

financial statements

| | Page |
|---|---------|
| Directors' Report | 24 - 28 |
| Statement by Directors | 29 |
| Statutory Declaration | 29 |
| Independent Auditors' Report | 30 |
| Consolidated Balance Sheet | 31 |
| Consolidated Income Statement | 32 |
| Consolidated Statement of Changes in Equity | 33 |
| Consolidated Cash Flow Statement | 34 - 35 |
| Balance Sheet | 36 |
| Income Statement | 37 |
| Statement of Changes in Equity | 38 |
| Cash Flow Statement | 39 |
| Notes to the Financial Statements | 40 - 70 |

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 May 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

| | The Group RM | The Company RM |
|---|------------------|-------------------|
| Net profit for the financial year attributable to shareholders of the Company | <u>2,229,535</u> | <u>1,440,618</u> |

DIVIDENDS

During the financial year, the Company paid a final dividend of 1.25 sen per share, less tax at 25%, amounting to RM868,313 in respect of the financial year ended 31 May 2008.

A final dividend of 1.25 sen per share, less tax at 25%, amounting to RM868,313 in respect of the financial year ended 31 May 2009 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company was approved by the shareholders at an extraordinary general meeting held on 3 December 2004 and all relevant authorities.

As at 31 May 2009, the Company has not granted any option to the Group's eligible employees.

SHARE WARRANTS

Pursuant to a deed poll dated 6 September 2000, the Company issued 11,345,000 share warrants on 5 January 2001 in conjunction with a rights issue of 11,345,000 new ordinary shares of RM1.00 each in the Company. Each warrant entitles the registered holder at any time during the exercise period from 5 January 2001 to 4 January 2006 to subscribe for 1 new ordinary share of RM1.00 in the Company at an exercise price of RM2.85 per share.

Pursuant to a share split into 2 new ordinary shares of RM0.50 each for every 1 existing ordinary share of RM1.00 held in the Company, an additional 11,345,000 new warrants were issued to the existing warrant holders on 5 January 2005 and the exercise price was also adjusted accordingly from RM2.85 per share to RM1.425 per share.

Upon obtaining the approvals from the shareholders and warrant holders at an extraordinary general meeting and warrant holders' meeting respectively held on 27 December 2005 and all relevant authorities, the exercise period of the warrants was extended for an additional 5 years to 4 January 2011.

As at 31 May 2009, there were 22,690,000 unexercised warrants at an exercise price of RM1.425 per share.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets which would be unlikely to realise their book values 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 that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHOD

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

Directors' Report

cont'd

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company 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 the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Chew Chuon Jin
Chew Chuon Ghee
Dato' Seri Tan King Tai @ Tan Khoon Hai
Khairilnuar Bin Tun Abdul Rahman
Dato' Dr. Ku Abdul Rahman Bin Ku Ismail

Directors' Report

cont'd

DIRECTORS OF THE COMPANY (cont'd)

Particulars of the interests in shares in the Company and its related corporations of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

| | Number of Ordinary Shares of RM0.50 each in the Company | | | | | |
|---|---|---------|-----------|-----------------|----------------|-----------------|
| | Direct Interest | | | Deemed Interest | | |
| | At 1.6.2008 | Bought | (Sold) | At 31.5.2009 | At 1.6.2008 | At 31.5.2009 |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 17,661,088 | - | - | 17,661,088 | 13,322,794 | 13,322,794 |
| Chew Chuon Jin | 1,929,100 | 251,000 | - | 2,180,100 | 13,322,794 | 13,322,794 |
| Chew Chuon Ghee | 1,455,500 | 137,000 | - | 1,592,500 | 13,322,794 | 13,322,794 |
| Dato' Seri Tan King Tai @ Tan Khoon Hai | 2,622,618 | 150,000 | (250,000) | 2,522,618 | 4,000 | 4,000 |
| Dato' Dr. Ku Abdul Rahman Bin Ku Ismail | 5,000 | - | - | 5,000 | - | - |

| | Number of Warrants over Ordinary Shares of RM0.50 each in the Company | | | | | |
|---|---|--------|--------|-----------------|----------------|-----------------|
| | Direct Interest | | | Deemed Interest | | |
| | At 1.6.2008 | Bought | (Sold) | At 31.5.2009 | At 1.6.2008 | At 31.5.2009 |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 2,145,398 | - | - | 2,145,398 | 2,668,158 | 2,668,158 |
| Chew Chuon Jin | 705,300 | - | - | 705,300 | 2,668,158 | 2,668,158 |
| Chew Chuon Ghee | 1,328,890 | - | - | 1,328,890 | 2,668,158 | 2,668,158 |
| Dato' Seri Tan King Tai @ Tan Khoon Hai | 693,404 | - | - | 693,404 | 1,000 | 1,000 |

| | Number of Ordinary Shares of RM1.00 each in a Subsidiary, Pensonic Industries Sdn. Bhd. | | | |
|--|--|--------|----------|-----------------|
| | Direct Interest | | | |
| | At 1.6.2008 | Bought | (Sold) | At 31.5.2009 |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 30,000 | - | (30,000) | - |

| | Number of Ordinary Shares of RM1.00 each in a Subsidiary, Pensonic Parts & Service Sdn. Bhd. | | | |
|--|---|--------|--------|-----------------|
| | Direct Interest | | | |
| | At 1.6.2008 | Bought | (Sold) | At 31.5.2009 |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 1 | - | - | 1 |
| Chew Chuon Jin | 50,001 | - | - | 50,001 |

Directors' Report

cont'd

DIRECTORS OF THE COMPANY (cont'd)

By virtue of their interests in shares in the Company, Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Jin and Chew Chuon Ghee are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 16 SEPTEMBER 2009

DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK

CHEW CHUON JIN

Statement By Directors

We, Dato' Seri Chew Weng Khak @ Chew Weng Kiak and Chew Chuon Jin, being two of the directors of Pensonic Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying balance sheets and related statements of income, changes in equity and cash flows and the notes thereto have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2009 and of their financial performance and cash flows for the financial year then ended.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 16 SEPTEMBER 2009**

DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK

CHEW CHUON JIN

Statutory Declaration

I, Dato' Seri Chew Weng Khak @ Chew Weng Kiak, being the director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the accompanying balance sheets and related statements of income, changes in equity and cash flows and the notes thereto are to the best of my knowledge and belief, 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 Dato' Seri Chew Weng Khak @ Chew Weng Kiak at Georgetown in the State of Penang on this 16 September 2009

Dato' Seri Chew Weng Khak @ Chew Weng Kiak

Before me

KARUPAYEE KAMALAM A/P R. MOTTAI
Commissioner for Oaths

Independent Auditors' Report To The Members Of

PENSONIC HOLDINGS BERHAD (Incorporated in Malaysia) Company No: 300426-P

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pensonic Holdings Berhad ("the Company") and its subsidiaries ("the Group") set out on pages 31 to 70, which comprise the balance sheets as at 31 May 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia ("the Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Act so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2009 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Act, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 7 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Horwath

Firm No: AF 1018
Chartered Accountants

Penang
16 September 2009

Eddy Chan Wai Hun

Approval No: 2182/10/09 (J)
Partner

Consolidated Balance Sheet

As At 31 May 2009

| | Note | 2009 RM | 2008 RM |
|---|------|--------------------|-------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 29,141,981 | 28,638,829 |
| Prepaid lease payments | 5 | 9,795,524 | 9,970,767 |
| Investment property | 6 | 1,324,093 | 1,334,313 |
| Investments in associates | 8 | 155,480 | 172,120 |
| Intangible assets | 9 | 1,647,856 | 1,636,152 |
| Deferred tax assets | 10 | 2,038,485 | 2,020,350 |
| | | 44,103,419 | 43,772,531 |
| CURRENT ASSETS | | | |
| Asset held for sale | 11 | – | 418,055 |
| Inventories | 12 | 86,622,628 | 94,334,242 |
| Trade receivables | 13 | 59,884,399 | 68,163,306 |
| Other receivables, deposits and prepayments | 14 | 18,927,624 | 19,697,928 |
| Current tax assets | | 768,082 | 1,585,366 |
| Cash and cash equivalents | 15 | 15,333,768 | 15,694,824 |
| | | 181,536,501 | 199,893,721 |
| CURRENT LIABILITIES | | | |
| Trade payables | 16 | 32,004,464 | 42,313,176 |
| Other payables and accruals | 17 | 6,973,409 | 7,192,135 |
| Hire purchase payables | 18 | 385,091 | 464,161 |
| Bank borrowings | 19 | 86,823,853 | 92,766,456 |
| Current tax liabilities | | 1,423,948 | 3,146,146 |
| | | 127,610,765 | 145,882,074 |
| NET CURRENT ASSETS | | 53,925,736 | 54,011,647 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 10 | 1,200,000 | 1,110,000 |
| Hire purchase payables | 18 | 282,191 | 650,320 |
| Term loans | 20 | 3,410,199 | 4,235,596 |
| | | 4,892,390 | 5,995,916 |
| NET ASSETS | | 93,136,765 | 91,788,262 |
| FINANCED BY:- | | | |
| Share capital | 21 | 46,310,000 | 46,310,000 |
| Reserves | | 46,144,947 | 44,541,246 |
| SHAREHOLDERS' EQUITY | | 92,454,947 | 90,851,246 |
| Minority interest | | 681,818 | 937,016 |
| TOTAL EQUITY | | 93,136,765 | 91,788,262 |

Consolidated Income Statement

For The Financial Year Ended 31 May 2009

| | Note | 2009 RM | 2008 RM |
|--|------|------------------|------------------|
| REVENUE | 22 | 279,288,331 | 321,600,670 |
| COST OF SALES | | (222,627,288) | (260,803,235) |
| GROSS PROFIT | | 56,661,043 | 60,797,435 |
| OTHER INCOME | | 2,725,628 | 1,205,040 |
| ADMINISTRATIVE AND GENERAL EXPENSES | | (20,224,160) | (26,340,350) |
| SELLING AND DISTRIBUTION EXPENSES | | (30,738,115) | (29,127,371) |
| FINANCE COSTS | | (4,612,511) | (4,100,658) |
| SHARE OF LOSSES OF ASSOCIATES | | (19,640) | (20,267) |
| PROFIT BEFORE TAX | 23 | 3,792,245 | 2,413,829 |
| TAX EXPENSE | 25 | (1,615,030) | (1,278,088) |
| NET PROFIT FOR THE YEAR | | <u>2,177,215</u> | <u>1,135,741</u> |
| ATTRIBUTABLE TO:- | | | |
| - Shareholders of the Company | | 2,229,535 | 2,461,893 |
| - Minority interest | | (52,320) | (1,326,152) |
| | | <u>2,177,215</u> | <u>1,135,741</u> |
| EARNINGS PER SHARE (SEN) | 26 | | |
| - Basic | | <u>2.41</u> | <u>2.66</u> |
| - Diluted | | <u>2.41</u> | <u>2.66</u> |

