PENSONIC

Holdings Berhad
Incorporated in Malaysia (300426 - F)

2010 Annual Report

HOME APPLIANCES . AUDIO . VISUAL . AIR CONDITIONER

Congratulations *to*

PENSONIC

being awarded the

PUTRA BRAND AWARDS 2010

for Household & Outdoor Appliances

The Putra Brand Awards is an extension of Malaysia's most valuable Brands to recognise brand developed by local companies and small enterprises.

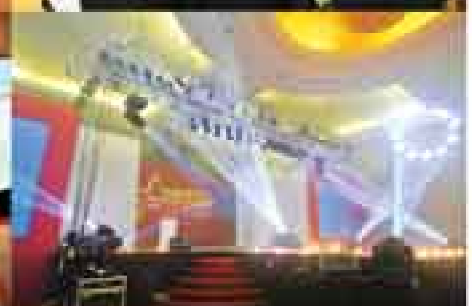
SUPPLIER CONVENTION

Date: 6~8 July
Venue: Genting Highland

供應商大會
PENSONIC supplier
Convention 2010







MISS PESTA PENANG 2009

Date: 13th Dec 2009
Venue: Red Rock Hotel, Penang

PENSONIC
Holdings Berhad (300426-P)

contents

Corporate Information

BOARD OF DIRECTORS

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

Managing Director
Mr. Chew Chuon Jin

Executive Director
Mr. Chew Chuon Ghee

Non Executive Directors
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
En. Khairilanuar Bin Tun Abdul Rahman
Dato' Dr. Ku Abd Rahman Bin Ku Ismail

SECRETARY

Mr. Lee Hong Lim

REGISTERED OFFICE

87, Muntri Street
10200 Penang.
Tel : 604-2638 100/200
Fax : 604-2638 500

REGISTRAR

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

AUDITORS

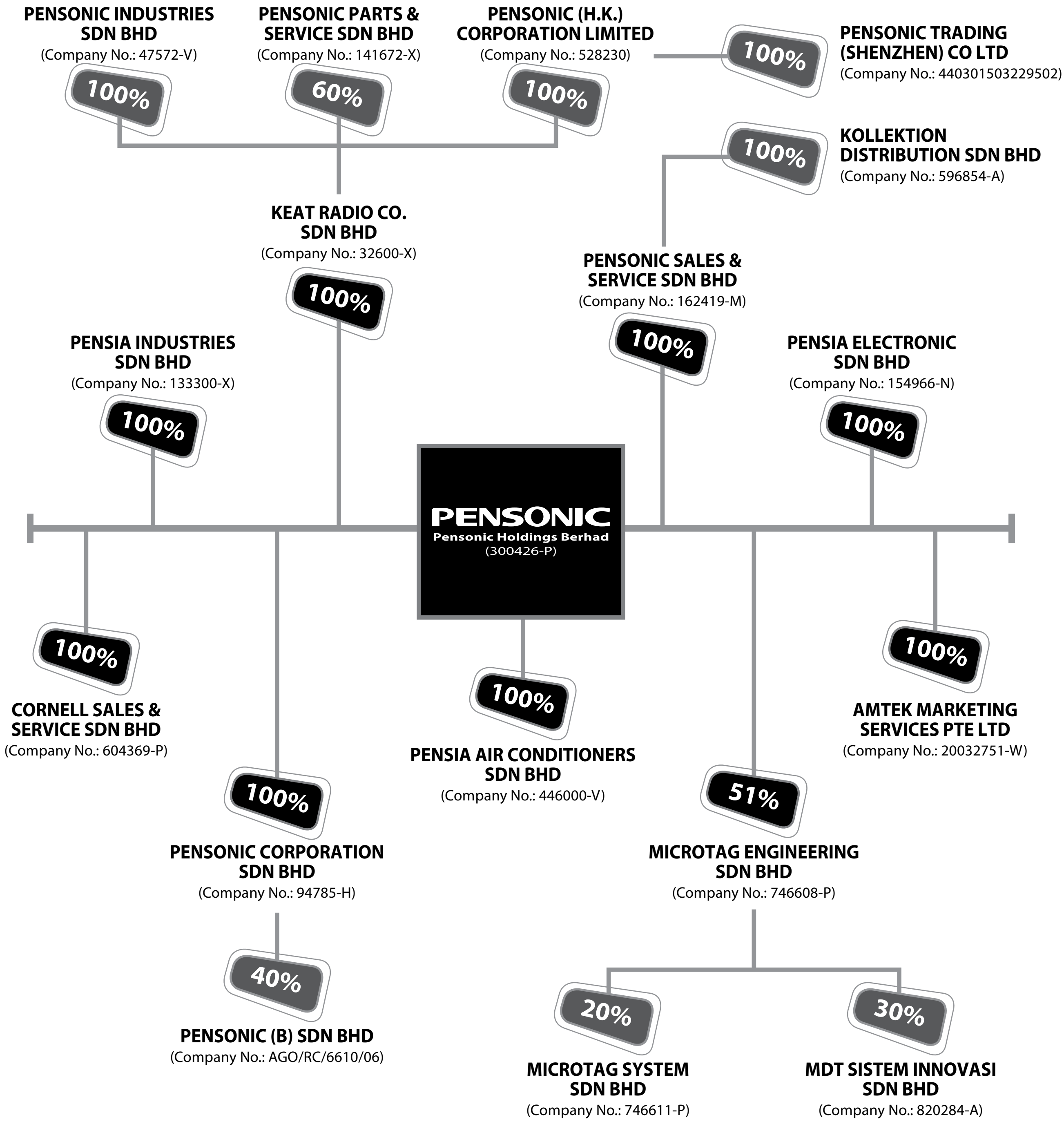
KPMG
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Malaysian Industrial Development Finance Berhad
EON Bank Berhad

Corporate Structure

As At 5 October 2010



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting of PENSONIC HOLDINGS BERHAD will be held at G Hotel, Ballroom 1, 168A Persiaran Gurney, 10250 Penang, on Wednesday, 26th day of November, 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

A G E N D A
As ordinary business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 May, 2010 together with the Directors and Auditors reports thereon. **(Resolution 1)**

2. To approve a Final Dividend of 3.0% per share less tax of 25% for the financial year ended 31 May, 2010 as recommended by the Directors in their report. **(Resolution 2)**

3. To approve Directors' Fees for the financial year ended 31 May, 2010. **(Resolution 3)**

4. To re-elect the following Directors who retire in accordance with Article 166 of the Company's Articles of Association:-

   a) Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai **(Resolution 4)**

   b) Dato' Dr. Ku Abd Rahman Bin Ku Ismail **(Resolution 5)**

5. To re-appoint the retiring auditors, Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. **AS SPECIAL BUSINESS**

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

   ORDINARY RESOLUTION:-
   To consider and, if thought fit, to pass with or without modifications, the following resolutions:

   6.1 Authority to Issue Shares **(Resolution 7)**
   "That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorized to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

   6.2 Renewal of Authority to Purchase its own Shares **(Resolution 8)**
   "That subject to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association ("M&A") and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:

   6.2.1 The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

   6.2.2 The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits and share premium account of the Company. As at the latest financial year ended 31 May 2010, the audited retained earnings and share premium account of the Company stood at RM21,360,893 and RM19,774,734 respectively;

6.2.3 The authority conferred by this resolution will be effective immediately upon the passing of this resolution; and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;

6.2.4 Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:

a) to cancel the shares so purchased; or

b) to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or

c) retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of the Company's shares in accordance with the Companies Act, 1965, provisions of the Company's M&A, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 16th Annual General Meeting, the Final dividend of 3.0% per share less tax of 25% in respect of the financial year ended 31 May, 2010 will be paid on 30 December, 2010 to depositors registered in the Records of Depositors at the close of business on 15 December, 2010.

