of a centralized human resource function sets the policies for recruitment, training and appraisal of the employees within the Group.

- Key responsibilities are properly segregated in order that no employee has total control of a transaction.
- The Group's management sets clearly defined authorization procedures and exercise strict control on compliance therewith by all levels of employees.
- Standard Operating Procedures are clearly documented and implemented, and are regularly reviewed.
- The Group's management regularly visits the various branches located in the country and discuss key operational and business issues with the respective branch employees.
- The Group's management meets monthly to review the operational and financial performance of the businesses in the Group and its subsidiaries, and to discuss key business, operational and management issues.
- The Board receives and reviews quarterly performance reports on the Group and its subsidiaries from the management, and discuss on significant business and risk issues.
- The Group's management and internal auditor review and monitor on a regular basis the compliance with the established policies and procedures of the Group and ensure weaknesses are identified and addressed on a timely basis.

### ***Conclusion***

The Board is of the view that the Group's system of internal controls that had been established and reviewed on a regular basis are adequate and effective to minimize any significant risks encountered by the Group and to achieve its internal control objectives.

This statement is made in accordance with a resolution of the Board of Directors dated 22nd September, 2003.

## STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“The Board”) of Pensonic Holdings Berhad recognizes the importance of good corporate governance and is committed to ensure that the Group’s business and operational activities are in line with the principles and best practices as set out in the Malaysian Code of Corporate Governance (“The Code”). The Board is aware that the responsibilities of observing good corporate governance rest on the directors. The need for good corporate governance, through greater accountability and transparency of the Group are continuously addressed by the Board to protect and enhance shareholders’ value.

The following statement outlines the key principles of corporate governance and best practices as set out in the Code which the Group has applied for the financial year ended 31 May 2003.

### DIRECTORS

#### 1. The Board and Board Balance

The Board currently has seven (7) members, comprising two (2) Independent Non-Executive Directors and five (5) Executive Directors which is in compliance with Paragraph 15.02 of the Listing Requirement of the Kuala Lumpur Stock Exchange (“KLSE Listing Requirement”) that at least two or one-third of the Board, whichever is the higher, are independent directors. All independent non-executive directors are independent of management and free from any relationship that could interfere with the exercise of their independent judgement. The Board considers its current size adequate given the present scope and nature of the Group’s business operations.

The role of the Board is to determine the Group’s long-term direction, develop and implement business and corporate strategies, monitor the achievement of business objectives, and ensure that the Group meets its responsibilities to shareholders, customers and other stakeholders. The Board also monitors the performance of the Group and ensures that a proper internal control system is in place.

#### 2. Attendance at Meetings

The attendance record of the members at Board meetings are as follows:-

Directors	Attendance
Dato’ Seri Chew Weng Khak	4/4
Chew Chuon Jin	4/4
Dato’ Tan King Tai @ Tan Khoon Hai	4/4
Chew Chuon Ghee	1/4
Zahara Bt. Pawanchik P.P.N., P.J.K.	1/4
Nyak Zahari Bin Nyak Ibrahim	3/4
Khairilnuar Bin Abdul Rahman	2/4
Chew Weng Yeaw (decline for re-appointment at the 8 <sup>th</sup> Annual General Meeting held on 12 <sup>th</sup> November, 2002)	2/4

### 3. Supply of Information

The Board members have full access to information concerning the Group. All agenda and board papers containing information relevant to the business of the meeting including information on major financial, operational and corporate matters in relation to the activities and performance of the Group are provided to the Board members to enable them to participate at the Board meetings. The Board members also have access to the advice and services of the Company Secretary, senior management and independent professional advisers including the external auditors.

### 4. Appointment and Re-election

In accordance with Article 29(1) of the Company's Articles of Association, one-third or the number nearest to one-third of the directors shall retire from office and be subject to retirement by rotation at each Annual General Meeting ("AGM"). The articles also provide that all directors shall retire once in every three (3) years in compliance with the Code. Directors who are appointed before the next AGM will retire and be subject to re-election by shareholders at the next AGM.

The Board is of the opinion that a Nomination Committee is currently not required as the entire Board will be more effective in carrying out any assessment of appointments. The functions of the Nomination Committee are carried out by the full Board.

## DIRECTORS' REMUNERATION

The determination of remuneration packages of the directors are matters for the Board as a whole. The remuneration of the directors is structured to attract, retain and motivate them in order to run the Group successfully.

The Board reviews the remuneration of the directors annually whereby the respective Executive Directors are abstained from discussions and decisions on their own remuneration.

The aggregate remuneration of the Directors for the financial year ended 31 May 2003 is as follows:-

<b>Category</b>	<b>Fees</b>	<b>Salaries &amp; Other Emoluments</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>	44,000	610,294	654,294
<b>Non-Executive Directors</b>	17,000	-	17,000

Remuneration categories of the Directors during the financial year are as follows:-

Range of Remuneration In RM	Number of Directors	
	Executive Director	Non-Executive Director
50,000 and below	2	2
50,001 – 100,000	-	-
100,001 – 150,000	1	-
150,001 – 200,000	1	-
200,001 – 250,000	-	-
250,001 – 300,000	1	-

## RELATIONSHIP WITH SHAREHOLDERS

The Group recognizes the importance of communicating with its shareholders and investors and does this through the Annual Report, Annual General Meeting and the Group's website at [www.pensonic.com](http://www.pensonic.com). The main forum for dialogue with shareholders remains at the Annual General Meeting, during which shareholders are encouraged to raise questions pertaining to the operations of the Group.

The Group also makes timely announcements through Kuala Lumpur Stock Exchange on any material information, corporate proposals, financial results and other announcements that are required to be made pursuant to the Listing Requirements of Kuala Lumpur Stock Exchange.