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 May 2009

| | Non-distributable | | | Distributable | | | Total equity RM | | |
|---|-------------------|-------------------|--------------------|------------------------|---------------------------------|---------------------|-------------------|-------------------------|----------------------|
| | Share capital RM | Share premium RM | Capital reserve RM | Revaluation surplus RM | Currency translation reserve RM | Retained profits RM | | Shareholders' equity RM | Minority interest RM |
| Balance at 1 June 2007 | 46,310,000 | 23,763,721 | 4,487,540 | 387,266 | 66,211 | 14,963,859 | 89,978,597 | 1,320,436 | 91,299,033 |
| Dividend paid (Note 27) | - | - | - | - | - | (1,690,315) | (1,690,315) | - | (1,690,315) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 942,732 | 942,732 |
| Currency translation differences | - | - | - | - | 101,071 | - | 101,071 | - | 101,071 |
| Net profit/(loss) for the year | - | - | - | - | - | 2,461,893 | 2,461,893 | (1,326,152) | 1,135,741 |
| Total recognised income/ (expense) | - | - | - | - | 101,071 | 2,461,893 | 2,562,964 | (1,326,152) | 1,236,812 |
| Balance at 31 May 2008 | 46,310,000 | 23,763,721 | 4,487,540 | 387,266 | 167,282 | 15,735,437 | 90,851,246 | 937,016 | 91,788,262 |
| Dividend paid (Note 27) | - | - | - | - | - | (868,313) | (868,313) | - | (868,313) |
| Accretion arising from acquisition of shares from minority shareholders | - | - | - | - | - | 198,878 | 198,878 | (202,878) | (4,000) |
| Currency translation differences | - | - | - | - | 43,601 | - | 43,601 | - | 43,601 |
| Net profit/(loss) for the year | - | - | - | - | - | 2,229,535 | 2,229,535 | (52,320) | 2,177,215 |
| Total recognised income/ (expense) | - | - | - | - | 43,601 | 2,229,535 | 2,273,136 | (52,320) | 2,220,816 |
| Balance at 31 May 2009 | 46,310,000 | 23,763,721 | 4,487,540 | 387,266 | 210,883 | 17,295,537 | 92,454,947 | 681,818 | 93,136,765 |

The annexed notes form an integral part of these financial statements

Consolidated Cash Flow Statement

For The Financial Year Ended 31 May 2009

| | Note | 2009 RM | 2008 RM |
|---|------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 3,792,245 | 2,413,829 |
| Adjustments for:- | | | |
| Allowance for doubtful debts | | 132,000 | 309,945 |
| Allowance for doubtful debts written back | | (169,010) | (36,490) |
| Amortisation and depreciation | | 2,576,429 | 2,480,220 |
| Bad debts written off | | 210,606 | - |
| Gain on disposal of asset held for sale | | (711,945) | - |
| Gain on disposal of property, plant and equipment | | (6,782) | (24,996) |
| Impairment loss of goodwill | | - | 48,366 |
| Interest expense | | 4,612,511 | 4,100,658 |
| Interest income | | (42,245) | (45,287) |
| Inventories written off | | 76,840 | 3,269 |
| Property, plant and equipment written off | | 20,654 | 8,497 |
| Share of losses of associates | | 19,640 | 20,267 |
| Unrealised (gain)/loss on foreign exchange | | (231,017) | 316,561 |
| Operating profit before working capital changes | | 10,279,926 | 9,594,839 |
| Decrease/(Increase) in inventories | | 7,634,774 | (16,263,877) |
| Decrease in receivables | | 9,856,706 | 2,617,318 |
| Decrease in payables | | (10,467,367) | (4,263,701) |
| Cash generated from/(absorbed by) operations | | 17,304,039 | (8,315,421) |
| Interest paid | | (5,542,438) | (4,647,391) |
| Interest received | | 36,884 | 40,002 |
| Tax paid | | (3,309,750) | (3,235,367) |
| Tax refunded | | 861,671 | 177,493 |
| Net cash from/(used in) operating activities | | 9,350,406 | (15,980,684) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of associate | | (3,000) | (20,000) |
| Acquisition of shares from minority shareholders | | (4,000) | - |
| Acquisition of subsidiaries | 28 | - | (201,886) |
| Additional investment in associate | | - | (114,500) |
| Disposal of subsidiaries | | - | 5,783,400 |
| Proceeds from disposal of asset held for sale | | 1,130,000 | - |
| Proceeds from disposal of property, plant and equipment | | 19,301 | 33,869 |
| Purchase of property, plant and equipment | 28 | (2,902,302) | (1,771,991) |
| Net cash (used in)/from investing activities | | (1,760,001) | 3,708,892 |

The annexed notes form an integral part of these financial statements

Consolidated Cash Flow Statement - cont'd

For The Financial Year Ended 31 May 2009

| | Note | 2009 RM | 2008 RM |
|---|------|--------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Decrease)/Increase in short-term bank borrowings (net) | | (6,292,486) | 16,954,485 |
| Dividend paid | | (868,313) | (1,690,315) |
| Issue of shares to minority shareholders | | - | 979,999 |
| Placement of fixed deposits pledged as security | | (2,292,977) | - |
| Repayment of hire purchase obligations | | (466,914) | (478,896) |
| Repayment of term loans | | (733,579) | (684,687) |
| Term loan raised | | 400,000 | - |
| Net cash (used in)/from financing activities | | (10,254,269) | 15,080,586 |
| Currency translation differences | | 136,425 | (187,688) |
| Net increase/(decrease) in cash and cash equivalents | | (2,527,439) | 2,621,106 |
| Cash and cash equivalents brought forward | | 3,507,875 | 886,769 |
| Cash and cash equivalents carried forward | 28 | 980,436 | 3,507,875 |

Balance Sheet

As At 31 May 2009

| | Note | 2009 RM | 2008 RM |
|---|------|-------------------|------------|
| NON-CURRENT ASSETS | | | |
| Investments in subsidiaries | 7 | 30,792,513 | 30,792,513 |
| CURRENT ASSETS | | | |
| Amounts owing by subsidiaries | 7 | 41,341,867 | 40,079,939 |
| Other receivables, deposits and prepayments | | 179,743 | 179,000 |
| Current tax assets | | 144,191 | 164,523 |
| Cash and cash equivalents | 15 | 21,228 | 547,231 |
| | | 41,687,029 | 40,970,693 |
| CURRENT LIABILITIES | | | |
| Amounts owing to subsidiaries | 7 | 147,031 | – |
| Other payables and accruals | | 94,000 | 97,000 |
| | | 241,031 | 97,000 |
| NET CURRENT ASSETS | | 41,445,998 | 40,873,693 |
| NET ASSETS | | 72,238,511 | 71,666,206 |
| FINANCED BY:- | | | |
| Share capital | 21 | 46,310,000 | 46,310,000 |
| Reserves | | 25,928,511 | 25,356,206 |
| SHAREHOLDERS' EQUITY | | 72,238,511 | 71,666,206 |

Income Statement

For The Financial Year Ended 31 May 2009

| | Note | 2009 RM | 2008 RM |
|-------------------------------------|------|------------|------------|
| REVENUE | 22 | 2,400,000 | 2,400,000 |
| ADMINISTRATIVE AND GENERAL EXPENSES | | (339,050) | (490,979) |
| PROFIT BEFORE TAX | 23 | 2,060,950 | 1,909,021 |
| TAX EXPENSE | 25 | (620,332) | (575,810) |
| NET PROFIT FOR THE YEAR | | 1,440,618 | 1,333,211 |

Statement Of Changes In Equity

For The Financial Year Ended 31 May 2009

| | Share capital RM | Non-distributable | Distributable | Shareholders' equity RM |
|-------------------------|------------------------|------------------------|---------------------------|-------------------------------|
| | | Share premium RM | Retained profits RM | |
| Balance at 1 June 2007 | 46,310,000 | 23,763,721 | 1,949,589 | 72,023,310 |
| Dividend paid (Note 27) | – | – | (1,690,315) | (1,690,315) |
| Net profit for the year | – | – | 1,333,211 | 1,333,211 |
| Balance at 31 May 2008 | 46,310,000 | 23,763,721 | 1,592,485 | 71,666,206 |
| Dividend paid (Note 27) | – | – | (868,313) | (868,313) |
| Net profit for the year | – | – | 1,440,618 | 1,440,618 |
| Balance at 31 May 2009 | 46,310,000 | 23,763,721 | 2,164,790 | 72,238,511 |

Cash Flow Statement

For The Financial Year Ended 31 May 2009

| | Note | 2009 RM | 2008 RM |
|--|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 2,060,950 | 1,909,021 |
| Adjustment for:- | | | |
| Dividend income | | (2,400,000) | (2,400,000) |
| Operating loss before working capital changes | | (339,050) | (490,979) |
| Increase in receivables | | (1,262,671) | (3,636,902) |
| Increase/(Decrease) in payables | | 144,031 | (7,000) |
| Cash absorbed by operations | | (1,457,690) | (4,134,881) |
| Tax refunded | | - | 38,699 |
| Net cash used in operating activities | | (1,457,690) | (4,096,182) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries | 28 | - | (884,552) |
| Disposal of subsidiaries | | - | 5,783,400 |
| Dividend received | | 1,800,000 | 1,776,000 |
| Subscription for additional shares in a subsidiary | | - | (1,019,999) |
| Net cash from investing activities | | 1,800,000 | 5,654,849 |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Dividend paid | | (868,313) | (1,690,315) |
| Net cash used in financing activity | | (868,313) | (1,690,315) |
| Net decrease in cash and cash equivalents | | (526,003) | (131,648) |
| Cash and cash equivalents brought forward | | 547,231 | 678,879 |
| Cash and cash equivalents carried forward | 15 | 21,228 | 547,231 |

Notes To The Financial Statements

For The Financial Year Ended 31 May 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 87, Muntri Street, 10200 Penang and its principal place of business is located at Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.