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

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 December, 2010 in respect of transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Lee Hong Lim
Company Secretary

Penang
Date: 3 November, 2010

Notes:-

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

2. The Proxy Form must be deposited at the Registered Office of the Company at 87, Muntri Street, 10200 Penang, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory Notes of Special Business:

3. The proposed Resolution No. 7, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

   As at the date of this notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the 16th AGM held on 26 November 2010 which will lapse at the conclusion of the 15th AGM.

4. The proposed Resolution 8, if passed, will empower the Directors of the Company to purchase the Company's own shares up to ten per cent (10%) of the current issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings and/or share premium account of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Statement Accompanying Notice Of The 16th Annual General Meeting Of The Company

(Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements)

1. Names of Directors who are standing for re-election:-

    a) Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai (retiring pursuant to Article 129 of the Articles of Association)

    b) Dato' Dr. Ku Abd Rahman Bin Ku Ismail (retiring pursuant to Article 129 of the Articles of Association)

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

    Five (5) Board of Directors' Meeting were held during the financial year from 1 June, 2009 to 31 May, 2010. Details of attendance of Directors at the Board of Directors' Meeting during the financial year are as follows:-

Name	**No. Of Meeting Attended**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	4
Chew Chuon Jin	4
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	4
Dato' Dr. Ku Abd Rahman Bin Ku Ismail	5
Chew Chuon Ghee	5
Khairilanuar Bin Tun Abdul Rahman	4

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

    All Five (5) Board of Directors' Meeting held during the financial year ended 31 May, 2010 took place at Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Prai, Penang.

Date of Meeting	**Time**
27 July 2009	2.30 p.m.
26 October 2009	3.30 p.m.
26 January 2010	3.30 p.m.
22 April 2010	3.30 p.m.
23 July 2010	10.30 a.m.

4. Details of the profile of Directors are set out in the Board of Directors on pages 8 to 9 of the Annual Report.

5. None of the Directors have any conflict of interest in the Company except for those transactions disclosed in Note 25 to the financial statements.

6. None of the Directors have been convicted of offences within the past ten (10) years other than traffic offences, if any.

7. None of the Directors hold any directorship in any public listed company other than Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, En. Khairilanuar Bin Abdul Rahman & Dato' Dr. Ku Abd Rahman Bin Ku Ismail. Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai is an Independent Non Executive Director of Unimech Group Berhad, Executive Director of UDS Capital Berhad & Executive Director/Finance Director of Muar Ban Lee Group Berhad, En. Khairilanuar Bin Abdul Rahman is an Independent Non Executive Director of Muar Ban Lee Group Berhad and Dato' Dr. Ku Abd Rahman Bin Ku Ismail is a Non-Executive Chairman of Melati Ehsan Holdings Berhad.

8. Details of the Directors' securities holdings in the Company, and/or in related corporations are set out on pages 85 to 89 of the Annual Report.

Board Of Directors

Dato' Seri Chew Weng Khak @ Chew Weng Kiak

A Malaysian, aged 68, was appointed to the Board as the Group Executive Chairman. He is the Group Executive Chairman and the founder of Pensonic Holdings Berhad Group. He has more than 40 years experience in the manufacturing and distribution of electrical and electronic products. His vision and stewardship over the past 40 years has taken the Group from being a small family operation into a leading electrical home appliances manufacturer and distributor in Malaysia. His invaluable experience and vast knowledge of management and production coupled with the business connections he had established in Malaysia and overseas over the years have helped the Group tremendously in achieving its growth. Through his innovative management style and foresight, Dato' Seri Chew Weng Khak @ Chew Weng Kiak has been responsible for and was the catalyst of the numerous advancements and milestones achieved by the Group.

Dato' Seri Chew is the father of Mr. Chew Chuon Jin and Mr. Chew Chuon Ghee, the Group Managing Director and Executive Director of Pensonic Holding Berhad respectively.

Chew Chuon Jin

A Malaysian, aged 41, is the Group Managing Director of Pensonic Holdings Berhad Group. He graduated from the National Cheng Chi University of Taiwan with Bachelor of Business Administration in 1991. Upon graduation, he worked for Lapro Corporation, a Taiwanese company, as Management Trainee for 2 years prior to joining the Pensonic Holdings Berhad Group in June 1993. Besides managing the overall business of the Pensonic Group, he also has a special focus on product development, brand building and strategic planning. His many years of experience in the electrical home appliances industry and excellent entrepreneurial skills have helped steered the Pensonic Group to greater heights and expanded the Pensonic brand presence into many countries in Asia. He is also a Director and member of the Executive Committee of Malaysian Industry-Government Group for High Technology (MIGHT) and a committee member of the National Branding Task Force set-up by the Ministry of International Trade and Industry.

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

Chew Chuon Ghee

A Malaysian, aged 38, is the Executive Director of Pensonic Holdings Berhad Group. He graduated from Eastern Michigan University with a Bachelor of Business Administration in 1995. Upon graduation, he initially joined the Pensonic Group as a Marketing Manager. He is now in charge of the management of the sales and marketing functions of the Pensonic Group for both the local as well as the export markets. He also assists the Group Managing Director on special projects.

Mr. Chew Chuon Ghee is the second son of Dato' Seri Chew Weng Khak @ Chew Weng Kiak, the Group Executive Chairman.

Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai

A Malaysian, aged 55, is a Non-Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad. He is a member of The Institute of Certified Public Accountants, Ireland and is currently the Council Member of the Malaysian Association of Companies Secretaries. He has over 30 years of working experience in the fields of auditing, accounting and corporate finance. He is a director of Pensia Industries Sdn Bhd and Pensonic Corporation Sdn Bhd., under the Pensonic Group. Dato' Tan King Tai @ Tan Khoon Hai is an Independent Non-Executive Director of Unimech Group Berhad and was appointed an Executive Director of UDS Capital Berhad on 30 November 2003, both of which are listed on Bursa Malaysia Securities Berhad. With effect from 30 June 2009, he was appointed as Executive Director/ Finance Director of Muar Ban Lee Berhad, a company listed on Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

Khairilanuar Bin Tun Abdul Rahman

A Malaysian, aged 45, is an Independent Non-Executive Director and Chairman of the Audit Committee of Pensonic Holdings Berhad. He graduated from the Institute of Technology Mara in 1998. Encik Khairilanuar is the Executive Director of Infinity Prospect Sdn. Bhd. since 1993 and also a committee member of UMNO Youth of Kepala Batas Division since 2001. He was appointed on 30 June 2009 as an Independent Non-Executive Director of Muar Ban Lee Group Berhad, a company listed on Bursa Malaysia Securities Berhad. He also sits on the board of several private limited companies.

He has no family relationship with any other director or major shareholder of the Group.