## ACCOUNTABILITY AND AUDIT

### 1. Financial reporting

The Board is responsible for ensuring the proper maintenance of the accounting records of the Group and aims to present a balanced and understandable assessment of the Group's position and prospects when presenting the quarterly and annual financial statements to shareholders. The Board has considered, with the Audit Committee, the appropriateness and consistency of all accounting principles adopted by the Group. It evaluates all significant estimates and ensures that the Group is prudent when providing for various business risks. The Board and the Audit Committee have also considered all applicable approved accounting standards, Companies Act requirements and other regulatory requirements and ensured adherence thereto in preparing the financial statements of the Group.

## **2. Internal Control**

The Board acknowledges its responsibilities to maintain a sound and effective system of internal control to provide reasonable assurance of effective and efficient operations, compliance with regulations and internal policies, and to safeguard shareholders' investments and the Group's assets. The Board also recognizes that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

The internal control system of the Group is supported by an established organizational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls.

## **3. Relationship with Auditors**

Through the Audit Committee, the Group has established a transparent arrangement and appropriate relationship with its auditors, both external and internal.

## **4. Statement of Directors' Responsibility**

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and of their financial results and cash-flows for the financial year.

In preparing the financial statements for the year ended 31 May 2003, the Directors have:-

- Adopted the appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonably prudent;
- Ensure applicable accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- Prepared the financial statements on a going concern basis.

The directors are responsible for keeping proper accounting records of the Group, which disclose with reasonable accuracy the financial position of the Company and the Group, and which will enable them to ensure the financial statements have been prepared in accordance with the provisions of the Companies Act and comply with the approved accounting standards.

The directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **OTHER DISCLOSURE REQUIREMENTS**

### **PURSUANT TO THE KUALA LUMPUR STOCK EXCHANGE LISTING REQUIREMENTS**

**a) Share Buybacks**

During the financial year, there were no share buybacks by the Company.

**b) Options, Warrants or Convertible Securities**

No warrants or convertible securities were exercised by the Company in the financial year. The amount of share options granted over unissued shares to Directors and employees are disclosed in the Directors' Report.

**c) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

**d) Imposition of Sanctions/Penalties**

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

**e) Variation in Results**

There were no variance between the results of the financial year and the unaudited results previously announced.

**f) Material Contracts**

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the major shareholders nor Directors in office as at 31st May, 2003 except those disclosed under Recurrent Related Party Transactions of a Revenue or Trading Nature.

**g) Contracts Relating to Loans**

There were no contracts relating to loans by the Company in respect of the above said item.

**h) Revaluation of Landed Properties**

The Company does not have a revaluation policy on landed properties.

**i) Profit guarantees**

During the financial year, there were no profit guarantees given by the Company.

**COMPANY NO: 300426 – P**

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

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



COMPANY NO: 300426 – P

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

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended **31ST MAY, 2003**.

**PRINCIPAL ACTIVITIES**

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

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

**FINANCIAL RESULTS**

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

**COMPANY NO: 300426 – P**

**DIVIDENDS**

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

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

**RESERVES AND PROVISIONS**

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

**SHARE CAPITAL**

During the financial year, there were no changes to the authorized and paid-up share capital of the Company.

**EMPLOYEES' SHARE OPTION SCHEME**

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

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

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

COMPANY NO: 300426 - P

**EMPLOYEES' SHARE OPTION SCHEME (Continued)**

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

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

<u>Date of offer</u>	<u>Option price</u> RM	<u>Balance at 1<sup>st</sup> June, 2002</u>	<u>Lapsed due to resignation</u>	<u>Exercised</u>	<u>Expired</u>	<u>Balance at 31<sup>st</sup> May, 2003</u>
9.3.98	1.39	435,000	-	-	(435,000)	-
2.5.01	1.30	2,683,000	-	-	(2,683,000)	-

COMPANY NO: 300426 - P

**DIRECTORS' INTERESTS IN WARRANTS**

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

	<u>As at</u> <u>01.06.2002</u>	<u>Acquired</u>	<u>Disposed</u>	<u>As at</u> <u>31.05.2003</u>	
<b><u>DIRECT INTEREST</u></b>					
The Company :-					
DATO' SERI CHEW WENG KHAK					
@ CHEW WENG KIAK	1,826,799	-	-	1,826,799	*
CHEW CHUON JIN	202,050	-	-	202,050	
DATO' TAN KING TAI @					
TAN KHOON HAI	346,702	-	-	346,702	**
ZAHARA BT. PAWANCIK					
P.P.N., P.J.K.	-	-	-	-	
NYAK ZAHARI BIN					
NYAK IBRAHIM	-	-	-	-	
CHEW CHUON GHEE	74,395	-	-	74,395	
KHAIRILANUAR BIN					
ABDUL RAHMAN	-	-	-	-	

**INDIRECT INTEREST**

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

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

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

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

COMPANY NO: 300426 - P

**DIRECTORS**

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

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

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

In accordance with Article 29(2) of the Company's Articles of Association, ZAHARA BT. PAWANCIK P.P.N., P.J.K. and NYAK ZAHARI BIN NYAK IBRAHIM retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' INTERESTS IN SHARES**

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

	<b><u>Number of ordinary shares of RM1 each</u></b>			
	<b><u>As at</u></b> <b><u>01.06.2002</u></b>	<b><u>Acquired</u></b>	<b><u>Disposed</u></b>	<b><u>As at</u></b> <b><u>31.05.2003</u></b>
<b><u>DIRECT INTEREST</u></b>				
The Company :-				
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	8,533,194	-	-	8,533,194 *
CHEW CHUON JIN	848,200	-	-	848,200 **
DATO' TAN KING TAI @ TAN KHOON HAI	1,291,809	65,000	-	1,356,809 ***
ZAHARA BT. PAWANCIK P.P.N., P.J.K.	235,520	-	-	235,520
NYAK ZAHARI BIN NYAK IBRAHIM	-	-	-	-
CHEW CHUON GHEE	327,580	-	-	327,580 ****
KHAIRILANUAR BIN ABDUL RAHMAN	-	-	-	-