The consolidated financial statements set out on pages 31 to 35 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interest in associates. The separate financial statements of the Company set out on pages 36 to 39 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 September 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM).

On 1 June 2008, the Group and the Company adopted the following revised FRSs which are relevant to their operations and effective for financial periods beginning on or after 1 July 2007:-

| | |
|---------|--|
| FRS 107 | Cash Flow Statements |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| FRS 134 | Interim Financial Reporting |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets |

The adoption of these revised FRSs did not result in any significant changes in the accounting policies of the Group and the Company.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

The Group and the Company have not applied the following FRSs and IC Interpretations which have been issued as at the balance sheet date but are not yet effective:-

| Standard/Interpretation | Effective for financial periods beginning on or after |
|--|---|
| Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 |
| Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations | 1 January 2010 |
| FRS 4 Insurance Contracts | 1 January 2010 |
| FRS 7 Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8 Operating Segments | 1 July 2009 |
| FRS 123 Borrowing Costs | 1 January 2010 |
| FRS 139 Financial Instruments: Recognition and Measurement | 1 January 2010 |
| IC Interpretation 9 Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10 Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions | 1 January 2010 |
| IC Interpretation 13 Customer Loyalty Programmes | 1 January 2010 |
| IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1 January 2010 |

Except for FRS 7, FRS 123 and FRS 139, the management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements.

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs are not disclosed.

FRS 123, which replaces FRS 123₂₀₀₄ Borrowing Costs, removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. As allowed by the transitional provisions of FRS 123, the Group and the Company will apply this FRS to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the financial year using the purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in the income statement.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Associates

An associate is an entity, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investments in associates are initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other changes in equity of the associates.

2.4 Financial Instruments

Recognised Financial Instruments

The accounting policies for recognised financial instruments are disclosed in the individual policies associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 32 to the financial statements.

Fair Values

The carrying amounts of financial assets and liabilities with short maturity periods are assumed to approximate their fair values.

The fair values of long-term loans and borrowings are estimated based on the current rates offered to the Group for loans and borrowings with the same remaining maturities.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment are depreciated principally on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

| | |
|--|-----------|
| Buildings | 2% - 5% |
| Furniture, fittings and office equipment | 5% - 20% |
| Plant and machinery | 8% - 20% |
| Renovation and electrical installation | 10% |
| Signboard and showcase | 10% |
| Motor vehicles | 10% - 20% |
| Computer | 33% - 50% |

The residual value, useful life and depreciation method of an asset are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Prepaid Lease Payments

The upfront payments for a lease of land under an operating lease are classified as prepaid lease payments and amortised on a straight-line basis over the lease term.

2.7 Investment Property

An investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated. Leasehold shoplots are depreciated on a straight-line basis over the lease terms of 76 to 77 years. Buildings are depreciated on a reducing balance basis over the estimated useful lives of the assets using an annual rate of 2%.

2.8 Investments

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries and associates are stated at cost less impairment losses, if any.

2.9 Intangible Assets

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and accumulated impairment losses, if any. An intangible asset with an indefinite useful life is not amortised but is tested for impairment annually and whenever there is an indication that the asset may be impaired.

2.10 Non-current Asset Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification as held for sale, the carrying amount of the relevant asset is measured in accordance with applicable FRSs. Upon classification as held for sale, the asset, other than financial assets within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at the lower of its carrying amount and fair value less costs to sell. Any initial or subsequent write-down to, or any subsequent increase in, fair value less costs to sell is recognised in the income statement.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Impairment of Assets

The carrying amounts of assets, other than deferred tax assets, inventories and financial assets within the scope of FRS 139 Financial Instruments: Recognition and Measurement, are reviewed at each balance sheet date to determine whether there is any indication that an item of asset may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill and intangible asset with an indefinite useful life are tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised as an expense in the income statement.

An impairment loss of an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in the income statement. An impairment loss of goodwill is not reversed.

2.12 Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.13 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.14 Payables

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.15 Finance Lease

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

2.16 Loans and Borrowings

All loans and borrowings are initially recognised at cost which is the fair value of the proceeds received. The loans and borrowings are subsequently stated at amortised cost using the effective interest method. The effective interest rate is the historical rate for a fixed rate instrument and the current market rate for a floating rate instrument.

All borrowing costs are recognised as an expense in the period in which they are incurred.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, ie directly in equity or in the income statement.

In translating the financial position and results of an entity whose functional currency is not the required presentation currency, ie Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the average exchange rate for the financial year. All resulting exchange differences are recognised directly in equity.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation occurring after 1 June 2006 are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate. As allowed by the transitional provisions of FRS 121 The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising from the acquisition which occurred before 1 June 2006 have not been restated and continue to be treated as assets and liabilities of the Company. Accordingly, these goodwill and fair value adjustments are reported using the exchange rate at acquisition date.

2.18 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the balance sheet date are recognised as a liability whereas dividends proposed or declared after the balance sheet date are disclosed by way of note to the financial statements.

2.19 Income Recognition

Sale of Goods

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend Income

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest Income

Interest income is recognised using the effective interest method.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

2.21 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised as an expense in the period in which the associated services are rendered by the employee.

Equity Compensation Benefits

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are recognised as an expense with a corresponding increase in equity over the vesting period. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

2.22 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and 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. For the purpose of cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements

In the process of applying the accounting policies of the Group and the Company, the management makes the following judgements that can significantly affect the amounts recognised in the financial statements:-

(i) **Allowance for Inventories**

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ii) **Allowance for Doubtful Debts**

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations are different from previous estimates, the difference will impact the carrying amounts of receivables.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) **Depreciation**

Property, plant and equipment and investment property are depreciated over the estimated useful lives of the assets. The management estimates the useful lives to be within 2 to 50 years. Changes in the expected level of usage and technological development will impact the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised.

(ii) **Impairment of Assets**

When the recoverable amount of an asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows.

(iii) **Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact the tax provisions in the period in which the outcome is determined.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

4. PROPERTY, PLANT AND EQUIPMENT

The Group

| | Freehold land RM | Buildings RM | Furniture, fittings and office equipment RM | Plant and machinery RM | Renovation and electrical installation RM | Signboard and showcase RM | Motor vehicles RM | Computer RM | Total RM |
|---|---------------------|-------------------|---|------------------------------|---|------------------------------------|-------------------------|------------------|-------------------|
| At Cost | | | | | | | | | |
| Balance at 1 June 2007 | 308,000 | 23,328,765 | 2,365,532 | 5,589,284 | 4,740,592 | 310,037 | 5,462,061 | 2,207,668 | 44,311,939 |
| Acquisition of subsidiaries | - | - | 23,498 | - | - | - | - | - | 23,498 |
| Additions | - | - | 210,897 | 270,125 | 736,574 | 6,750 | 98,790 | 517,642 | 1,840,778 |
| Disposals/Write-offs | - | - | (59,342) | - | (49,389) | - | (163,868) | (112,729) | (385,328) |
| Reclassification | - | - | 292,954 | (225,730) | 10,001 | - | (84,903) | 7,678 | - |
| Reclassification to asset held for sale (Note 11) | (308,000) | (132,000) | - | - | - | - | - | - | (440,000) |
| Currency translation differences | - | - | (15,406) | - | - | - | (1,967) | 7,230 | (10,143) |
| Balance at 31 May 2008 | - | 23,196,765 | 2,818,133 | 5,633,679 | 5,437,778 | 316,787 | 5,310,113 | 2,627,489 | 45,340,744 |
| Additions | - | - | 197,865 | 2,327,056 | 74,295 | 5,500 | - | 317,301 | 2,922,017 |
| Disposals/Write-offs | - | - | (328,333) | - | - | - | (96,047) | (5,176) | (429,556) |
| Currency translation differences | - | - | 32,899 | - | - | - | 3,538 | 2,382 | 38,819 |
| Balance at 31 May 2009 | - | 23,196,765 | 2,720,564 | 7,960,735 | 5,512,073 | 322,287 | 5,217,604 | 2,941,996 | 47,872,024 |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold land RM | Buildings RM | Furniture, fittings and office equipment RM | Plant and machinery RM | Renovation and electrical installation RM | Signboard and showcase RM | Motor vehicles RM | Computer RM | Total RM |
|---|---------------------|-------------------|---|------------------------------|---|------------------------------------|-------------------------|------------------|-------------------|
| Accumulated Depreciation | | | | | | | | | |
| Balance at 1 June 2007 | - | 3,887,953 | 1,331,668 | 3,223,595 | 2,104,917 | 237,480 | 2,694,534 | 1,324,766 | 14,804,913 |
| Acquisition of subsidiaries | - | - | 2,350 | - | - | - | - | - | 2,350 |
| Depreciation | - | 406,983 | 193,712 | 328,064 | 377,606 | 9,237 | 408,191 | 570,925 | 2,294,718 |
| Disposals/Write-offs | - | - | (43,613) | - | (49,389) | - | (163,197) | (111,759) | (367,958) |
| Reclassification | - | - | 89,847 | (86,433) | 14,182 | - | (24,032) | 6,436 | - |
| Reclassification to asset held for sale (Note 11) | - | (21,945) | - | - | - | - | - | - | (21,945) |
| Currency translation differences | - | - | (12,441) | - | - | - | (1,967) | 4,245 | (10,163) |
| Balance at 31 May 2008 | - | 4,272,991 | 1,561,523 | 3,465,226 | 2,447,316 | 246,717 | 2,913,529 | 1,794,613 | 16,701,915 |
| Depreciation | - | 399,963 | 144,556 | 296,349 | 390,136 | 9,783 | 395,191 | 754,988 | 2,390,966 |
| Disposals/Write-offs | - | - | (297,965) | - | - | - | (96,045) | (2,373) | (396,383) |
| Currency translation differences | - | - | 28,062 | - | - | - | 3,538 | 1,945 | 33,545 |
| Balance at 31 May 2009 | - | 4,672,954 | 1,436,176 | 3,761,575 | 2,837,452 | 256,500 | 3,216,213 | 2,549,173 | 18,730,043 |
| Carrying Amount | | | | | | | | | |
| Balance at 1 June 2007 | 308,000 | 19,440,812 | 1,033,864 | 2,365,689 | 2,635,675 | 72,557 | 2,767,527 | 882,902 | 29,507,026 |
| Balance at 31 May 2008 | - | 18,923,774 | 1,256,610 | 2,168,453 | 2,990,462 | 70,070 | 2,396,584 | 832,876 | 28,638,829 |
| Balance at 31 May 2009 | - | 18,523,811 | 1,284,388 | 4,199,160 | 2,674,621 | 65,787 | 2,001,391 | 392,823 | 29,141,981 |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain buildings with a total carrying amount of RM14,300,778 (2008 : RM14,594,467) have been pledged as security for banking facilities granted to the Group.