Dato' Dr. Ku Abd Rahman Bin Ku Ismail

A Malaysian, aged 58, is an Independent Non-Executive Director and Audit Committee member of Pensonic Holdings Berhad. Dato' Dr. Ku served the Rubber Research Institute of Malaysia as a scientist and subsequently as a senior scientist between the years 1976 and 1988. He then moved on to MARDEC Berhad in 1989 to take up the post of Senior Manager, Operation and Technical and left MARDEC in 1997 with the last post held as Technical Director. He was appointed as the Political Secretary to the Minister of Defence Malaysia in July 1997 and thereafter from 1999 to 2001 as the Political Secretary to Minister of Foreign Affairs, Malaysia. On 7 January 2005, he was appointed as the President of Malaysian Friendship and Trade Centre, Taipei, Taiwan (Head of Mission until June 2007). He was appointed onto the Board of Directors of Melati Ehsan Holdings Berhad on 29 January 2007.

He has no family relationship with any other director or major shareholder of the Group.

Chairman's Statement

On behalf of the Board of Directors of Pensonic Holdings Berhad, I am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and of the Company, for the year ended 31 May 2010.

Review of Operations

Overall, financial year 2010 was a year of uncertainty marked by weak consumer sentiment, following the spillover effect of last year's global financial crisis. Despite some positive signs in the global economy, consumers remained cautious and highly selective in their spending. Throughout the year, we witnessed positive results coming through from our margin driven strategies and new innovative business model we made to rein in costs and shed some unprofitable products range. Following these successful moves to strengthen our core business foundations, our Group achieved a sales growth from RM279 million to RM304 million. The Group has also achieved a net profit attributable to the shareholders of the Company of RM3.35 million (2009: RM2.23 million) for the full year of 2010. The growth in our net attributable profit proves that we were able to deliver profits even at a time when market demand for consumer electronic products remained soft.

Financial Review

The key business strategies established for the Group have proven to be effective although the business and operating environment remained challenging and competitive. The revenue of the Group for the financial year recorded an increase of 8.8% to RM304 million (2009: RM279 million). Finance Cost was reduced by 33% to RM3.08 million against RM4.61 million in 2008 thanks to a lower level of trade financing and borrowings as well as lower interest rate.

Profit before tax for the financial year was RM5.27 million (2009: RM3.79 million) representing an increase of 39% over the previous year. The Group recorded a Net Profit for the year of RM3.17 million (2009: RM2.18 million).

The Group's effort to consolidate its financial position has worked well. As of May 31, 2010, the Group has managed its working capital needs more effectively with cash and bank balances of RM17.55 million, higher than the RM15.33 million as of May 31, 2009 despite repayment of borrowings. The Group has adopted a prudent approach to handle debts and liabilities in its efforts to achieve sustainable profits. Total borrowings were reduced by RM6.15 million to RM84.76 million, down from RM90.90 million as of May 31, 2009. The Net Assets per share attributable to ordinary equity holders of the parent and Basic Earnings per share of the Group for the financial year under review are RM1.03 (2009 : RM1.01) and 3.61 sen (2009: 2.41 sen) respectively.

Future Prospects

Asia is today in a significantly much better position to adjust and grow despite the fact that the world's capital is no longer cheap and global demand has slowed. Asia has a very large growing middle class with high saving rates to support investments and larger consumer demand to boost economic growth. On the other hand, a relatively young and dynamic population with increasingly higher education will also support Asia's faster pace of growth. The Group has set it eyes on these new elements and chart its future expansion plans.

To be specific, the Group has developed a 5-Year-Plan to evolve itself more effectively toward achieving our corporate goals. PENSONIC will make use of this opportunity to build its brand names namely Pensonic, Lebensstil Kollektion and Cornell in the Asia market. Aggressive marketing and advertising measures will be undertaken to widen the foot hold of our brand names in the Asian context.

In view of the changes in the business environment, the Group has re-aligned and re-deployed its strategies, including all operation levels. I am confident that the 5-Year-Plan set in action will enable the Group to sustain its growth and profitability into the future.

During the year, the Group has entered into agreement for innovative ODM (Original Design Manufacturer) business with a major global electrical home appliances brand owner. This has marked a further milestone for our Group in achieving its corporate goal in realizing our export sales targets and penetration into new overseas market.

In view of the improved economic picture this year, particularly in Asia, our Board is cautiously confident, barring unforeseen circumstances, of the prospects of further growth and performance improvement in the foreseeable future.

Dividend

The Board is recommending a final dividend of 3.0% per share less 25% tax for the financial year ended 31 May 2010 (2009 : 2.5% per share less 25% tax).

Appreciation

On behalf of the Board of Directors I would like to express my utmost gratitude and appreciation to our shareholders and stakeholders (including customers, vendors, business associates, bankers, media) for your continuous confidence in Pensonic, and the various relevant authorities for their invaluable co-operation and unwavering support of the Group's undertakings.

I would also like to thank my fellow directors, management team and all employees of the Group for their unwavering commitment and diligence to accomplish the objectives and goals of the Group.

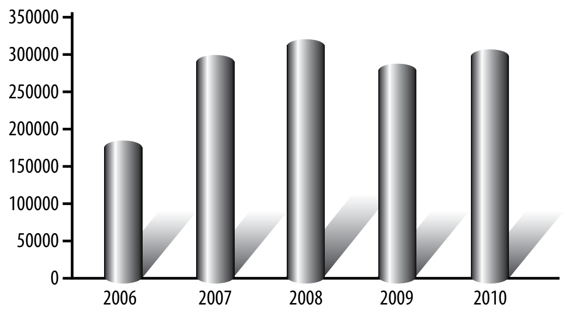
Y.Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman
23 September 2010

Group 5 Years Financial Highlights

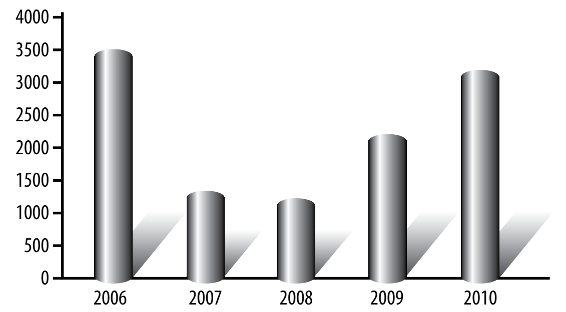
As At 31 May

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
INCOME STATEMENT					
Revenue	303,776	279,288	321,601	302,104	187,296
Profit before tax	5,266	3,792	2,413	7,307	4,715
Profit for the year	3,169	2,177	1,135	1,262	3,527
Net dividend proposed	1,042	868	868	1,667	1,334
BALANCE SHEET					
Total assets	220,173	217,858	243,667	232,127	169,643
Share capital	46,310	46,310	46,310	46,310	46,310
Total equity	95,409	93,137	91,788	91,299	93,492
FINANCIAL RATIOS					
Return on shareholders' equity	3.53%	2.41%	2.72%	0.63%	3.60%
Earnings per share	3.61	2.41	2.66	0.62	3.54
Net assets per share	1.03	1.01	0.99	0.60	0.57
Dividend rate	3.00%	2.50%	2.50%	5.00%	5.00%