COMPANY NO: 300426 - P

**INDIRECT INTEREST**

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

<b><u>Number of ordinary shares of RM1 each</u></b>				
<b><u>As at</u></b>				<b><u>As at</u></b>
<b><u>01.06.2002</u></b>	<b><u>Acquired</u></b>	<b><u>Disposed</u></b>		<b><u>31.05.2003</u></b>

**CHEW WENG KHAK REALTY SDN. BHD.**

DATO' SERI CHEW WENG KHAK

@ CHEW WENG KIAK	6,188,797	-	-	6,188,797	*****
CHEW CHUON JIN	6,188,797	-	-	6,188,797	*****
CHEW CHUON GHEE	6,188,797	-	-	6,188,797	*****

**TAN KHOON HAI SDN. BHD.**

DATO' TAN KING TAI @

TAN KHOON HAI	2,000	-	-	2,000
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\* Inclusive of 5,600,000 ordinary shares which are held through a nominee company.

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

\*\*\* Inclusive of 1,325,000 ordinary shares which are held through a nominee company.

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

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

**Option over number of ordinary shares of RM1 each**

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

The Company :-

DATO' SERI CHEW WENG KHAK

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

**COMPANY NO: 300426 - P**

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

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

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

In accordance with the register of the Directors' shareholdings, there are no changes in the directors' interest in shares in the Company and its related corporations at 21ST JUNE, 2003.

**OTHER STATUTORY INFORMATION**

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

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

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

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

**OTHER STATUTORY INFORMATION (Continued)**

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

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

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person ; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than as disclosed in NOTE 28 to the financial statements.

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

In the opinion of the Directors :

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



**COMPANY NO: 300426 - P**

**AUDITORS**

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

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

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

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

Penang

Dated : 22ND SEPTEMBER, 2003

COMPANY NO: 300426 – P

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

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

We, **DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK** and **DATO' TAN KING TAI @ TAN KHOON HAI**, being two of the Directors of **PENSONIC HOLDINGS BERHAD**, state that, in the opinion of the Directors, the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at **31ST MAY, 2003** and of the results of their operations and the cash flows for the Group and of the Company for the financial year ended on that date.

ON BEHALF OF THE BOARD,

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

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

Dated : 22ND SEPTEMBER, 2003

COMPANY NO: 300426 – P

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

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

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

Subscribed and solemnly declared by the )

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

**Georgetown** in the State of **Penang** )

this **22ND** day of **SEPTEMBER, 2003** )

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

BEFORE ME,

**COMPANY NO: 300426 – P**

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

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We have audited the accompanying balance sheets, income statements, statements of changes in equity and cash flow statements, together with the notes thereto of the Group and of the Company. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of: -
  - i) the state of affairs of the Group and of the Company as at **31ST MAY, 2003** and of the results of the Group and of the Company and cash flow of the Group and of the Company for the financial year then ended; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the Company's financial statements and consolidated financial statements; and

**COMPANY NO: 300426 – P**

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

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

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

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

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

TEH ENG HIN  
NO : 1708/8/2005(J)  
PARTNER

COMPANY NO: 300426 - P

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2003**

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

COMPANY NO: 300426 - P

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MAY, 2003**

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

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

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

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

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

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



COMPANY NO: 300426 - P

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

	Share capital RM	Share premium RM	Revaluation reserve RM	Capital reserve RM	Reserve on consolidation RM	Retained profits RM	Total RM
Balance as at 31st May, 2001	45,380,000	23,454,571	407,649	4,487,540	8,716,627	5,596,961	88,043,348
Issue of shares - ESOS	930,000	309,150	-	-	-	-	1,239,150
Net profit for the year	-	-	-	-	-	539,761	539,761
Proposed final dividend (3% less tax)	-	-	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002							
- as previously reported	46,310,000	23,763,721	407,649	4,487,540	8,716,627	5,136,426	88,821,963
- Prior year adjustment (Note 25)	-	-	-	-	-	1,000,296	1,000,296
As restated	46,310,000	23,763,721	407,649	4,487,540	8,716,627	6,136,722	89,822,259
Goodwill arising on acquisition of subsidiary company	-	-	-	-	(469,862)	-	(469,862)
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	-	-	(1,000,296)	(1,000,296)
Net loss for the year	-	-	-	-	-	(3,962,689)	(3,962,689)
Balance as at 31st May, 2003	46,310,000	23,763,721	407,649	4,487,540	8,246,765	1,173,737	84,389,412

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

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

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

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

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

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

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

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

**COMPANY NO: 300426 - P**

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

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

**\*\* ACQUISITION OF SUBSIDIARY COMPANY**

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

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

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

COMPANY NO: 300426 - P

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

**BALANCE SHEET AS AT 31ST MAY, 2003**

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

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

**COMPANY NO: 300426 - P**

**PENSONIC HOLDINGS BERHAD  
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(Incorporated in Malaysia)**

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

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

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

**PENSONIC HOLDINGS BERHAD**  
**(300426 - P)**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST MAY, 2003**

	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance as at 31st May, 2001	45,380,000	23,454,571	8,130,872	3,391,741	80,357,184
Issue of shares					
- ESOS	930,000	309,150	-	-	1,239,150
Net profit for the year	-	-	-	611,013	611,013
Proposed dividends (3% less tax)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2002					
- as previously reported	46,310,000	23,763,721	8,130,872	3,002,458	81,207,051
- Prior year adjustment (Note 25)	-	-	-	1,000,296	1,000,296
As restated	46,310,000	23,763,721	8,130,872	4,002,754	82,207,347
Net profit for the year	-	-	-	281,114	281,114
Dividend for the financial year ended 31st May, 2002 (Note 26)	-	-	-	(1,000,296)	(1,000,296)
Balance as at 31st May, 2003	46,310,000	23,763,721	8,130,872	3,283,572	81,488,165