The carrying amounts of property, plant and equipment acquired under hire purchase agreements are as follows:-

| | 2009 | 2008 |
|--|-------------------------|-------------------------|
| | RM | RM |
| Furniture, fittings and office equipment | 40,814 | 24,767 |
| Motor vehicles | 1,528,461 | 1,860,541 |
| | <u>1,569,275</u> | <u>1,885,308</u> |

5. PREPAID LEASE PAYMENTS

The Group

| | Long-term leasehold land RM | Short-term leasehold land RM | Total RM |
|---------------------------------|--|---|--------------------------|
| At Cost / Valuation | | | |
| Balance at 1 June 2007 | 9,332,099 | 2,413,532 | 11,745,631 |
| Movement during the year | - | - | - |
| Balance at 31 May 2008 | 9,332,099 | 2,413,532 | 11,745,631 |
| Movement during the year | - | - | - |
| Balance at 31 May 2009 | <u>9,332,099</u> | <u>2,413,532</u> | <u>11,745,631</u> |
| Representing items:- | | | |
| - At cost | 9,332,099 | 890,000 | 10,222,099 |
| - At valuation | - | 1,523,532 | 1,523,532 |
| | <u>9,332,099</u> | <u>2,413,532</u> | <u>11,745,631</u> |
| Accumulated Amortisation | | | |
| Balance at 1 June 2007 | 1,032,192 | 567,430 | 1,599,622 |
| Amortisation | 135,017 | 40,225 | 175,242 |
| Balance at 31 May 2008 | 1,167,209 | 607,655 | 1,774,864 |
| Amortisation | 135,017 | 40,226 | 175,243 |
| Balance at 31 May 2009 | <u>1,302,226</u> | <u>647,881</u> | <u>1,950,107</u> |
| Carrying Amount | | | |
| Balance at 1 June 2007 | 8,299,907 | 1,846,102 | 10,146,009 |
| Balance at 31 May 2008 | <u>8,164,890</u> | <u>1,805,877</u> | <u>9,970,767</u> |
| Balance at 31 May 2009 | <u>8,029,873</u> | <u>1,765,651</u> | <u>9,795,524</u> |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

5. PREPAID LEASE PAYMENTS (CONT'D)

The short-term leasehold land stated at valuation was revalued by the directors in 1994 based on the valuation carried out by independent professional valuers on an open market value basis. As allowed by the transitional provisions of FRS 117 Leases, the unamortised revalued amount has been retained as the surrogate carrying amount of the prepaid lease payments.

Certain leasehold land with a total carrying amount of RM3,254,765 (2008 : RM3,322,782) has been pledged as security for banking facilities granted to the Group.

6. INVESTMENT PROPERTY

The Group

| | Freehold land RM | Leasehold shoplots RM | Buildings RM | Total RM |
|-------------------------------------|------------------------|-----------------------------|-----------------|------------------|
| At Cost | | | | |
| Balance at 1 June 2007 | 689,287 | 630,000 | 117,379 | 1,436,666 |
| Movement during the year | - | - | - | - |
| Balance at 31 May 2008 | 689,287 | 630,000 | 117,379 | 1,436,666 |
| Movement during the year | - | - | - | - |
| Balance at 31 May 2009 | 689,287 | 630,000 | 117,379 | 1,436,666 |
| Accumulated Depreciation | | | | |
| Balance at 1 June 2007 | - | 74,576 | 17,517 | 92,093 |
| Depreciation | - | 8,262 | 1,998 | 10,260 |
| Balance at 31 May 2008 | - | 82,838 | 19,515 | 102,353 |
| Depreciation | - | 8,262 | 1,958 | 10,220 |
| Balance at 31 May 2009 | - | 91,100 | 21,473 | 112,573 |
| Carrying Amount | | | | |
| Balance at 1 June 2007 | 689,287 | 555,424 | 99,862 | 1,344,573 |
| Balance at 31 May 2008 | 689,287 | 547,162 | 97,864 | 1,334,313 |
| Balance at 31 May 2009 | 689,287 | 538,900 | 95,906 | 1,324,093 |
| Fair Value | | | | |
| Estimated fair value at 31 May 2008 | 1,770,000 | 551,000 | 100,000 | 2,421,000 |
| Estimated fair value at 31 May 2009 | 1,700,000 | 550,000 | 100,000 | 2,350,000 |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

6. INVESTMENT PROPERTY (CONT'D)

The carrying amounts of investment property pledged as security for banking facilities granted to the Group are as follows:-

| | 2009 | 2008 |
|--------------------|-------------------------|------------------|
| | RM | RM |
| Freehold land | 689,287 | 689,287 |
| Leasehold shoplots | 401,974 | 408,158 |
| Buildings | 95,906 | 97,864 |
| | <u>1,187,167</u> | <u>1,195,309</u> |

The fair value of investment property was determined based on management's estimate by reference to market information.

7. INVESTMENTS IN SUBSIDIARIES

The Company

| | 2009 | 2008 |
|--------------------------|--------------------------|-------------------|
| | RM | RM |
| Unquoted shares, at cost | <u>30,792,513</u> | <u>30,792,513</u> |

The details of the subsidiaries are as follows:-

| Name of Subsidiary | Country of Incorporation | Effective Interest Held | | Principal Activity |
|-------------------------------------|--------------------------|-------------------------|------|--|
| | | 2009 | 2008 | |
| Keat Radio Co. Sdn. Bhd. | Malaysia | 100% | 100% | Manufacture, assembly and sale of electrical and electronic appliances |
| Pensia Electronic Sdn. Bhd. | Malaysia | 100% | 100% | Manufacture, assembly and sale of electrical and electronic appliances |
| Pensia Industries Sdn. Bhd. | Malaysia | 100% | 100% | Manufacture, assembly and sale of electrical and electronic appliances |
| Penonic Sales & Service Sdn. Bhd. | Malaysia | 100% | 100% | Distribution of electrical and electronic appliances |
| Cornell Sales & Service Sdn. Bhd. | Malaysia | 100% | 100% | Distribution of electrical and electronic appliances |
| Amtek Marketing Services Pte. Ltd.* | Singapore | 100% | 100% | Distribution of electrical and electronic appliances |
| Penonic Corporation Sdn. Bhd. | Malaysia | 100% | 100% | Provision of management services |
| Epicson Sales & Service Sdn. Bhd. | Malaysia | 100% | 100% | Inactive |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Country of Incorporation | Effective Interest Held | | Principal Activity |
|---|--------------------------|-------------------------|------|--|
| | | 2009 | 2008 | |
| Pensia Air Conditioners Sdn. Bhd. | Malaysia | 100% | 100% | Inactive |
| Microtag Engineering Sdn. Bhd. | Malaysia | 51% | 51% | Provision of business solutions via the application of AutoID Technology |
| Subsidiaries of Keat Radio Co. Sdn. Bhd. | | | | |
| Pensonic Industries Sdn. Bhd. | Malaysia | 100% | 60% | Distribution of electrical and electronic appliances |
| Pensonic (H.K.) Corporation Limited* | Hong Kong | 100% | 100% | Trading of electrical and electronic appliances |
| Pensonic Parts & Service Sdn. Bhd. | Malaysia | 60% | 60% | Trading and service of parts of electrical and electronic appliances |
| Subsidiary of Pensonic (H.K.) Corporation Limited | | | | |
| Pensonic Trading (Shenzhen) Co., Ltd.* | China | 100% | 100% | Trading of electrical and electronic appliances |
| Subsidiary of Pensonic Sales & Service Sdn. Bhd. | | | | |
| Kollektion Distribution Sdn. Bhd. | Malaysia | 100% | 100% | Distribution of home appliances |

* Not audited by Horwath

Acquisition of Minority Interest

In June 2008, the Group, through Keat Radio Co. Sdn. Bhd., acquired the remaining 40% of the equity interest in Pensonic Industries Sdn. Bhd. for RM4,000.

Amounts Owning By/To Subsidiaries

The amounts owing by/to the subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

8. INVESTMENTS IN ASSOCIATES

The Group

| | 2009 RM | 2008 RM |
|----------------------------------|----------------|----------------|
| Unquoted shares, at cost | 207,610 | 204,610 |
| Share of post-acquisition losses | (52,130) | (32,490) |
| | <u>155,480</u> | <u>172,120</u> |

The details of the associates are as follows:-

| Name of Associate | Country of Incorporation | Effective Interest Held | | Principal Activity |
|------------------------------|--------------------------|-------------------------|-------|---|
| | | 2009 | 2008 | |
| Pensonic (B) Sdn. Bhd. | Brunei | *40% | *40% | Trading of electrical and electronic appliances |
| Microtag System Sdn. Bhd. | Malaysia | **10% | **10% | Inactive |
| MDT Sistem Inovasi Sdn. Bhd. | Malaysia | **15% | 0% | Inactive |

* Interest held through a subsidiary, Pensonic Corporation Sdn. Bhd.

** Interest held through a subsidiary, Microtag Engineering Sdn. Bhd.

The summarised financial information of the associates is as follows:-

| | 2009 RM | 2008 RM |
|-----------------------|----------------|---------------|
| Total assets | 1,828,639 | 1,471,000 |
| Total liabilities | 1,480,419 | 1,027,431 |
| Revenue | 2,422,022 | 1,962,488 |
| Net loss for the year | <u>113,478</u> | <u>83,419</u> |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

9. INTANGIBLE ASSETS

The Group

| | Goodwill RM | Trademarks RM | Total RM |
|----------------------------------|----------------|------------------|------------------|
| Balance at 1 June 2007 | 761,465 | 870,000 | 1,631,465 |
| Acquisition of subsidiaries | 48,366 | – | 48,366 |
| Impairment loss | (48,366) | – | (48,366) |
| Currency translation differences | 4,687 | – | 4,687 |
| Balance at 31 May 2008 | 766,152 | 870,000 | 1,636,152 |
| Currency translation differences | 11,704 | – | 11,704 |
| Balance at 31 May 2009 | 777,856 | 870,000 | 1,647,856 |

Trademarks were acquired by way of an assignment of full and absolute rights thereto from the registered proprietor. As those rights were assigned without a specified time frame, the management has assessed the trademarks as having an indefinite useful life subject to continuity in proper maintenance and use in good faith.