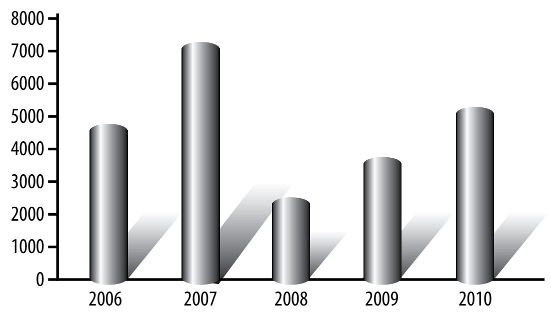
REVENUE



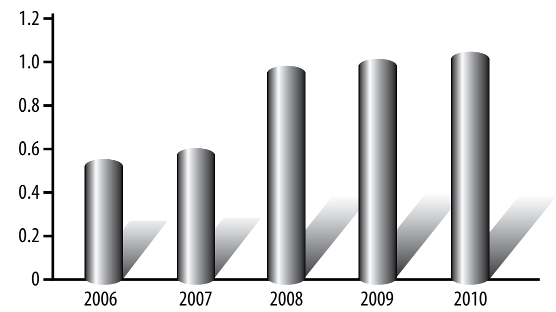
PROFIT FOR THE YEAR



PROFIT BEFORE TAXATION



NET ASSETS PER SHARE



The Board of PENSONIC fully appreciates the importance of adopting high standards of corporate governance within the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board views corporate governance to be synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board of PENSONIC believes in inculcating a culture that seeks to balance conformance requirements with the need to deliver long-term strategic success through performance, predicated on entrepreneurship, control and ownership, without compromising personal or corporate ethics and integrity.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is pleased to provide a narrative statement on the application of the Principles and the extent of compliance with the Best Practices as set out in Part 1 and 2 of the MCCG respectively.

Principles statement
The following statement sets out how the Company has applied the Principles as set out in Part 1 of the MCCG.

A. DIRECTORS

The Board
The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholders' value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting a strategic plan for business performance; overseeing the proper conduct of the Group's business; identifying principal risks and ensuring the implementation of systems to manage risks; succession planning; developing an investor relations programme; and reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.

The Board has a formal schedule of matters specifically reserved to it for decision. Such matters include the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, consideration of significant financial matters and monitoring the financial and operating performance of the Group. This arrangement enables the direction and control of the Group to be firmly in the Board's hand.

The role and function of the Board, which includes the differing roles of Executive Directors and Non-Executive Directors as well as the schedule of matters reserved for the Board, are clearly delineated in a Board Charter.

Meetings
The Board ordinarily meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Due notice is given of scheduled meetings and matters to be dealt with. All Board meeting proceedings are minuted, including the issues discussed and the conclusions made in discharging its duties and responsibilities.

During the financial year, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters, including approving the Group's financial results, strategic and investments decisions, annual operating and capital budgets as well as financial and operating performance of its subsidiary companies. Principal risks that have a significant impact on the Group's business or on its financial position, were identified, including measures to mitigate such risks.

The agenda for each Board meeting and papers relating to the agenda items are disseminated to all Directors at least five (5) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

A. **DIRECTORS (cont'd)**

Meetings (cont'd)
All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of each Director's meeting attendances are as follows:

Meetings Attended (out of 4)		
Directors		**Number of meetings attended**
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	Group Chairman	4/4
Chew Chuon Jin	Group Managing Director	4/4
Chew Chuon Ghee	Executive Director	4/4
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Non Independent Non Executive Director	4/4
Khairilanuar Bin Tun Abdul Rahman	Independent Non Executive Director	4/4
Dato' Dr. Ku Abd Rahman Bin Ku Ismail	Independent Non Executive Director	4/4

Information Dissemination
The Chairman undertakes primary responsibility for organising information necessary for the Board to deal with the agenda and in ensuring that all Directors have full and timely access to the information relevant to matters that will be deliberated at the Board meeting. The Board is supplied with a comprehensive balance of financial and non-financial information covering strategic, operational, financial, regulatory and marketing and human resources issues for informed decision making and effective discharge of its responsibilities.

Such information is supported by key performance indicators, which provide an ongoing overview of business performance through the use of balanced scorecard reporting approach. Detailed periodic briefings on the industry outlook and Company performance are also conducted for Directors to ensure that the Board is well informed on the Group's position, corporate trends, prospects and emerging issues.

The Audit Committee, Investment Committee and Executive Committee play a pivotal role in channeling pertinent operational and assurance related issues to the Board. The Committees partly function as a filter to ensure that only pertinent matters are tabled at the Board level.

All Directors have unrestricted access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making; that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and her removal from the post, if contemplated, is a matter for consideration by the Board as a whole.

All Directors have full and immediate access to information relating to the Company's business and affairs in the discharge of their duties. There is also a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary, in furtherance of their duties, at the Company's expense.

A. DIRECTORS (cont'd)

Directors' training

The Board, through the Nominating Committee, ensures a structured orientation and continuous education programme is in place for new and existing members of the Board. The programme includes, amongst others, briefings and updates on the organisational structure, salient matters covered under the Board Charter, key strategic, operational, financial and compliance aspects of the Group, the Group's performance management system, a presentation by the Group Managing Director, informal discussions with members of the Board and scheduled site visits. This is geared towards ensuring that all Directors are familiar with and are able to appreciate the Group's operating environment and business dynamics to enable them to contribute effectively during Board's deliberations.

All Directors have successfully completed the Mandatory Accreditation Programme under the auspicious of Bursa Malaysia. During the year, the Directors have pursued relevant courses and attended seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices, including updates on the new FRSs. Seminars and training programmes attended by the Directors for the year are as follows:

1. LR of Bursa Malaysia: Overview and key obligations of public listed companies
2. Asia Pacific's New Corporate Landscape: Due Diligence in uncertain times
3. Managing risk in perilous times: Practical steps in managing business operations

The Company Secretary circulates guidelines on statutory and regulatory requirements periodically for the Board's reference which include briefing updates to the Board every quarter. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge, as appropriate.

Re-election

The Company's Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. Directors appointed by the Board in each financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments. The election of each Director is voted on separately.

To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

B. DIRECTORS REMUNERATION

The remuneration package for the Directors after due consideration is given on individual contribution and a rewarding remuneration package granted to retain and attract Directors with the relevant experience and expertise to manage the Group effectively.

The remuneration of the Directors is reviewed annually by the respective Executive Directors are abstained from discussions and decisions on their own remuneration.

B. DIRECTORS REMUNERATION (cont'd)

The aggregate remuneration of the Directors for the financial year ended 31 May 2010 is as follows:-

Category	Fees RM	Salaries & Other Emoluments RM	Total RM
Executive Directors	50,000	1,007,104	1,050,104
Non-Executive Directors	30,000	62,720	92,720

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

Range of Remuneration In RM	Number of Directors	
	Executive Director	Non-Executive Director
Below 50,000	–	3
50,000 – 100,000	–	–
100,001 – 150,000	–	–
150,001 – 200,000	–	–
200,001 – 250,000	–	–
250,001 – 300,000	1	–
300,001 and above	2	–

C. INVESTOR RELATION AND SHAREHOLDER COMMUNICATION

It is acknowledged by the Board of the need for its shareholders, investors and stakeholders to be informed of all material business matters affecting the Group. The shareholders, investors and stakeholders are kept abreast with the development in the Group through the various announcements made to the Bursa Securities. If required, relevant information is provided in a Circular to its shareholders. Regular communication by the Group with its shareholders are made through timely release of financial results, statement of affairs and other material financial information on quarterly basis. The Board responds to all formal queries by Bursa Securities and other regulatory authorities on a timely manner. A comprehensive avenue for information dissemination, with dedicated sections on corporate information, press releases and company news are provided via the Company's website at www.pensonic.com.