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

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

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



COMPANY NO: 300426 - P

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

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

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

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

**COMPANY NO: 300426 - P**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

1.1 Accounting convention

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

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

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the 31st May 2003. Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

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

## COMPANY NO: 300426 - P

### 1.2 Basis of consolidation (Continued)

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

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

### 1.3 Property, plant and equipment and Depreciation

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

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

## COMPANY NO: 300426 - P

### 1.4 Impairment of assets

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

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

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

### 1.5 Intangible assets

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

## **COMPANY NO: 300426 - P**

### 1.6 Investments

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

Impairment losses are recognised where applicable.

### 1.7 Inventories

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

### 1.8 Receivables

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

### 1.9 Related companies

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

### 1.10 Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, bank balances, bank overdrafts and fixed deposits. Cash equivalents consists of short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11 Assets acquired under hire purchase agreement

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

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

1.12 Deferred taxation

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

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

1.13 Provisions

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

## COMPANY NO: 300426 - P

### 1.14 Revenue and revenue recognition

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

Revenue for the Company represents gross dividend received .

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

All inter-company transactions are eliminated on consolidation.

### 1.15 Foreign currency transactions

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

### 1.16 Segment information

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

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

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

**2. FINANCIAL RISK MANAGEMENT POLICIES**

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

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

a) Foreign currency risk

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

b) Interest rate risk

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

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



## 2. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

### c) Credit risk

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

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

### d) Liquidity and Cash Flow risks

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

**3. PROPERTY, PLANT AND EQUIPMENT**

**GROUP  
2003**

**COST OR VALUATION**

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

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**GROUP  
2002**

**COST OR VALUATION**

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

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

<b>COMPANY 2003</b>					
<b>COST</b>	<b>At</b>	<b>Addition</b>	<b>Disposal</b>	<b>At</b>	
	<b>01.06.2002</b>			<b>31.05.2003</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	
Motor vehicle	393,776	-	-	393,776	
<hr/>					
<b>ACCUMULATED DEPRECIATION</b>					
	<b>At</b>	<b>Charge for</b>	<b>Disposal</b>	<b>At</b>	<b>NET BOOK VALUE</b>
	<b>01.06.2002</b>	<b>the year</b>		<b>31.05.2003</b>	<b>At</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>31.05.2003</b>
					<b>RM</b>
Motor vehicle	393,775	-	-	393,775	1
<hr/>					
<b>COMPANY 2002</b>					
<b>COST</b>	<b>At</b>	<b>Addition</b>	<b>Disposal</b>	<b>At</b>	
	<b>01.06.2001</b>			<b>31.05.2002</b>	
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	
Motor vehicle	393,776	-	-	393,776	
<hr/>					
<b>ACCUMULATED DEPRECIATION</b>					
	<b>At</b>	<b>Charge for</b>	<b>Disposal</b>	<b>At</b>	<b>NET BOOK VALUE</b>
	<b>01.06.2001</b>	<b>the year</b>		<b>31.05.2002</b>	<b>At</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>31.05.2002</b>
					<b>RM</b>
Motor vehicle	360,961	32,814	-	393,775	1
<hr/>					

**3. PROPERTY, PLANT AND EQUIPMENT (Continued)**

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

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
At cost :-		
Freehold land and building	1,246,666	1,246,666
Leasehold land and building	22,268,691	22,268,691
	<u>23,515,357</u>	<u>23,515,357</u>

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

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

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

4. INTANGIBLE ASSETS

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



**5. INVESTMENT IN SUBSIDIARY COMPANIES**

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares				
- at cost	-	-	11,962,962	11,962,962
- at directors valuation	-	-	16,261,743	16,261,743
			<hr/>	<hr/>
	-	-	28,224,705	28,224,705
Less : Dividend paid out by a subsidiary company out of retained profits after revaluation date	-	-	(200,000)	(200,000)
			<hr/>	<hr/>
	-	-	28,024,705	28,024,705
			<hr/> <hr/>	<hr/> <hr/>

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

The subsidiary companies which are incorporated in Malaysia are :-

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2003	2002
Keat Radio Co. Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances.	100%	100%
Pensonic Sales & Service Sdn. Bhd.	Assembling and sale of electrical and electronic home appliances.	100%	100%
Pensonic Corporation Sdn. Bhd.	Dealing in all kinds of electrical products and operators of licensed manufacturing warehouse.	100%	100%
Pensia Electronic Sdn. Bhd.	Manufacturing, assembling, and sale of electrical and electronic home appliances.	100%	100%

5. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

<u>Name of company</u>	<u>Principal activities</u>	<u>Effective interest</u>	
		2003	2002
Pensia Industries Sdn. Bhd.	Manufacturing, assembling and sale of electrical and electronic home appliances.	100%	100%
Pensia Air Conditioners Sdn. Bhd.	Assembling and sales of electrical and electronic product.	100%	100%
Epicson Sales & Service Sdn. Bhd.	Dealing in electronic products and electrical home appliances.	100%	100%
Pensonic Industries Sdn. Bhd.	Dealing in electrical and electronic items.	60%	60%
Pensonic Part & Services Sdn. Bhd.	Dealing in electrical and electronic items.	59.99%	59.99%
* Pensonic (H.K.) Corporation Limited	Dealing in electrical and electronic items.	98%	-

All the subsidiary companies are audited by us.