10. DEFERRED TAX ASSETS/(LIABILITIES)

The Group

| | 2009 RM | 2008 RM |
|---|----------------|-------------|
| Balance at 1 June | 910,350 | (888,000) |
| Deferred tax (expense)/income relating to origination and reversal of temporary differences | (211,265) | 997,010 |
| Deferred tax income relating to differential tax rates | 267,400 | 43,040 |
| Recognition of previously unrecognised deferred tax assets | – | 758,300 |
| Deferred tax assets over recognised in prior year | (128,000) | – |
| Balance at 31 May | 838,485 | 910,350 |
| Disclosed as:- | | |
| - Deferred tax assets | 2,038,485 | 2,020,350 |
| - Deferred tax liabilities | (1,200,000) | (1,110,000) |
| | 838,485 | 910,350 |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets/(liabilities) are in respect of the following items:-

| | 2009 RM | 2008 RM |
|---------------------------------------|----------------|----------------|
| Deductible temporary differences of:- | | |
| - financial instruments | - | 79,000 |
| - property, plant and equipment | 8,485 | 6,750 |
| Unused capital allowances | 56,000 | 24,000 |
| Unused tax losses | 2,029,000 | 1,920,600 |
| Taxable temporary differences of:- | | |
| - financial instruments | (58,000) | - |
| - property, plant and equipment | (1,197,000) | (1,120,000) |
| | <u>838,485</u> | <u>910,350</u> |

Save as disclosed above, as at 31 May 2009, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM2,000 (2008 : RM5,000). No further deferred tax assets have been recognised for the excess of the deductible temporary differences and unused tax losses over the taxable temporary differences as follows:-

| | 2009 RM | 2008 RM |
|--|------------------|------------------|
| Deductible temporary differences of:- | | |
| - financial instruments | 212,000 | 187,000 |
| - inventories | 78,000 | 42,000 |
| Unused tax losses | 7,672,000 | 5,786,000 |
| Taxable temporary differences of property, plant and equipment | (8,000) | (21,000) |
| | <u>7,954,000</u> | <u>5,994,000</u> |

11. ASSET HELD FOR SALE

The Group

| | 2009 RM | 2008 RM |
|---|------------|----------------|
| Balance at 1 June | 418,055 | - |
| Freehold land and building reclassified from property, plant and equipment (Note 4) | - | 418,055 |
| Disposal | (418,055) | - |
| Balance at 31 May | <u>-</u> | <u>418,055</u> |

During the previous financial year, the Group, through a subsidiary, entered into a sale and purchase agreement to dispose of the aforementioned asset. The disposal was completed during the current financial year.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

12. INVENTORIES

The Group

| | 2009 RM | 2008 RM |
|------------------|-------------------|-------------------|
| Raw materials | 6,744,670 | 6,272,476 |
| Finished goods | 79,650,676 | 86,118,978 |
| Goods in transit | 227,282 | 1,942,788 |
| | <u>86,622,628</u> | <u>94,334,242</u> |

13. TRADE RECEIVABLES

The Group

| | 2009 RM | 2008 RM |
|------------------------------|-------------------|-------------------|
| Trade receivables | 61,095,463 | 69,701,405 |
| Allowance for doubtful debts | (1,211,064) | (1,538,099) |
| | <u>59,884,399</u> | <u>68,163,306</u> |

Included herein is an amount of RM1,213,053 (2008 : RM735,995) owing by an associate.

The currency exposure profile of trade receivables is as follows:-

| | 2009 RM | 2008 RM |
|------------------|-------------------|-------------------|
| Ringgit Malaysia | 48,152,366 | 49,343,879 |
| Hong Kong Dollar | 577,298 | 3,068,996 |
| Singapore Dollar | 2,640,404 | 2,884,215 |
| US Dollar | 8,514,331 | 12,866,216 |
| | <u>59,884,399</u> | <u>68,163,306</u> |

The credit terms of trade receivables range from 30 to 120 days.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

Included herein are advance payments to suppliers totalling RM7,231,795 (2008 : RM8,029,523).

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

15. CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|-----------------------------------|-------------------|------------|---------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Term deposits with licensed banks | 2,945,840 | 667,499 | - | - |
| Cash and bank balances | 12,387,928 | 15,027,325 | 21,228 | 547,231 |
| | 15,333,768 | 15,694,824 | 21,228 | 547,231 |

Certain term deposits totalling RM2,927,060 (2008 : RM618,742) have been pledged as security for banking facilities granted to the Group. The effective interest rates of term deposits range from 0.1% to 3.8% (2008 : 1.8% to 3.9%) per annum.

The currency exposure profile of cash and cash equivalents is as follows:-

| | The Group | | The Company | |
|------------------|-------------------|------------|---------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Ringgit Malaysia | 8,602,162 | 13,219,073 | 21,228 | 547,231 |
| Hong Kong Dollar | 50,917 | 237,318 | - | - |
| Renminbi | 260,317 | 224,318 | - | - |
| Singapore Dollar | 483,780 | 473,800 | - | - |
| US Dollar | 5,936,592 | 1,540,315 | - | - |
| | 15,333,768 | 15,694,824 | 21,228 | 547,231 |

16. TRADE PAYABLES

The Group

Included herein is an amount of RM963,931 (2008 : RM1,104,819) owing to a company in which certain directors have substantial financial interests.

The currency exposure profile of trade payables is as follows:-

| | 2009 RM | 2008 RM |
|------------------|-------------------|------------|
| Ringgit Malaysia | 25,374,546 | 29,497,760 |
| Hong Kong Dollar | 352,450 | 339,982 |
| Singapore Dollar | 751,521 | 131,337 |
| US Dollar | 5,525,947 | 12,344,097 |
| | 32,004,464 | 42,313,176 |

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

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

17. OTHER PAYABLES AND ACCRUALS

The Group

Included herein are advance payments from customers totalling RM608,073 (2008 : RM564,314).

18. HIRE PURCHASE PAYABLES

The Group

| | 2009 RM | 2008 RM |
|---|----------------|------------------|
| Minimum hire purchase payments:- | | |
| - not later than one year | 412,020 | 510,830 |
| - later than one year and not later than five years | 294,376 | 682,016 |
| | <u>706,396</u> | <u>1,192,846</u> |
| Future finance charges | (39,114) | (78,365) |
| Present value of hire purchase liabilities | <u>667,282</u> | <u>1,114,481</u> |
| Current:- | | |
| - not later than one year | 385,091 | 464,161 |
| Non-current:- | | |
| - later than one year and not later than five years | 282,191 | 650,320 |
| | <u>667,282</u> | <u>1,114,481</u> |

The effective interest rates of hire purchase payables range from 4.4% to 13.3% (2008 : 4.4% to 8.4%) per annum.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

19. BANK BORROWINGS

The Group

| | 2009 RM | 2008 RM |
|---|-------------------|-------------------|
| Unsecured | | |
| Bank overdrafts | 5,943,197 | 5,556,735 |
| Banker acceptances | 49,301,589 | 53,253,803 |
| Current portion of term loan (Note 20) | 400,000 | - |
| Secured | | |
| Bank overdrafts | 5,483,075 | 6,011,472 |
| Banker acceptances | 22,154,617 | 27,233,271 |
| Bill payables | 1,860,349 | - |
| Trust receipts | 878,033 | - |
| Current portion of term loans (Note 20) | 802,993 | 711,175 |
| | <u>86,823,853</u> | <u>92,766,456</u> |

Unsecured bank borrowings are guaranteed by the Company. Secured bank borrowings are secured against certain land, buildings, shoplots and term deposits of the Group as disclosed in Notes 4, 5, 6 and 15 to the financial statements. The effective interest rates range from 2.2% to 7.8% (2008 : 3.4% to 8.8%) per annum.

The currency exposure profile of bank borrowings is as follows:-

| | 2009 RM | 2008 RM |
|------------------|-------------------|-------------------|
| Ringgit Malaysia | 83,565,386 | 92,553,727 |
| Singapore Dollar | 520,085 | 107,458 |
| US Dollar | 2,738,382 | 105,271 |
| | <u>86,823,853</u> | <u>92,766,456</u> |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

20. TERM LOANS

The Group

| | 2009 RM | 2008 RM |
|---|------------------|------------------|
| Unsecured | 400,000 | - |
| Secured | 4,213,192 | 4,946,771 |
| | <u>4,613,192</u> | <u>4,946,771</u> |
| Current portion (Note 19) | (1,202,993) | (711,175) |
| Non-current portion | <u>3,410,199</u> | <u>4,235,596</u> |
| Repayment analysis is as follows:- | | |
| - not later than one year | 1,202,993 | 711,175 |
| - later than one year and not later than five years | 3,368,535 | 3,373,760 |
| - later than five years | 41,664 | 861,836 |
| | <u>4,613,192</u> | <u>4,946,771</u> |

Unsecured term loan is guaranteed by the Company. Secured term loans are secured against certain land and buildings of the Group as disclosed in Notes 4 and 5 to the financial statements. Term loans are repayable over 3 to 10 years commencing July 2004, February 2005, October 2005 and January 2010 respectively. The effective interest rates range from 4.0% to 6.8% (2008 : 7.8%) per annum.

21. SHARE CAPITAL

| | 2009 RM | 2008 RM |
|--|--------------------|--------------------|
| Authorised:- | | |
| 200,000,000 ordinary shares of RM0.50 each | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued and fully paid-up:- | | |
| 92,620,000 ordinary shares of RM0.50 each | <u>46,310,000</u> | <u>46,310,000</u> |

Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") of the Company was approved by the shareholders at an extraordinary general meeting held on 3 December 2004 and all relevant authorities.

As at 31 May 2009, the Company has not granted any option to the Group's eligible employees.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

21. SHARE CAPITAL (CONT'D)

Share Warrants

Pursuant to a deed poll dated 6 September 2000, the Company issued 11,345,000 share warrants on 5 January 2001 in conjunction with a rights issue of 11,345,000 new ordinary shares of RM1.00 each in the Company. Each warrant entitles the registered holder at any time during the exercise period from 5 January 2001 to 4 January 2006 to subscribe for 1 new ordinary share of RM1.00 in the Company at an exercise price of RM2.85 per share.