The main forum for dialogue with shareholders remains at the general meetings. Shareholders are encouraged to participate in the proceedings of the general meetings and to direct questions concerning the business and financial performance of the Group to the Board. General meetings are held by the Company at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

Notices of meetings convening the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices were advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings of the general meetings were properly maintained and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting
It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to Bursa Malaysia as well as the Chairman's statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

Directors' Responsibility Statement In Respect Of The Preparation Of The Audited Financial Statements
The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their operations results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards for entities other than private entities issued by the MASB and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State Of Internal Control
The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational and compliance controls as well as risk management.

The Statement on Internal Control furnished on pages 22 to 23 of the Annual Report provides an overview about the state of internal controls within the Group.

Relationship With The Auditor
Key features underlying the relationship of the Audit Committee with the external auditor are included in the Audit Committee's terms of reference as detailed on pages 18 to 21 of the Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee

Report on pages 18 and 21 of the Annual Report.

Corporate Social Responsibility
The Group is committed to sustainable development. Safety, health and environment as well as community responsibilities are integral to the way in which the Group conducts its business. Pensonic's commitment to corporate social responsibility extends beyond corporate philanthropy as the Group actively seeks the participation of its employees in such programmes.

Compliance Statement
The Company has complied throughout the financial year with all the Best Practices of corporate governance set out in Part 2 of the MCCG, except for Best Practice AAVII in respect of the identification of a Senior Independent Non-Executive Director in the Annual Report, to whom concerns may be conveyed.

Given the current composition of the Board, in particular the strong and independent element and the separation of the roles of Chairman and Group Managing Director, the Board does not consider it necessary at this juncture to identify a Senior Independent Non-Executive Director.

Audit Committee Report

Pursuant to paragraph 15.16 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board hereby presents its Audit Committee Report for the financial year ended 31 May 2010.

COMPOSITION OF THE AUDIT COMMITTEE

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

The members of the Audit Committee and their respective designations who have served during the financial year ended 31 May 2010 are as follows:-

Member	Designation
Encik Khairilanuar Bin Abdul Rahman	Chairman (Independent Non-Executive Director)
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Member (Non-Independent Non-Executive Director)
Dato' Dr. Ku Abd Rahman Bin Ku Ismail	Member (Independent Non-Executive Director)

TERMS OF REFERENCE

- **Membership**
  - The Company must appoint an Audit Committee from amongst its Board of Directors which fulfils the following requirements:-
    - (a) the Committee must be composed of no fewer than 3 members;
    - (b) all members of the Audit Committee must be non-executive directors, with a majority of them being independent directors; and
    - (c) at least one member of the Committee:
      - (i) must be a member of the Malaysian Institute of Accountants; or
      - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
        - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
        - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
      - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
  - The members of the Audit Committee shall elect a Chairman from among themselves who shall be an independent director.
  - No alternate director shall be appointed as a member of the Audit Committee.
  - In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.
  - The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE (cont'd)

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

  The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Audit Committee's meetings are to be extended to the Board of Directors.

  The Head of Finance, the representatives of internal auditors and external auditors shall normally attend the Audit Committee meetings. Other directors and employees may attend any particular Audit Committee meeting only at the invitation of the Audit Committee. The Audit Committee shall meet with the external auditors without the presence of any executive directors and employees of the Company, whenever deemed necessary.

  During the financial year ended 31 May 2010, the Audit Committee held a total of four (4) meetings, the details of attendance of which are as follows:-

Member	No. of meetings attended
Encik Khairilanuar Bin Abdul Rahman	4 of 4
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	4 of 4
Dato' Dr. Ku Abd Rahman Bin Ku Ismail	4 of 4

- **Quorum**
  The quorum for an Audit Committee meeting shall consist of two (2) members and the majority of members present must be independent directors.

- **Authority of the Audit Committee**
  The Audit Committee is empowered by the Board of Directors with the following authority:
  - Have the authority to investigate any matter within its terms of reference.
  - Have the resources which are required to perform its duties.
  - Have full and unrestricted access to any information pertaining to the Group.
  - Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
  - Be able to obtain independent professional or other advice.
  - Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

TERMS OF REFERENCE (cont'd)

- **Functions of the Audit Committee**
  The Audit Committee shall, amongst others, discharge the following functions:
  - To review the following and report the same to the Board of Directors:
    (i) with the external auditor, the audit plan and to ensure co-ordination where more than one audit firm is involved;
    (ii) with the external auditor, his evaluation of the system of internal controls;
    (iii) with the external auditor, his audit report, his management letter and the management's response;
    (iv) the assistance given by the Company's employees to the external auditor;
    (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
    (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    (vii) to review any appraisal or assessment of the performance of members of the internal audit function;
    (viii) to approve any appointment or termination of senior staff members of the internal audit function;
    (ix) to inform itself of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
    (x) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
      (a) changes in or implementation of major accounting policy changes;
      (b) significant and unusual events;
      (c) significant adjustments arising from the audit;
      (d) the going concern assumption; and
      (e) compliance with accounting standards and other legal requirements;
    (xi) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity;
    (xii) any letter of resignation from the external auditors; and
    (xiii) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
  - To recommend the nomination of a person or persons as external auditors.
  - To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
  - To carry out any other functions as may be agreed by the Audit Committee and the Board of Directors.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2010, the activities of the Audit Committee included the following:-

- Review and discuss the memorandum of matters and issues with external auditors and management's response to all pertinent issues and findings raised and noted by the external auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Review the unaudited quarterly financial statements and announcements and the year-end audited financial statements of the Group with the management and the external auditors to ensure that the Group complied with the provisions of the Companies Act, the Bursa Malaysia Securities Berhad Listing Requirements, the approved accounting standards of the International Accounting Standards Board ("IASB") and other statutory and regulatory requirements.
- Ensure that the financial reporting and disclosure requirements of the relevant authorities had been complied with prior to approval by the Board of Directors.
- Review the procedures for identification of related party transactions of the Group.

SUMMARY OF ACTIVITIES (cont'd)

- Review and discuss the Audit Committee Report and Statement on Internal Control for inclusion in the Group's Annual Report.
- Review and discuss the internal audit reports issued by the internal auditors for audit assignments carried out during the year including follow-up reviews of previous audits undertaken and the status of actions taken by management to resolve and rectify major issues raised by the auditors.
- Brief the Board of Directors on any major issues discussed at the Audit Committee meeting for further deliberation or decision as the case may be.
- Review the Group's key operational and business risks area and the policies in place to address and minimize such risks.

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established above during the financial year.

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function for the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The internal audit activities have been carried out in accordance with the internal audit plan which has been approved by the Audit Committee. The internal audit function reports directly to the Audit Committee and provides the Committee with independent and objective assurance on the adequacy and integrity of its system of internal controls.

The fee paid to an independent professional accountancy firm amounted to RM17,850 (RM35,700 in 2009).

Statement On Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors of Pensonic Holdings Berhad is pleased to present the following statement on the state of the Group's internal control during financial year ended 31 May 2010, which has been prepared in accordance with the Statement on Internal Control : Guidance for Directors of Public Listed Companies published in June 2001.

For the purpose of this Statement, the Group means the Company and its subsidiary companies. As the Company does not have control over the operations, management and internal control system of the associated companies, this Statement does not cover the associated companies.

BOARD RESPONSIBILITIES

The Board recognises the importance of a sound system of internal control and a structured risk management framework to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs. UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on their audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has been put in place to improve the controls. For those areas with higher risk the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place following key elements of internal control:

- An organization structure with a process of hierarchical reporting which provides for the document and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 May 2010, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to further strengthen the internal control environment of the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 16 September 2010.