\* The subsidiary company is not audited by us.

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

6. INVENTORIES

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

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

**7. TRADE RECEIVABLES**

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bad debts written off	-	7,839	-	-

**8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

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

**9. AMOUNT OWING BY RELATED COMPANIES**

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

**10. AMOUNT OWING BY SUBSIDIARY COMPANIES**

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

**11. FIXED DEPOSITS, CASH AND BANK BALANCES**

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

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

**12. TRADE PAYABLES**

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

**13. OTHER PAYABLES AND ACCRUALS**

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

**14. SHORT-TERM BORROWINGS - SECURED**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bank overdrafts	2,399,219	1,380,311	-	-
Bills payables - secured	20,060,039	22,217,031	-	-
Term loan - (Note 18)	1,090,067	1,002,745	-	-
	<u>23,549,325</u>	<u>24,600,087</u>	<u>-</u>	<u>-</u>

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

- i) Legal charges over the certain properties belonging to subsidiary companies as shown in Note 3 (i) to the financial statements.
- ii) Fixed deposits belonging to subsidiary companies as disclosed in Note 11 to the financial statements.
- iii) Corporate Guarantee by the Company.

**15. SHARE CAPITAL**

	<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
Ordinary shares of RM1 each		
Authorised :-	100,000,000	100,000,000
Issued and fully paid-up :-		
At 1st June	46,310,000	45,380,000
Issued under Employees'		
Share Option Scheme	-	930,000
At 31st May	46,310,000	46,310,000

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

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

The details of the Warrants are as follows :-

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

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

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

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 31st May, 2003 is 11,345,000 (2002 : 11,345,000).

**COMPANY NO: 300426 - P**

**16. RESERVES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
		<b>(Restated)</b>		<b>(Restated)</b>
<b><u>Non-Distributable :-</u></b>				
a) Revaluation reserve :				
As at 31st May	407,649	407,649	8,130,872	8,130,872
b) Capital reserve :				
As at 31st May	4,487,540	4,487,540	-	-
c) Share premium :				
As at 1st June	23,763,721	23,454,571	23,763,721	23,454,571
Add : Employees' Share Option Scheme	-	309,150	-	309,150
As at 31st May	23,763,721	23,763,721	23,763,721	23,763,721
d) Reserve on Consolidation				
As at 1st June	8,716,627	8,716,627	-	-
Less : Goodwill arising on acquisition of subsidiary company	(469,862)	-	-	-
As at 31st May	8,246,765	8,716,627	-	-
<b><u>Distributable :-</u></b>				
e) Retained profits				
As at 1st June	6,136,722	5,596,961	4,002,754	3,391,741
(Loss)/Profit during the year	(3,962,689)	539,761	281,114	611,013
Dividend for the financial year ended 31st May, 2002	(1,000,296)	-	(1,000,296)	-
As at 31st May	1,173,737	6,136,722	3,283,572	4,002,754
<b>TOTAL RESERVES</b>				
Total reserves at 31st May are analysed as follows :				
Distributable	1,173,737	6,136,722	3,283,572	4,002,754
Non-distributable	36,905,675	37,375,537	31,894,593	31,894,593
	38,079,412	43,512,259	35,178,165	35,897,347

**COMPANY NO: 300426 - P**

**17. HIRE PURCHASE CREDITOR**

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

**18. TERM LOANS - SECURED**

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

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



**19. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
As at 1st June	307,382	332,425	-	-
Transfer from/(to) income statement	17,506	(25,043)	-	-
As at 31st May	324,888	307,382	-	-

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax effect on :- Timing differences arising from excess of capital allowance over the corresponding depreciation	1,160,316	1,097,794	-	-

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

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

**20. REVENUE**

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

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

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

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

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

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

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

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

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

**23. INCOME TAX EXPENSE**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax expenses	141,300	465,300	-	-
Under / (Over) provision in prior year	151,241	329,461	(11,613)	(101)
Tax deducted at source	-	-	218,400	434,000
Deferred taxation	17,506	(25,043)	-	-
	<u>310,047</u>	<u>769,718</u>	<u>206,787</u>	<u>433,899</u>

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

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

The Company has tax credit of approximately RM2,158,595 (2002 : RM1,355,593) under Section 108 of the Income Tax Act, 1967 to frank the payment of future dividends subject to the agreement by the Inland Revenue Board Malaysia.

**24. BASIC (LOSS)/EARNINGS PER SHARE**

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

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

**25. PRIOR YEAR ADJUSTMENT**

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

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

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

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

**COMPANY NO: 300426 - P**

<b>26. DIVIDEND</b>	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Final dividend of 1% (2002 : 3%) less tax at 28% in respect of financial year ended 31st May,	333,432	1,000,296	333,432	1,000,296

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

**27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

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

**28. CONTINGENT LIABILITIES**

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

**29. CAPITAL COMMITMENT**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Contracted but not provided for	523,785	-	-	-

**30. SEGMENT REPORTING**

i) Business Segments

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

2003	<b>Investment Holding RM</b>	<b>Manufacturing and Assembling RM</b>	<b>Trading RM</b>	<b>Elimination RM</b>	<b>Consolidation RM</b>
<b>Revenue</b>					
External revenue	-	16,782,412	104,009,196	-	120,791,608
Inter-Segment revenue	780,000	92,069,103	406,904	(93,256,007)	-
Total revenue	<u>780,000</u>	<u>108,851,515</u>	<u>104,416,100</u>	<u>(93,256,007)</u>	<u>120,791,608</u>
<b>Result</b>					
Segment result (external)	(292,099)	(2,452,739)	(874,395)		(3,619,233)
Segment interest income	-	4,629	5,341		<u>9,970</u>
Loss from operations					(3,609,263)
Finance costs					<u>(259,947)</u>
Loss before taxation					(3,869,210)
Income tax expense					<u>(310,047)</u>
Loss after taxation					(4,179,257)
Pre-acquisition loss					125,351
Minority interest					<u>91,217</u>
Net loss for the year					<u><u>(3,962,689)</u></u>