Pursuant to a share split into 2 new ordinary shares of RM0.50 each for every 1 existing ordinary share of RM1.00 held in the Company, an additional 11,345,000 new warrants were issued to the existing warrant holders on 5 January 2005 and the exercise price was also adjusted accordingly from RM2.85 per share to RM1.425 per share.

Upon obtaining the approvals from the shareholders and warrant holders at an extraordinary general meeting and warrant holders' meeting respectively held on 27 December 2005 and all relevant authorities, the exercise period of the warrants was extended for an additional 5 years to 4 January 2011.

As at 31 May 2009, there were 22,690,000 (2008 : 22,690,000) unexercised warrants at an exercise price of RM1.425 per share.

22. REVENUE

Revenue of the Group represents income from the sale of goods.

Revenue of the Company represents gross dividend income from a subsidiary.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

23. PROFIT BEFORE TAX

| | The Group | | The Company | |
|--|------------------|------------|---------------|------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Profit before tax is arrived at after charging:- | | | | |
| Allowance for doubtful debts | 132,000 | 309,945 | - | - |
| Amortisation of prepaid lease payments | 175,243 | 175,242 | - | - |
| Auditors' remuneration | | | | |
| - current year | 148,337 | 140,483 | 14,000 | 14,000 |
| - prior year | 11,200 | (10,965) | 2,000 | 9,000 |
| Bad debts written off | 210,606 | - | - | - |
| Depreciation of:- | | | | |
| - investment property | 10,220 | 10,260 | - | - |
| - property, plant and equipment | 2,390,966 | 2,294,718 | - | - |
| Directors' remuneration | | | | |
| - present directors | | | | |
| - fees | 80,000 | 80,000 | 80,000 | 80,000 |
| - other emoluments | 1,042,284 | 1,065,600 | - | - |
| - past directors | | | | |
| - other emoluments | 91,916 | 207,546 | - | - |
| - directors of subsidiaries | | | | |
| - other emoluments | 468,369 | 755,614 | - | - |
| Impairment loss of goodwill | - | 48,366 | - | - |
| Interest expense | 4,612,511 | 4,100,658 | - | - |
| Inventories written off | 76,840 | 3,269 | - | - |
| Loss on foreign exchange | | | | |
| - realised | 62,733 | 383,645 | - | - |
| - unrealised | - | 316,561 | - | - |
| Property, plant and equipment written off | 20,654 | 8,497 | - | - |
| Rental expense | | | | |
| - equipment | 100,586 | 76,950 | - | - |
| - premises | 1,834,764 | 1,575,377 | - | - |
| - others | 102,766 | 189,012 | - | - |
| and crediting:- | | | | |
| Allowance for doubtful debts written back | 169,010 | 36,490 | - | - |
| Gain on disposal of:- | | | | |
| - asset held for sale | 711,945 | - | - | - |
| - property, plant and equipment | 6,782 | 24,996 | - | - |
| Gain on foreign exchange | | | | |
| - realised | 1,057,711 | 755,092 | - | - |
| - unrealised | 231,017 | - | - | - |
| Interest income | 42,245 | 45,287 | - | - |
| Rental income | | | | |
| - investment property | 41,800 | 42,200 | - | - |
| - others | 120,000 | 120,000 | - | - |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

24. EMPLOYEE BENEFITS EXPENSE

| | The Group | | The Company | |
|------------------------------|-------------------|-------------------|---------------|---------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Short-term employee benefits | 17,039,054 | 17,601,808 | 80,000 | 80,000 |
| Defined contribution plans | 1,374,454 | 1,342,672 | - | - |
| | 18,413,508 | 18,944,480 | 80,000 | 80,000 |

25. TAX EXPENSE

| | The Group | | The Company | |
|--|------------------|------------------|----------------|----------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Tax based on results for the year:- | | | | |
| Malaysian income tax | 1,470,000 | 2,304,180 | 600,000 | 574,000 |
| Overseas income tax | - | 22,966 | - | - |
| Deferred tax | (56,135) | (1,040,050) | - | - |
| | 1,413,865 | 1,287,096 | 600,000 | 574,000 |
| Recognition of previously unrecognised deferred tax assets | - | (758,300) | - | - |
| Tax under/(over) provided in prior years:- | | | | |
| Malaysian income tax | 55,099 | 751,021 | 20,332 | 1,810 |
| Overseas income tax | 18,066 | (1,729) | - | - |
| Deferred tax | 128,000 | - | - | - |
| | 1,615,030 | 1,278,088 | 620,332 | 575,810 |

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

| | The Group | | The Company | |
|--|--------------|--------------|--------------|--------------|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Applicable tax rate | 25.00 | 26.00 | 25.00 | 26.00 |
| Non-deductible expenses | 14.87 | 26.10 | 4.11 | 4.07 |
| Non-taxable income | (5.03) | (1.52) | 0.00 | 0.00 |
| Tax incentives claimed | (0.01) | (0.17) | 0.00 | 0.00 |
| Increase in unrecognised deferred tax assets | 12.92 | 4.92 | 0.00 | 0.00 |
| Effect of differential tax rates | (10.47) | (2.01) | 0.00 | 0.00 |
| Average effective tax rate | 37.28 | 53.32 | 29.11 | 30.07 |

Pursuant to the Finance Act 2007 (Act 683) gazetted on 28 December 2007, the statutory income tax rate has been reduced from 26% to 25% for the financial year under review.

As at 31 May 2009, the Company has sufficient tax credits and tax exempt income to frank/distribute its entire retained profits if paid out as dividends. It may also distribute its entire retained profits as at 31 May 2009 as tax exempt dividends under the single tier tax system.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

26. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's net profit for the financial year attributable to shareholders of the Company of RM2,229,535 (2008 : RM2,461,893) by the weighted average number of ordinary shares in issue during the financial year of 92,620,000 (2008 : 92,620,000) shares.

The diluted earnings per share equals the basic earnings per share due to the anti-dilutive effect of the share warrants which has been ignored in calculating the diluted earnings per share.

27. DIVIDEND PAID

The Group and the Company

| | 2009 RM | 2008 RM |
|---|-----------------------|------------------|
| Final dividend of 2.5 sen per share, less tax at 27%, in respect of financial year ended 31 May 2007 | - | 1,690,315 |
| Final dividend of 1.25 sen per share, less tax at 25%, in respect of financial year ended 31 May 2008 | <u>868,313</u> | <u>-</u> |
| | <u>868,313</u> | <u>1,690,315</u> |

A final dividend of 1.25 sen per share, less tax at 25%, amounting to RM868,313 in respect of the financial year ended 31 May 2009 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

28. NOTES TO CASH FLOW STATEMENTS

Acquisition of Subsidiaries

In June 2007, the Company acquired 50% of the equity interest in Microtag Engineering Sdn. Bhd. for RM1. In the same month, the Group, through Pensonic Sales & Service Sdn. Bhd., acquired 100% of the equity interest in Kollektion Distribution Sdn. Bhd. for RM2. The cash flow effects of the acquisition of subsidiaries are as follows:-

| | The Group | |
|---|-----------------|------------------|
| | 2009 RM | 2008 RM |
| Property, plant and equipment | - | 21,148 |
| Receivables | - | 3,900 |
| Cash and cash equivalents (including bank overdrafts) | - | 682,668 |
| Payables | - | (793,346) |
| Minority interest | - | 37,267 |
| Net identifiable liabilities acquired | <u>-</u> | <u>(48,363)</u> |
| Goodwill | <u>-</u> | <u>48,366</u> |
| Gross consideration | - | 3 |
| Payment for prior year's acquisition | <u>-</u> | <u>884,551</u> |
| Net consideration paid | <u>-</u> | <u>884,554</u> |
| Cash and cash equivalents acquired | <u>-</u> | <u>(682,668)</u> |
| Acquisition of subsidiaries, net of cash acquired | <u>-</u> | <u>201,886</u> |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

28. NOTES TO CASH FLOW STATEMENTS (CONT'D)

Acquisition of Subsidiaries (cont'd)

| | The Company | |
|--------------------------------------|-------------|------------|
| | 2009 RM | 2008 RM |
| Gross consideration | - | 1 |
| Payment for prior year's acquisition | - | 884,551 |
| Net consideration paid | - | 884,552 |

Purchase of Property, Plant and Equipment

| | The Group | |
|---|------------|------------|
| | 2009 RM | 2008 RM |
| Cost of property, plant and equipment purchased | 2,922,017 | 1,840,778 |
| Amount financed through hire purchase | (19,715) | (68,787) |
| Net cash disbursed | 2,902,302 | 1,771,991 |

Cash and Cash Equivalents

| | The Group | |
|---|--------------|--------------|
| | 2009 RM | 2008 RM |
| Term deposits with licensed banks | 2,945,840 | 667,499 |
| Cash and bank balances | 12,387,928 | 15,027,325 |
| Bank overdrafts | (11,426,272) | (11,568,207) |
| | 3,907,496 | 4,126,617 |
| Term deposits pledged as security (Note 15) | (2,927,060) | (618,742) |
| | 980,436 | 3,507,875 |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

29. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

| | The Group | | The Company | |
|---|------------------|------------------|------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Key management personnel compensation | | | | |
| - short-term employee benefits | 1,732,187 | 2,141,897 | 80,000 | 80,000 |
| - defined contribution plans | 107,073 | 117,109 | - | - |
| | 1,839,260 | 2,259,006 | 80,000 | 80,000 |
| Dividend received from a subsidiary | - | - | 1,800,000 | 1,776,000 |
| Electricity charges charged to other related party* | 308,603 | 292,000 | - | - |
| Purchase of goods from other related party* | 5,256,665 | 7,084,783 | - | - |
| Purchase of shares in a subsidiary from a director and other related party* | 4,000 | - | - | - |
| Rental of premises charged by a director | 60,000 | 85,000 | - | - |
| Rental of premises charged to other related party* | 120,000 | 120,000 | - | - |
| Sale of goods to an associate | 1,405,240 | 1,389,846 | - | - |
| Subscription for shares in a subsidiary | - | - | - | 1,019,999 |
| | 1,839,260 | 2,259,006 | 1,880,000 | 2,795,999 |

* Being companies in which certain directors have substantial financial interests

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

30. SEGMENT REPORTING

The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue, 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 investments in associates, interest-earning assets, interest-bearing liabilities, income tax assets and liabilities and their related income and expenses.