Statement Of Directors' Responsibilities On Financial Statements

The Directors are required to prepare financial statements for each financial year in accordance with applicable approved accounting standards such that the financial statements should give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended in accordance with the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

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

In preparing the financial statements for the financial year ended 31 May 2010, the Directors are satisfied that the Company and the Group had maintained adequate and proper accounting records and sufficient internal control to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position as at 31 May 2010, and the profit and loss for the financial year ended 31 May 2010 of the Company and the Group. The Directors have:

- adopted the appropriate accounting policies and applied them consistently (except those new accounting policies which are being adopted for the first time) under the new Financial Reporting Standards ("FRSs");
- made judgments and estimates that are reasonable and prudent;
- ensured applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements;
- ensured the financial statements have been prepared on a going concern basis; and
- provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

Corporate Social Responsibility Statement

Corporate Social Responsibilty is an integral part of any organisation's way of succeeding in business and contributing to the welfare of employees in particular and society at large and also to all communities in the environment it operates. This approach to business – balancing economic, social and environmental interests is commonly referred to as Corporate Responsibility or Sustainability. In this context, the Board of Directors of Pensonic Holdings Berhad regards the need for Corporate Responsibility (CR) as an integral part of a business's operations and practices.

CR initiatives undertaken by the Group are summarized below:-

Manufacturing Operations

At Pensonic, sustainable production and operations mean taking measures to supply and manufacture products in an economically, environmentally and socially sustainable way. It is in Pensonic's interest that it takes the necessary measures today to operate responsibly and, safeguard the environment in order to protect its current and future investments.

The notion of sustainable development extends beyond factories to include the entire product lifecycle. Creating shared value is Pensonic's concept of corporate responsibility, which means that as employees create value for the company, they must also benefit the community. It is a business strategy that brings value to society by examining multiple points where Pensonic touches society and make long term investments that benefit its stakeholders.

Products

Pensonic's fan was being awarded 5 star rating by Energy Commission (EC) for its efficiency in energy consumption.

In addition to that, in adhering to the Government's eco friendly plan in converting light bulbs to Compact Florescent Lamp (CFL), this is a product that we have been trading since 2007.

Pensonic has launched its new Eco range product, Eco Thermopot in 2010, a product which is eco-friendly, energy saving functions with stylish design.

Community

During the year of 2010, the Group contributed to the communities through donations and sponsorship to various organizations and charities which include the followings:

1. Persatuan Amal Chin Hua Kok (Perak)
2. Persatuaan Memperbaiki Akhlak Che Ru Khor (Johor)
3. Miri Chelee Khor Moral Uplifting Society (Sarawak)
4. Lion Club of Tanjung (Penang)
5. Tunku Abdul Rahman College (Penang)
6. SMJK Convent Dato Keramat (Penang)
7. Che Hoon Khor Moral Uplifting Society (Penang)

In addition to the above, the Group contributed to the communities for social and sports event include the followings:

1. Penang Open TYT Charity Golf 2009
2. FOMEDA Buliding Fund Raising cum 9th Anniversary Celebration Dinner
3. Penang Twister Softball Team
4. Annual Golf Tournament for Electrical Association
5. Tun Abdul Rahman Challenge Trophy 09
6. Penang Cycling Lifestyle Association
7. Lion Club of Tanjung, Penang Penang Charity Golfathon on 2010

Environment

The Group acknowledges responsibility for care of the environment. The Group considers safety and environmental factors in all operating decisions and explores feasible opportunities to minimize any adverse impact from manufacturing operations, waste disposal to product design and packaging.

Employee

The Group believes that employee's involvement is vital to the success of the Group. The Group strives to motivate and retain the best employees by providing continuous training by sending them to attend relevant courses to upgrade their knowledge and skills within their job scope.

The Group also organizes annual get-togethers for its employees through annual dinners where they will get to know each other better outside the workplace which can greatly enhance their workplace relationship.

As an employer, the Group recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors. The Group Managing Director has the ultimate responsibility for the health, safety and welfare for all employees, visitors and by delegation through individual companies' health and safety structure, to provide a safe working environment. Information on safety matters is communicated through various Health & Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

Ethical Policy

In addition, the Board of Directors of the Company had adopted the Code of Business Conduct and Ethics and Conflict of Interests policy for Board members. The Code is intended to focus the Board and each director on the duties and responsibilities of directors, provide guidance to directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each director must comply with the letter and spirit of this Code. No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for directors. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Nomination Committee, who may consult with inside or outside legal counsel as appropriate.

We believe that principles of honesty, ethical practices, integrity and fairness are the cornerstones of a respectable and successful business. These principles are the heart of the Company's philosophy and values. They are vital elements for establishing trust in our relationships with shareholders and stakeholders. They cannot be compromised. It is therefore important for our organisations, at every level, to understand and see value in upholding such principles, which must be applied holistically in all aspects of the Company's and organisational objectives as an economic entity.

Other Disclosure Requirements

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

- **SHARE BUY BACK**
  There was no share buybacks exercise carried out by the Company for the financial year ended 31 May 2010.

- **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
  The Company did not issue any options or convertible securities during the financial year.

- **UTILISATION OF PROCEEDS**
  The Company did not raise proceeds from any corporate exercise during the financial year.

- **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME**
  The Company did not sponsor any ADR or GDR programme during the financial year.

- **SANCTIONS AND/OR PENALTIES**
  There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year.

- **NON-AUDIT FEE**
  There was no non-audit fees paid to the external auditors during the financial year.

- **VARIATION IN RESULTS**
  There were no material variances between the audited results for the financial year ended 31 May 2010 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

- **PROFIT GUARANTEE**
  The Company did not give any profit guarantee during the financial year.

- **MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS**
  During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

- **CONTRACTS RELATING TO LOANS**
  There were no contracts relating to loans by the Company.

- **REVALUATION POLICY**
  Saved as disclosed in Note 2 (e) (i) of the Notes to the Financial Statements, the Group does not have a revaluation policy on landed properties.

- **RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE**
  Details of the RRPT entered into during the financial year in accordance with the shareholders' mandate obtained at the Extraordinary General Meeting of the Company held on 26 November 2010 are as follows :

Related Party	Nature of Transaction	Interested Directors, major shareholders and connected persons	Value of RRPT (In RM)
Pensia Plastic Industries Sdn. Bhd.	Electricity charges charged	▪ Dato' Seri Chew Weng Khak @ Chew Weng Kiak ▪ Chew Chuon Jin ▪ Chew Chuon Ghee	315,000
Pensia Plastic Industries Sdn. Bhd.	Purchase of goods	▪ Dato' Seri Chew Weng Khak @ Chew Weng Kiak ▪ Chew Chuon Jin ▪ Chew Chuon Ghee	5,746,848
Pensia Plastic Industries Sdn. Bhd.	Sub contract charged	▪ Dato' Seri Chew Weng Khak @ Chew Weng Kiak ▪ Chew Chuon Jin ▪ Chew Chuon Ghee	298,017
Pensia Plastic Industries Sdn. Bhd.	Rental of premises charged	▪ Dato' Seri Chew Weng Khak @ Chew Weng Kiak ▪ Chew Chuon Jin ▪ Chew Chuon Ghee	120,000

PENSONIC
Holdings Berhad (300426-P)

financial statements

Directors' Report
For The Year Ended 31 May 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 May 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit attributable to:		
Shareholders of the Company	3,347,504	1,383,011
Minority interest	(178,774)	–
	3,168,730	1,383,011

RESERVES AND PROVISIONS

There were no material transfer to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final dividend of 2.50% per share less 25% tax, totalling RM868,307 in respect of the financial year ended 31 May 2009 on 30 December 2009.