30. SEGMENT REPORTING (Continued)

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



30. SEGMENT REPORTING (Continued)

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

30. SEGMENT REPORTING (Continued)

	<b>Investment Holding RM</b>	<b>Manufacturing and Assembling RM</b>	<b>Trading RM</b>	<b>Consolidation RM</b>
<b>Other information</b>				
Segment assets	414,782	82,896,760	41,440,672	124,752,214
Unallocated corporate assets	80,288	935,531	102,693	1,118,512
Consolidated total assets	<u>495,070</u>	<u>83,832,291</u>	<u>41,543,365</u>	<u>125,870,726</u>
Segment liabilities	81,265	23,439,564	11,152,692	34,673,521
Unallocated corporate liabilities	-	148,713	507,031	655,744
Consolidated total liabilities	<u>81,265</u>	<u>23,588,277</u>	<u>11,659,723</u>	<u>35,329,265</u>
Capital expenditure	-	823,074	345,755	1,168,829
Depreciation	32,814	679,110	472,297	1,184,221
Non-cash expenses other than depreciation	-	119,651	168,571	288,222

**30. SEGMENT REPORTING (Continued)**

ii) Geographical Segments

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

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

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

**31. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

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

(b) Directors' related transactions

	<b>GROUP</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
Rental of premises paid to :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak	-	96,000
Directors' fee payable to :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai, Puan Zahara Bt. Pawanchik, Khairilnuar Bin Abdul Rahman, Dato' Seri Haji Abdul Rahman Bin Haji Abbas, En. Nyak Zahari Bin Nyak Ibrahim	61,000	61,000
Directors' salaries and bonuses :-		
- Dato' Seri Chew Weng Khak @ Chew Weng Kiak Mr. Chew Chuon Jin, Mr. Chew Chuon Ghee, Dato' Tan King Tai @ Tan Khoon Hai and Puan Zahara Bt. Pawanchik	610,294	596,000
	<u>610,294</u>	<u>596,000</u>

**31. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

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

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

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

**32. CORPORATE INFORMATION**

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

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

- (b) Employees Information

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

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

**33. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

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

a) Fixed deposits, cash and bank balances

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

b) Trade and other receivables and payables

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

c) Borrowings

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

**34. COMPARATIVE FIGURES**

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

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

**35. DATE OF AUTHORISATION OF ISSUE**

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

**LIST OF PROPERTIES OWNED BY THE GROUP :-**

<b>Registered Owner</b>	<b>Location</b>	<b>Description And Existing Use</b>	<b>Approximately Age of Buildings (Yrs)</b>	<b>Tenure</b>	<b>Land/ Built-Up Area</b>	<b>Net Book Value At 31.05.2003 RM</b>
<b>KRC</b>	Plot 5, Tingkat Perusahaan 6, Phase 4, Prai Industrial Estate, 13600 Prai, Penang.	Industrial land with Factory, warehouse and office	10	Leasehold Expiring in 2052	184,410 acres/ 40,000 sq.ft.	1,996,020
<b>KRC</b>	17, Solok Gurney 1, 10250 Penang	Double storey Residential Building	20	Freehold	2,777 sq.ft/ 3,026 sq.ft.	382,152
<b>KRC</b>	158,160 & 162, Jalan Perak, 10150 Penang.	Shop/ warehouse	Pre-war	Freehold	4,945 sq.ft/ 4,945 sq.ft.	429,753
<b>KRC</b>	Block H1-09, H2-09, H1-10, H1-11, H2-10, H2-11, CI-09, CI-10, C1-11, C2-09, C2-10, C2-11, Taman Pelangi, 13600 Prai	Residential	6	Leasehold	7,200 sq.ft/ 7,200 sq.ft.	419,154
<b>KRC</b>	Lot 2286 & 2287, TS 6, NED, Penang	Development land	-	Freehold	14,348 sq.ft.	415,401
<b>KRC</b>	Shoplot B1-1-27 & B1.1.28 Komtar, Penang	Shoplot	20	Leasehold Expiring in 2075	624 sq.ft/ 624 sq.ft.	439,079



<b>Registered Owner</b>	<b>Location</b>	<b>Description And Existing Use</b>	<b>Approximately Age of Buildings (Yrs)</b>	<b>Tenure</b>	<b>Land/ Built-Up Area</b>	<b>Net Book Value At 31.05.2003 RM</b>
<b>PENSONIC INDUSTRIES</b>	Shoplot B1.1.29 Komtar, Penang.	Shoplot	20	Leasehold Expiring in 2075	312 sq.ft.	149,475
<b>PENSIA ELECTRONIC</b>	Plot 98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang.	Industrial land with warehouse and office	6	Leasehold Expiring in 2054	3.05632 acres	6,274,755
<b>PSS</b>	Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah.	Warehouse and office	11	Leasehold Expiring in 2037	2700 sq.ft.	316,667
<b>PSS</b>	Lot 11-B, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Factory Building and Office	11	Leasehold Expiring in 2069	43560 sq.ft.	10,907,954
<b>PSS</b>	31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu.	Factory Building and Office	6	Leasehold Expiring in 2082	5494 sq.ft.	377,642