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

Business Segments

The Group is principally engaged in the manufacture, assembly, sale and distribution of electrical and electronic appliances. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

Geographical Segments

The business segment of the Group is managed principally in Malaysia, China (including Hong Kong) and Singapore. The products are distributed mainly in Malaysia and to other countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and capital expenditure are based on the geographical location of assets.

| | <u>Segment Revenue</u> | |
|-----------------------|------------------------|--------------------|
| | 2009 RM | 2008 RM |
| Malaysia | 208,706,352 | 218,016,538 |
| Other Asian countries | 67,228,540 | 95,657,627 |
| Africa | 3,204,239 | 576,755 |
| Europe | - | 781,365 |
| South America | 149,200 | 6,568,385 |
| | <u>279,288,331</u> | <u>321,600,670</u> |

| | <u>Segment Assets</u> | | <u>Capital Expenditure</u> | |
|-----------------------------|-----------------------|--------------------|----------------------------|------------------|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Malaysia | 204,586,776 | 220,624,313 | 2,907,327 | 1,827,482 |
| China (including Hong Kong) | 8,699,840 | 10,756,985 | 10,861 | 19,975 |
| Singapore | 6,445,417 | 7,839,619 | 3,829 | 14,469 |
| | <u>219,732,033</u> | <u>239,220,917</u> | <u>2,922,017</u> | <u>1,861,926</u> |

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

31. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

| | 2009 RM | 2008 RM |
|---------------------------------|----------------|----------------|
| Contracted but not provided for | <u>114,000</u> | <u>202,000</u> |

32. CONTINGENT LIABILITY - UNSECURED

The Company

| | 2009 RM | 2008 RM |
|--|--------------------|--------------------|
| Financial guarantees granted for subsidiaries' credit facilities | <u>249,246,000</u> | <u>199,956,000</u> |

33. FINANCIAL INSTRUMENTS

Recognised Financial Instruments

The information about the extent and nature of significant recognised financial instruments is disclosed in the individual notes associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 32 to the financial statements.

Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 May 2009 and 2008 approximate their fair values.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

Notes To The Financial Statements - cont'd

For The Financial Year Ended 31 May 2009

34. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impacts of these risks on its financial position, performance and cash flows.

The Board of Directors explicitly assumes the responsibilities of financial risk management which is carried out mainly through risk reviews and internal control systems.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. Such exposure is partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and bank balances in foreign currency accounts to meet future obligations in foreign currencies.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from borrowings.

The Group manages its exposure to interest rate risk by seeking to obtain the most favourable interest rates available without increasing its other financial risk exposures.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables. The maximum credit risk exposure is best represented by the total carrying amount of these financial assets in the balance sheet.

The Group manages its exposure to credit risk by assessing counter parties' financial standings on an ongoing basis, setting and monitoring counter parties' limits and credit terms. The Group does not have any major concentration of credit risk relating to any individual customer or counter party.

Liquidity Risk

The Group practises prudent liquidity risk management by maintaining sufficient cash and the availability of funding through certain committed credit facilities.

List Of Properties Owned By The Group

| Registered Owner | Location | Description And Existing Use | Approximately Age of Buildings (Yrs) | Tenure | Land/ Built-Up Area | Net Book Value At 31.05.2009 RM |
|---------------------|---|--|--------------------------------------|----------------------------|-------------------------------|---------------------------------|
| KRC | Plot 5, Tingkat Perusahaan 6, Phase 4, Prai Industrial Estate, 13600 Prai, Penang. | Industrial land with warehouse and office | 16 | Leasehold Expiring in 2052 | 1.8441 acres/ 40,000 sq.ft. | 1,566,873 |
| KRC | 158,160 & 162, Jalan Perak, 10150 Penang. | Shop/ warehouse | Pre-war | Freehold | 4,945 sq.ft. | 369,793 |
| KRC | Block H1-09, H1-10, H1-11, H2-09, H2-10, H2-11, CI-09, CI-10, C1-11, C2-09, C2-10, C2-11, Taman Pelangi, 13600 Prai, Penang | Residential | 12 | Leasehold | 7,200 sq.ft. | 371,304 |
| KRC | Lot 2286 & 2287, TS 6, NED, Penang | Development land | – | Freehold | 14,348 sq.ft. | 415,402 |
| KRC | Shoplot B1.1.27 & B1.1.28 Komtar, Penang | Shoplot | 26 | Leasehold Expiring in 2075 | 624 sq.ft. | 401,974 |
| PENSONIC INDUSTRIES | Shoplot B1.1.29 Komtar, Penang. | Shoplot | 26 | Leasehold Expiring in 2075 | 312 sq.ft. | 136,924 |
| PENSIA ELECTRONIC | Plot 98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang. | Industrial land with factory, warehouse and office | 12 | Leasehold Expiring in 2054 | 3.05632 acres/ 112,050 sq.ft. | 5,553,924 |
| PSS | Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah. | Warehouse and office | 17 | Leasehold Expiring in 2037 | 2,700 sq.ft. | 262,381 |
| PSS | Lot 11-B, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor. | Warehouse and office | 17 | Leasehold Expiring in 2069 | 43,560 sq.ft. | 6,540,761 |

List Of Properties Owned By The Group - cont'd

| Registered Owner | Location | Description And Existing Use | Approximately Age of Buildings (Yrs) | Tenure | Land/ Built-Up Area | Net Book Value At 31.05.2008 RM |
|-------------------|---|--|--------------------------------------|----------------------------|---------------------------|---------------------------------|
| PSS | 31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu. | Warehouse and office | 12 | Leasehold Expiring in 2082 | 5,494 sq.ft. | 348,960 |
| PSS | Lot 11-A, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor. | Warehouse and office | 5 | Leasehold Expiring in 2070 | 43,560 sq.ft. | 4,868,019 |
| PENSIA INDUSTRIES | Plot 215, MK.13, Bukit Minyak Industrial Park, SPT, Prai, Penang | Industrial land with factory and warehouse | 6 | Leasehold Expiring in 2064 | 3 acres/ 75,260 sq.ft. | 5,566,128 |

Analysis Of Shareholdings / Warrantholdings

As At 5 October, 2009

SHAREHOLDINGS STATISTICS

| | | |
|-----------------------------|---|---|
| Class of Securities | : | Ordinary Shares of RM0.50 each |
| | : | Warrants with exercise period expired on 4 January 2006, was extended for a period of five years to 4 January 2011. |
| Authorised Share Capital | : | RM100,000,000.00 |
| Issued & Paid-up Capital | : | RM46,310,000.00 |
| Voting Rights | : | Shareholders 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. |
| | : | Warranholders Every warrant holder 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 warranholders. |
| No. of outstanding warrants | : | 22,690,000 |
| Number of shareholders | : | 3,295 |
| Number of warranholders | : | 1,026 |

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

| No. of Holders | Size of Holdings | Total Holdings | % of Total Issued Capital |
|----------------|--|-------------------|---------------------------|
| 3 | Less than 100 shares | 102 | 0.00 |
| 136 | 101 to 1,000 shares | 109,975 | 0.12 |
| 2,434 | 1,001 to 10,000 shares | 11,763,041 | 12.70 |
| 654 | 10,001 to 100,000 shares | 16,861,400 | 18.20 |
| 64 | 100,001 to less than 5% of issued shares | 37,423,728 | 40.41 |
| 4 | 5% and above of issued shares | 26,461,754 | 28.57 |
| 3,295 | | 92,620,000 | 100.00 |

Analysis Of Shareholdings / Warrantholdings - cont'd

As At 5 October, 2009

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS – SHAREHOLDERS

| No. | Names | No. of Shares | % |
|-----|--|-------------------|--------------|
| 1 | Chew Weng Khak @ Chew Weng Kiak | 10,000,000 | 10.80 |
| 2 | Chew Weng Khak Realty Sdn. Bhd. | 6,667,594 | 7.20 |
| 3 | Permodalan Nasional Berhad | 5,160,000 | 5.57 |
| 4 | Ambank (M) Berhad Pledged securities a/c for Chew Weng Khak Realty Sdn. Bhd. (Smart) | 4,634,160 | 5.00 |
| 5 | Chew Chuon Jin | 3,529,100 | 3.81 |
| 6 | Chew Weng Khak @ Chew Weng Kiak | 3,229,114 | 3.49 |
| 7 | Chew Weng Khak Realty Sdn. Bhd. | 2,021,040 | 2.18 |
| 8 | Chew Weng Khak @ Chew Weng Kiak | 1,931,974 | 2.09 |
| 9 | Nation Rex Sdn Bhd | 1,876,200 | 2.03 |
| 10 | Public Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Phnuah Farn Farn (E-BMM) | 1,764,600 | 1.91 |
| 11 | The Kulim-Baling Road Transport Company, Sdn. Bhd. | 1,724,000 | 1.86 |
| 12 | Tan Yong Siang | 1,415,200 | 1.53 |
| 13 | Law Shee Hong | 1,283,800 | 1.39 |
| 14 | Ambank (M) Berhad Pledged securities a/c for Chew Chuon Jin | 1,151,000 | 1.24 |
| 15 | Chew Chuon Fang | 974,200 | 1.05 |
| 16 | Lim Lieng Piau | 967,300 | 1.04 |
| 17 | Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Tan King Tai @ Tan Khoon Hai | 965,000 | 1.04 |
| 18 | Public Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Chan Mei Cheng (E-BMM) | 942,600 | 1.02 |
| 19 | Chew Chuon Ghee | 895,500 | 0.97 |
| 20 | Tay Ah Hoe | 887,000 | 0.96 |
| 21 | Yap Gim Seng | 645,700 | 0.70 |
| 22 | Ambank (M) Berhad Pledged securities a/c for Chew Chuon Ghee | 637,000 | 0.69 |
| 23 | Ong Wan Bin Alias Kie Tjhan | 624,500 | 0.67 |
| 24 | Tan Ah Nya @ Tan Bee Tiang | 584,400 | 0.63 |
| 25 | AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad for Tan King Tai @ Tan Khoon Hai (Smart) | 530,000 | 0.57 |
| 26 | Tan Tong Chait | 500,000 | 0.54 |
| 27 | Tan King Tai @ Tan Khoon Hai | 406,000 | 0.44 |
| 28 | Muafakat Rakyat Johor Sdn. Bhd. | 400,000 | 0.43 |
| 29 | Alic Chen | 350,000 | 0.38 |
| 30 | Cimb Group Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Tan King Tai @ Tan Khoon Hai (49816 PMAL) | 340,000 | 0.37 |
| | Total | 57,036,982 | 61.60 |

SUBSTANTIAL SHAREHOLDERS

Analysis Of Shareholdings / Warrantholdings - cont'd

As At 5 October, 2009

| Name of Shareholder | NO. OF SHARES HELD | | | |
|--|--------------------|-------|--------------|-------|
| | DIRECT | | INDIRECT | |
| | No. | % | No. | % |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 15,161,088 | 16.37 | * 13,322,794 | 14.38 |
| Chew Weng Khak Realty Sdn. Bhd. | 13,322,794 | 14.38 | – | – |
| Permodalan Nasional Berhad | 5,160,000 | 5.57 | – | – |

* Held through Chew Weng Khak Realty Sdn. Bhd.