A first and final dividend of 3.00% per share less 25% tax amounting to approximately RM1,041,975 in respect of the financial year ended 31 May 2010 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

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
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
Khairilanuar Bin Tun Abdul Rahman
Dato' Dr. Ku Abdul Rahman Bin Ku Ismail

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM0.50 each			
The Company	**Balance at 1.6.2009**	**Bought**	**(Sold)**	**Balance at 31.5.2010**
- Direct interest				
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	17,661,088	–	–	17,661,088
Chew Chuon Jin	2,180,100	–	–	2,180,100
Chew Chuon Ghee	1,592,500	–	–	1,592,500
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	2,522,618	–	–	2,522,618
Dato' Dr. Ku Abdul Rahman Bin Ku Ismail	5,000	–	–	5,000
- Deemed interest				
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	13,322,794	–	–	13,322,794
Chew Chuon Jin	13,322,794	–	–	13,322,794
Chew Chuon Ghee	13,322,794	–	–	13,322,794
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	4,000	–	–	4,000

	Number of warrants over ordinary shares of RM0.50 each			
The Company	**Balance at 1.6.2009**	**Bought**	**(Sold)**	**Balance at 31.5.2010**
- Direct interest				
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	2,145,398	–	–	2,145,398
Chew Chuon Jin	705,300	–	–	705,300
Chew Chuon Ghee	1,328,890	–	–	1,328,890
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	693,404	–	–	693,404
- Deemed interest				
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	2,668,158	–	–	2,668,158
Chew Chuon Jin	2,668,158	–	–	2,668,158
Chew Chuon Ghee	2,668,158	–	–	2,668,158
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	1,000	–	–	1,000

	Number of ordinary shares of RM1 each			
Subsidiary	**Balance at 1.6.2009**	**Bought**	**(Sold)**	**Balance at 31.5.2010**
Pensonic Parts & Services Sdn. Bhd.				
- Direct interest				
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	1	–	–	1
Chew Chuon Jin	50,001	–	–	50,001

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and its related corporations) 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, other than those transactions entered in the ordinary course of business between the Company and its related corporations with companies in which certain Directors are deemed to have a substantial financial interest as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except where the benefit is acquired through the Company as disclosed in the financial statements.

WARRANTS

Pursuant to a deed poll dated 6 September 2000, the Company issued 11,345,000 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 warrantholders 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 warrantholders at an Extraordinary General Meeting and warrantholders' meeting 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 2010, there were 22,690,000 unexercised warrants at an exercise price of RM1.425 per share.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

OTHER STATUTORY INFORMATION (cont'd)

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 May 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

EVENT SUBSEQUENT TO BALANCE SHEET DATE

The details of such event are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Dato' Seri Chew Weng Khak @ Chew Weng Kiak

Chew Chuon Jin

Penang,

Date : 23 September 2010

Consolidated Balance Sheet

At 31 May 2010

	Note	2010 RM	2009 RM
Assets			
Property, plant and equipment	3	**33,685,296**	29,141,981
Prepaid lease payments	4	**9,620,281**	9,795,524
Investments properties	5	**898,083**	1,324,093
Investment in associates	7	**162,763**	155,480
Intangible assets	8	**1,633,704**	1,647,856
Deferred tax assets	9	**1,838,531**	2,038,485
Total non-current assets		**47,838,658**	44,103,419
Non-current assets held for sale	10	**415,401**	–
Receivables, deposits and prepayments	11	**70,071,161**	71,030,196
Inventories	12	**83,868,074**	86,622,628
Current tax assets		**425,503**	768,082
Cash and cash equivalents	13	**17,553,977**	15,333,768
Total current assets		**172,334,116**	173,754,674
Total assets		**220,172,774**	217,858,093
Equity			
Share capital	14	**46,310,000**	46,310,000
Reserves	15	**48,596,277**	46,144,947
Total equity attributable to equity holders of the Company		**94,906,277**	92,454,947
Minority interest		**503,044**	681,818
Total equity		**95,409,321**	93,136,765
Liabilities			
Borrowings	16	**4,184,718**	3,692,390
Deferred tax liabilities	9	**1,299,759**	1,200,000
Total non-current liabilities		**5,484,477**	4,892,390
Payables and accruals	17	**38,329,183**	31,196,046
Borrowings	16	**80,572,079**	87,208,944
Current tax liabilities		**377,714**	1,423,948
Total current liabilities		**119,278,976**	119,828,938
Total liabilities		**124,763,453**	124,721,328
Total equity and liabilities		**220,172,774**	217,858,093

The notes on pages 44 to 80 are an integral part of these financial statements.

Consolidated Income Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	18	**303,776,169**	279,288,331
Cost of sales		**(251,326,315)**	(222,651,226)
Gross profit		**52,449,854**	56,637,105
Administrative and general expenses		**(18,376,599)**	(19,749,820)
Selling and distribution expenses		**(27,728,153)**	(30,714,176)
Other operating income		**2,210,240**	2,725,628
Other operating expenses		**(214,725)**	(474,341)
Operating profit	19	**8,340,617**	8,424,396
Finance costs	21	**(3,082,084)**	(4,612,511)
Share of profit/(loss) after tax and minority interest of equity accounted associates		**7,283**	(19,640)
Profit before tax		**5,265,816**	3,792,245
Tax expense	22	**(2,097,086)**	(1,615,030)
Profit for the year		**3,168,730**	2,177,215
Attributable to:			
Shareholders of the Company		**3,347,504**	2,229,535
Minority interest		**(178,774)**	(52,320)
Profit for the year		**3,168,730**	2,177,215
Basic earnings per ordinary share (sen)	23	**3.61**	2.41
Gross dividends per ordinary share (sen)	24	**1.50**	1.25

The notes on pages 44 to 80 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 May 2010

		Attributable to equity holders of the Company									
		Non-distributable					Distributable				
	Note	Share capital RM	Warrant reserve RM	Share premium RM	Revaluation reserve RM	Exchange translation reserve RM	Capital reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
At 1 June 2008											
As previously reported		46,310,000	–	23,763,721	387,266	167,282	4,487,540	15,735,437	90,851,246	937,016	91,788,262
Fair value of warrants	31	–	2,402,828	(2,402,828)	–	–	–	–	–	–	–
As restated		46,310,000	2,402,828	21,360,893	387,266	167,282	4,487,540	15,735,437	90,851,246	937,016	91,788,262
Profit for the year		–	–	–	–	–	–	2,229,535	2,229,535	(52,320)	2,177,215
Dividends	24	–	–	–	–	–	–	(868,313)	(868,313)	–	(868,313)
Exchange translation differences		–	–	–	–	43,601	–	–	43,601	–	43,601
Accretion from acquisition of shares from minority shareholders		–	–	–	–	–	–	198,878	198,878	(202,878)	(4,000)
Net gains recognised directly in equity		–	–	–	–	43,601	–	198,878	242,479	(202,878)	39,601
At 31 May 2009		46,310,000	2,402,828	21,360,893	387,266	210,883	4,487,540	17,295,537	92,454,947	681,818	93,136,765
		Note 14	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15			