## SHAREHOLDINGS STATISTICS AS AT 15<sup>TH</sup> SEPTEMBER, 2003

Class of Securities	:	Ordinary Shares of RM1.00 each
	:	Warrants expiring on 4 January 2006 and the exercise period may be extended by the company for a further term of five (5) years from the date expiration subject to the approval of relevant authorities and shareholders.
Authorised Share Capital	:	RM100,000,000.00
Issued & Paid-up Capital	:	RM46,310,000.00
Voting Rights	:	<p><i>Shareholders</i></p> <p>Every member of the Company present in person or by proxy or represented by attorney shall on a show of hand have one vote and upon a poll every such member shall have one vote for every share held by him.</p> <p><i>Warrantholders</i></p> <p>Every Warrantholder of the Company present in person or by proxy shall on a show of hand have one vote, and in the case of poll, shall have one vote for every Warrant of which he is a holder in the meeting of Warrantholders.</p>
No. of outstanding warrants	:	11,345,000
Number of shareholders	:	4,288
Number of warrantholders	:	1,503

### Distribution Schedule of Ordinary Shares as at 15<sup>th</sup> September 2003

<u>No. of Holders</u>	<u>Holdings</u>	<u>Total Holdings</u>	<u>%</u>
6	Less than 100 shares	201	0.00
532	100 to 1,000 shares	492,609	1.06
3,319	1,001 to 10,000 shares	11,212,076	24.21
398	10,001 to 100,000 shares	9,425,080	20.35
29	100,001 to less than 5% of issued shares	11,668,130	25.20
4	5% and above of issued shares	13,511,904	29.18
<u>4,288</u>		<u>46,310,000</u>	<u>100.00</u>

<b>LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 15<sup>TH</sup> SEPTEMBER, 2003</b>			
No.	Names	No. of shares	% of issued share capital
1	Mayban Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	5,000,000	10.80
2	Chew Weng Khak Realty Sdn. Bhd.	3,333,797	7.20
3	Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	2,598,107	5.61
4	Permodalan Nasional Berhad	2,580,000	5.57
5	Amfinance Berhad – pledged securities a/c for Chew Weng Khak Realty Sdn. Bhd.	2,000,000	4.32
6	The Kulim-Baling Road Transport Company, Sdn. Bhd.	1,000,000	2.16
7	Tay Keng	969,000	2.09
8	Chew Weng Khak Realty Sdn. Bhd.	855,000	1.85
9	OSK Securities Berhad – IVT (LH)	677,423	1.46
10	Citicorp Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	600,000	1.30
11	Affin-Acf Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Tan King Tai @ Tan Khoon Hai	505,000	1.09
12	Amfinance Berhad – pledged securities a/c for Chew Chuon Jin	450,000	0.97
13	Orchid City Sdn. Bhd.	407,000	0.88
14	Citicorp Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Tan King Tai @ Tan Khoon Hai	400,000	0.86
15	Chew Chuon Jin	398,200	0.86
16	The Kulim-Baling Road Transport Company, Sdn. Bhd.	300,000	0.65
17	Tay Siew Kim	257,000	0.55
18	Tan Yong Siang	250,000	0.54
19	Amfinance Berhad – pledged securities a/c for Dato’ Tan King Tai @ Tan Khoon Hai	250,000	0.54
20	Amfinance Berhad – pledged securities a/c for Chew Chuon Ghee	250,000	0.54
21	Pee Yu Chi	249,000	0.54
22	Zahara Bt. Pawanchik	235,520	0.51
23	Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	200,000	0.43
24	Southern Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Tan King Tai @ Tan Khoon Hai	170,000	0.37
25	Tan Ah Nya @ Tan Bee Tiang	166,000	0.36
26	Cimsec Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Hamzah Bin Mohd Salleh	152,000	0.33
27	Citicorp Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Ng Geok Lian	148,000	0.32
28	Hong Leong Finance Berhad – pledged securities a/c for Chantika Holdings Sdn. Bhd.	146,000	0.32
29	Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	135,087	0.29
30	Phnuah Farn Farn	134,800	0.29
	Total	24,816,934	53.60

## SUBSTANTIAL SHAREHOLDERS AS AT 15<sup>TH</sup> SEPTEMBER 2003

<u>Name of Shareholder</u>	← NO. OF SHARES HELD →			
	<u>DIRECT</u>		<u>INDIRECT</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	8,533,194	18.43	*6,188,797	13.37
Chew Weng Khak Realty Sdn Bhd	6,188,797	13.37	-	-
Permodalan Nasional Berhad	2,580,000	5.57	-	-

\* Held through Chew Weng Khak Realty Sdn. Bhd.

### STATEMENT OF DIRECTORS' SHAREHOLDINGS AS AT 15<sup>TH</sup> SEPTEMBER, 2003

	<u>Direct</u>		<u>Deemed</u>	
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital
Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	8,533,194 *	18.43	@ 6,188,797	13.37
Chew Chuon Jin	848,200 **	1.83	@ 6,188,797	13.37
Dato' Tan King Tai @ Tan Khoon Hai	1,356,809 ***	2.92	# 2,000	0.00
Zahara Binti Pawanchik	235,520	0.51	-	-
Chew Chuon Ghee	327,580****	0.71	@ 6,188,797	13.37
Nyak Zahari Bin Nyak Ibrahim	-	-	-	-
Khairilnuar Bin Abdul Raman	-	-	-	-

**Note**

- \* Inclusive of 5,600,000 ordinary shares which are held through a nominee company
- \*\* Inclusive of 450,000 ordinary shares which are held through a nominee company
- \*\*\* Inclusive of 1,325,000 ordinary shares which are held through a nominee company
- \*\*\*\* Inclusive of 250,000 ordinary shares which are held through a nominee company

@ Held through Chew Weng Khak Realty Sdn. Bhd.