STATEMENT OF DIRECTORS' SHAREHOLDINGS

| | DIRECT | | DEEMED | |
|---|---------------|---------------------------|---------------|---------------------------|
| | No. of Shares | % of Issued Share Capital | No. of Shares | % of Issued Share Capital |
| Dato Seri Chew Weng Khak @ Chew Weng Kiak | 15,161,088 * | 16.37 | @ 13,322,794 | 14.38 |
| Chew Chuon Jin | 4,680,100 * | 5.05 | @ 13,322,794 | 14.38 |
| Dato' Seri Tan King Tai @ Tan Khoon Hai | 2,522,618 * | 2.72 | # 4,000 | 0.00 |
| Chew Chuon Ghee | 1,592,500 * | 1.72 | @ 13,322,794 | 14.38 |
| Khairilnuar Bin Tun Abdul Rahman | – | – | – | – |
| Dato' Dr. Ku Abd Rahman Bin Ku Ismail | 5,000 | 0.01 | – | – |

Note

* Certain shares are held through nominee companies

@ Held through Chew Weng Khak Realty Sdn. Bhd.

Held through Tan Khoon Hai Sdn. Bhd.

DISTRIBUTION SCHEDULE OF WARRANTS

| No. of Holders | Size of Holdings | Total Holdings | % of Total Issued Warrants |
|----------------|--|-------------------|----------------------------|
| 1 | Less than 100 warrants | 46 | 0.00 |
| 222 | 101 to 1,000 warrants | 217,704 | 0.96 |
| 606 | 1,001 to 10,000 warrants | 2,308,810 | 10.18 |
| 161 | 10,001 to 100,000 warrants | 5,003,954 | 22.05 |
| 34 | 100,001 to less than 5% of issued warrants | 10,992,534 | 48.45 |
| 2 | 5% and above of issued warrants | 4,166,952 | 18.36 |
| 1,026 | | 22,690,000 | 100.00 |

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS – WARRANTHOLDERS

Analysis Of Shareholdings / Warrantholdings - cont'd

As At 5 October, 2009

| No. | Names | No. of Warrants | % |
|-----|--|-------------------|--------------|
| 1 | Chew Weng Khak Realty Sdn. Bhd. | 2,666,898 | 11.75 |
| 2 | Chew Weng Khak @ Chew Weng Kiak | 1,500,054 | 6.61 |
| 3 | Phnuah Farn Farn | 1,008,700 | 4.45 |
| 4 | JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Koh Yu Kiew (STA 2) | 1,000,000 | 4.41 |
| 5 | Chew Chuon Ghee | 754,100 | 3.32 |
| 6 | Chew Chuon Jin | 705,300 | 3.11 |
| 7 | Chua Jui Meng | 485,200 | 2.14 |
| 8 | Tan King Tai @ Tan Khoon Hai | 483,000 | 2.13 |
| 9 | Chan Mei Cheng | 473,100 | 2.09 |
| 10 | Chan Mei Cheng | 428,500 | 1.89 |
| 11 | Chew Chuon Ghee | 426,000 | 1.88 |
| 12 | Tan Bak Fooi @ Tang Kiat | 419,000 | 1.85 |
| 13 | Chew Weng Khak @ Chew Weng Kiak | 381,444 | 1.68 |
| 14 | OSK Nominees (Tempatan) Sdn. Berhad Pledged securities a/c for Tan Gaik Suan | 324,700 | 1.43 |
| 15 | Tan Tong Chait | 310,000 | 1.37 |
| 16 | Loh Ban Mooi | 270,000 | 1.19 |
| 17 | Chew Weng Khak @ Chew Weng Kiak | 263,900 | 1.16 |
| 18 | Teh Bee Cheong | 250,000 | 1.10 |
| 19 | Ting Jian Ming | 240,000 | 1.06 |
| 20 | Khaw Siang Hee | 234,000 | 1.03 |
| 21 | Phnuah Farn Farn | 233,800 | 1.03 |
| 22 | Chew Chuon Fang | 228,200 | 1.01 |
| 23 | Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Tan King Tai @ Tan Khoon Hai | 200,000 | 0.88 |
| 24 | Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Vivekanandan A/L AMS Periasamy | 190,100 | 0.84 |
| 25 | Liew Sow Ying | 188,000 | 0.83 |
| 26 | Teh Teaw Kee | 178,900 | 0.79 |
| 27 | Chua Cheong Lim | 160,000 | 0.71 |
| 28 | Khaw Siang Siang | 150,000 | 0.66 |
| 29 | Chew Chuon Ghee | 148,790 | 0.66 |
| 30 | Public Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Phnuah Farn Farn | 148,000 | 0.65 |
| | Total | 14,449,686 | 63.71 |

Analysis Of Shareholdings / Warrantholdings - cont'd

As At 5 October, 2009

| Name of Warrantholder | ← NO. OF WARRANTS HELD → | | | |
|--|--------------------------|-------|------------|-------|
| | DIRECT | | INDIRECT | |
| | No. | % | No. | % |
| Dato' Seri Chew Weng Khak @ Chew Weng Kiak | 2,145,398 | 9.46 | *2,668,158 | 11.76 |
| Chew Weng Khak Realty Sdn Bhd | 2,668,158 | 11.76 | - | - |
| Phnuah Farn Farn | 1,438,578 | 6.34 | - | - |

* Held through Chew Weng Khak Realty Sdn. Bhd.

Financial Calendar

ANNOUNCEMENT OF RESULTS

| | |
|------------------|---|
| 24 October, 2008 | Preliminary announcement of unaudited consolidated results for the first quarter ended 31 August 2008. |
| 21 January, 2009 | Preliminary announcement of unaudited consolidated results for the second quarter ended 30 November 2008. |
| 28 April, 2009 | Preliminary announcement of unaudited consolidated results for the third quarter ended 29 February 2009. |
| 28 July, 2009 | Preliminary announcement of unaudited consolidated results for the fourth quarter ended 31 May 2009. |

DIVIDENDS

| | |
|-------------------|---|
| 31 October, 2008 | Payment of the final dividend of 1.25sen per share less tax of 26% for the year ended 31 May 2008. |
| 4 November , 2009 | Notice of the entitlement and payment of the final dividend of 1.25 sen per share less tax of 25% for the year ended 31 May 2009. |

ANNUAL REPORT & GENERAL MEETINGS

| | |
|-------------------|---|
| 3 November, 2008 | Notice of the 15th Annual General Meeting, Extraordinary General Meeting and posting of the 2008 Annual Report to shareholders. |
| 26 November, 2009 | 15th Annual General Meeting & Extraordinary General Meeting. |

PENSONIC Holdings Berhad

(Company No. 300426-P)

(Incorporated in Malaysia under the Companies Act, 1965)

No. of Share Held

Proxy Form

I/We _____ of _____
_____ being a member/ members of Pensonic Holdings Berhad hereby appoint
_____ or falling him, the Chairman of the meeting as my/ our proxy to vote
for me/us and on my/our behalf at the Annual General meeting of the Company to be held at Hard Rock Hotel, Batu
Ferringhi Beach, 11100 Penang, on Thursday, 26 November, 2009 at 11.00 a.m. or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

| NO | RESOLUTION | FOR | AGAINST |
|----|--|-----|---------|
| 1. | Adoption of Reports and Financial Statements (Resolution 1) | | |
| 2. | Approval of Final Dividend (Resolution 2) | | |
| 3. | Approval of payment of Directors' Fees (Resolution 3) | | |
| 4. | Re-election of Directors:- | | |
| | (a) En. Khairilnuar bin Tun Abdul Rahman (Resolution 4) | | |
| | (b) Dato' Seri Chew Weng Khak @ Chew Weng Kiak (Resolution 5) | | |
| 5. | Appointment of Auditors (Resolution 6) | | |
| 6. | As Special Business 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: _____ 2009

Signature / Seal

Notes:

1. This proxyform, 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 underhand of its duly authorized officer or attorney.

fold along this line

fold along this line

TO

PENSONIC HOLDINGS BERHAD

(COMPANY NO. 300426-P)

87, MUTRI STREET

10200 PENANG.

STAMP
HERE

fold along this line

MALAYSIA

PENANG Head Office & Showroom

Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park,
13600 Prai, PENANG
Tel.Fax (604) 5070 393 / 5073 825

PENANG Customer Care Centre

16, Jln Sultan Azlan Shah, 11700 Gelugor, PENANG

PENANG

143-145, Perak Rd., 10150 PENANG

JOHOR BAHRU

31, Jln Ros Merah Satu/1, Tmn Johor Jaya, 81100 J.Bahru,
JOHOR

KOTA BHARU

PT-621, Ground Floor, Batu 2 Jln Pengkalan Chepa, 15400
Kota Bharu, KELANTAN

KUANTAN

No. A 141 & A 143, Ground Floor, Jln Wong Ah Jang, 25100
Kuantan, PAHANG

KUALA LUMPUR Showroom & Customer Care Centre

Lot 11A, Jln 223 Sec 51A, 46100 Petaling Jaya,
SELANGOR DARUL EHSAN
Tel.Fax (603) 7954 5200 / 7954 5705

IPOH

31, Laluan Perusahaan Kledang 9, Kaw Perindustrian Chandan
Raya, 31450 Menglembu, Ipoh, PERAK

MALACCA

385-C, Tmn Peringgit Jaya, 75400 MALACCA

SABAH

Lot 4, Towering Industrial Centre, 88300 Penampang,
K.Kinabalu, SABAH

SARAWAK

Lot 1186, Pending Industrial Estate, Jln Gedung, 93450
Kuching, SARAWAK

LABUAN

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Post Box No. 4393 Kathmandu, Nepal
Tel.Fax (977) 4222 529

SRI LANKA

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