# Held through Tan Khoon Hai Sdn. Bhd.

## Distribution Schedule of Warrants as at 15<sup>th</sup> September, 2003

<u>No. of Warrants</u>	<u>Holdings</u>	<u>Total Warrants</u>	<u>%</u>
0	Less than 100 shares	0	0.00
879	100 to 1,000 shares	723,632	6.38
523	1,001 to 10,000 shares	1,988,175	17.52
88	10,001 to 100,000 shares	2,608,467	22.99
10	100,001 to less than 5% of issued shares	2,768,854	24.41
3	5% and above of issued shares	3,255,872	28.70
<u>1,503</u>		<u>11,345,000</u>	<u>100.00</u>

PENSONIC HOLDINGS BERHAD (300426-P)			
LIST OF THIRTY LARGEST WARRANTHOLDERS AS AT 15 <sup>TH</sup> SEPTEMBER, 2003			
No.	Names	No. of Warrants	% of Issued Warrants
1	Chew Weng Khak Realty Sdn. Bhd.	1,333,449	11.75
2	Mayban Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	1,250,000	11.02
3	OSK Securities Berhad – IVT (LH)	672,423	5.93
4	Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	493,027	4.35
5	Phnuah Farn Farn	364,639	3.21
7	Amsec Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Tey Choon Hee	321,000	2.83
8	Orchid City Sdn. Bhd.	303,638	2.68
9	Tay Keng	272,000	2.40
9	The Kulim-Baling Road Transport Company, Sdn. Bhd.	250,000	2.20
10	Dato’ Tan King Tai @ Tan Khoon Hai	241,500	2.13
11	Chew Chuon Jin	202,050	1.78
12	Tan Bak Fooki @ Tang Kiat	169,000	1.49
13	Tay Siew Kim	152,000	1.34
14	Teh Giek Hooi	100,000	0.88
15	Citicorp Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Dato’ Tan King Tai @ Tan Khoon Hai	100,000	0.88
16	Liew Sow Ying	94,000	0.83
17	Chan Mei Cheng	93,000	0.82
18	Mayban Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Ting Tie Hau	86,000	0.76
19	Tay Teng Hui	84,500	0.74
20	Chan Mei Cheng	81,400	0.72
21	Chew Chuon Ghee	74,395	0.66
22	Teng Tung Kiaw	70,000	0.62
23	Wong Keck Lone	64,000	0.56
24	Ong Sheng Yan @ Wong Jiun Leian	55,000	0.48
25	Tay Keng	51,000	0.45
26	Dato’ Seri Chew Weng Khak @ Chew Weng Kiak	50,000	0.44
27	Gan Pua @ Gan Tiong Phua	50,000	0.44
28	Neoh Cher Leong	45,000	0.40
29	Mayban Securities Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Vivekanandan A/L Ams. Periasamy	43,000	0.38
30	Chee Shui Thiam	42,000	0.37
	Total	7,208,021	63.54

## SUBSTANTIAL WARRANTHOLDERS AS AT 15<sup>TH</sup> SEPTEMBER, 2003

<u>Name of Warrantholder</u>	← NO.OF WARRANTS HELD →			
	<u>DIRECT</u>		<u>INDIRECT</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	1,826,799	16.10	*1,334,079	11.76
Chew Weng Khak Realty Sdn Bhd	1,334,079	11.76	-	-
OSK Securities Berhad IVT (LH)	672,423	5.93	-	-

\* Held through Chew Weng Khak Realty Sdn. Bhd.

## **CORPORATE CALENDAR**

24 <sup>th</sup> October, 2002	Preliminary announcement of unaudited results for the first Quarter ended 31 <sup>st</sup> August, 2002.
20 <sup>th</sup> December, 2002	Payment of the first and final dividend of 3% less tax of 28% for the year ended 31 <sup>st</sup> May, 2002.
24 <sup>th</sup> January, 2003	Preliminary announcement of unaudited results for the second Quarter ended 30 <sup>th</sup> November, 2002.
21 <sup>st</sup> April, 2003	Preliminary announcement of unaudited results for the third Quarter ended 28 <sup>th</sup> February, 2003.
31 <sup>st</sup> May, 2003	Financial year end .
25 <sup>th</sup> July, 2003	Preliminary announcement of unaudited results for the forth Quarter ended 31 <sup>st</sup> May, 2003.
15 <sup>th</sup> October, 2003	Posting of Annual Report to Shareholders.
7 <sup>th</sup> November, 2003	Annual General Meeting & Extraordinary General Meeting.



No. of Share

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**Proxy Form**

I/We

of

\_\_\_\_\_ being a member of Pensonic Holdings Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_ of 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 Dahlia Room, Sunway Hotel, 33, New Lane, 10400 Penang, Malaysia, on Friday, 7<sup>th</sup> November, 2003 at 11.30 a.m. and at any adjournment thereof.

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

NO.	RESOLUTION	FOR	AGAINST
1.	Adoption of Reports and financial statement (Resolution 1)		
2.	Declaration of first and final dividend (Resolution 2)		
3.	Approval of payment of Directors' Fees (Resolution 3)		
4.	Re-election of Directors : (i) Zahara Bt. Pawanchik P.P.N., P.J.K. (Resolution 4) (ii) Nyak Zahari Bin Nyak Ibrahim (Resolution 5)		
5.	Appointment of Auditors (Resolution 6)		
6.	<b>As Special Business</b> (a) Authorising Directors to issue shares not exceeding 10% of the issued share capital (Resolution 7)		

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

Date : \_\_\_\_\_ 2003

\_\_\_\_\_  
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*

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STAMP

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

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*FOLD*