		Attributable to equity holders of the Company									
		Non-distributable					Distributable				
	Note	Share capital RM	Warrant reserve RM	Share premium RM	Revaluation reserve RM	Exchange translation reserve RM	Capital reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
At 1 June 2009		46,310,000	2,402,828	21,360,893	387,266	210,883	4,487,540	17,295,537	92,454,947	681,818	93,136,765
Profit for the year		-	-	-	-	-	-	3,347,504	3,347,504	(178,774)	3,168,730
Dividends	24	-	-	-	-	-	-	(868,307)	(868,307)	-	(868,307)
Foreign exchange translation differences #		-	-	-	-	(27,867)	-	-	(27,867)	-	(27,867)
At 31 May 2010		46,310,000	2,402,828	21,360,893	387,266	183,016	4,487,540	19,774,734	94,906,277	503,044	95,409,321
		Note 14	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15			

- Net losses recognised directly in equity

The notes on pages 44 to 80 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**5,265,816**	3,792,245
Adjustments for:			
Depreciation of property, plant and equipment	3	**2,823,204**	2,390,966
Amortisation of prepaid lease payments	4	**175,243**	175,243
Depreciation of investment property	5	**10,609**	10,220
Gain on disposal of non-current assets held for sale	19	**–**	(711,945)
Plant and equipment written off	19	**–**	20,654
Gain on disposal of plant and equipment	19	**(322)**	(6,782)
Interest income	19	**(34,862)**	(42,245)
Interest expense	21	**3,082,084**	4,612,511
Share of (profit)/loss of associates		**(7,283)**	19,640
Operating profit before changes in working capital		**11,314,489**	10,260,507
Changes in working capital:			
Inventories		**2,476,147**	7,711,614
Receivables, deposits and prepayments		**499,635**	10,030,302
Payables and accruals		**7,560,687**	(10,698,384)
Cash generated from operations		**21,850,958**	17,304,039
Income tax paid		**(2,504,614)**	(2,448,079)
Net cash from operating activities		**19,346,344**	14,855,960
Cash flows from investing activities			
Acquisition of an associate		**–**	(3,000)
Acquisition of shares from minority shareholders		**–**	(4,000)
Proceeds from disposal of plant and equipment		**4,425**	19,301
Purchase of plant and equipment	A	**(7,373,434)**	(2,902,302)
Proceeds from disposal of non-current assets held for sale		**–**	1,130,000
Interest received		**34,862**	36,884
Net cash used in investing activities		**(7,334,147)**	(1,723,117)

	Note	2010 RM	2009 RM
Cash flows from financing activities			
Drawdown/(Repayment) of term loans		**1,885,655**	(333,579)
Repayment of finance lease liabilities		**(144,526)**	(466,914)
Dividends paid		**(868,307)**	(868,313)
Repayment of borrowings, net		**(4,747,449)**	(6,292,486)
Placement of pledged fixed deposits		**(323,784)**	(2,292,977)
Interest paid		**(3,082,084)**	(5,542,438)
Net cash used in financing activities		**(7,280,495)**	(15,796,707)
Net increase/(decrease) in cash and cash equivalents		**4,731,702**	(2,663,864)
Cash and cash equivalents at 1 June		**980,436**	3,507,875
Effects of exchange differences on cash and cash equivalents		**(300,824)**	136,425
Cash and cash equivalents at 31 May	B	**5,411,314**	980,436

NOTES

A. *Purchase of plant and equipment*

During the year, the Group acquired plant and equipment with an aggregate cost of RM7,373,434 (2009 : RM2,922,017) of which RM Nil (2009 : RM19,715) was acquired by means of finance lease. The balance of RM7,373,434 (2009 : RM2,902,302) was paid in cash.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts:

	Note	2010 RM	2009 RM
Short term deposits with licensed banks (excluding pledged deposits)	13	**814,771**	18,780
Cash and bank balances	13	**13,488,362**	12,387,928
Bank overdrafts	16	**(8,891,819)**	(11,426,272)
		5,411,314	980,436

The notes on pages 44 to 80 are an integral part of these financial statements.

Balance Sheet
At 31 May 2010

	Note	2010 RM	2009 RM
Assets			
Investment in subsidiaries	6	**31,292,513**	30,792,513
Total non-current asset		**31,292,513**	30,792,513
Receivables, deposits and prepayments	11	**41,654,185**	41,521,610
Current tax assets		**33,573**	144,191
Cash and cash equivalents	13	**25,034**	21,228
Total current assets		**41,712,792**	41,687,029
Total assets		**73,005,305**	72,479,542
Equity			
Share capital	14	**46,310,000**	46,310,000
Reserves	15	**26,443,215**	25,928,511
Total equity		**72,753,215**	72,238,511
Payables and accruals	17	**252,090**	241,031
Total current liabilities		**252,090**	241,031
Total liabilities		**252,090**	241,031
Total equity and liabilities		**73,005,305**	72,479,542

The notes on pages 44 to 80 are an integral part of these financial statements.

Income Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	18	**2,400,000**	2,400,000
Administrative and general expenses		**(336,039)**	(339,050)
Operating profit	19	**2,063,961**	2,060,950
Finance costs	21	**–**	–
Profit before tax		**2,063,961**	2,060,950
Tax expense	22	**(680,950)**	(620,332)
Profit for the year		**1,383,011**	1,440,618
Gross dividends per ordinary share (sen)	24	**1.50**	1.25

The notes on pages 44 to 80 are an integral part of these financial statements.

Statement Of Changes In Equity

For The Year Ended 31 May 2010

	Note		*Non-distributable*		*Distributable*	
		Share capital RM	**Warrant reserve RM**	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
At 1 June 2008						
As previously reported		46,310,000	–	23,763,721	1,592,485	71,666,206
Fair value of warrants	31	–	2,402,828	(2,402,828)	–	–
As restated		46,310,000	2,402,828	21,360,893	1,592,485	71,666,206
Profit for the year		–	–	–	1,440,618	1,440,618
Dividends	24	–	–	–	(868,313)	(868,313)
At 31 May 2009		46,310,000	2,402,828	21,360,893	2,164,790	72,238,511
Profit for the year		–	–	–	1,383,011	1,383,011
Dividends	24	–	–	–	(868,307)	(868,307)
At 31 May 2010		46,310,000	2,402,828	21,360,893	2,679,494	72,753,215
		Note 14	Note 15	Note 15	Note 15	

The notes on pages 44 to 80 are an integral part of these financial statements.

Cash Flow Statement

For The Year Ended 31 May 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**2,063,961**	2,060,950
Adjustment for:			
Dividend income		**(2,400,000)**	(2,400,000)
Operating loss before changes in working capital		**(336,039)**	(339,050)
Changes in working capital:			
Receivables, deposits and prepayments		**(132,575)**	(1,262,671)
Payables and accruals		**11,059**	144,031
Cash used in operations		**(457,555)**	(1,457,690)
Income tax refunded		**29,668**	–
Dividend received		**1,800,000**	1,800,000
Net cash from operating activities		**1,372,113**	342,310
Cash flows from investing activity			
Subscription of shares in an existing subsidiary		**(500,000)**	–
Net cash used in investing activity		**(500,000)**	–
Cash flows from financing activity			
Dividend paid		**(868,307)**	(868,313)
Net cash used in financing activity		**(868,307)**	(868,313)
Net increase/(decrease) in cash and cash equivalents		**3,806**	(526,003)
Cash and cash equivalents at 1 June		**21,228**	547,231
Cash and cash equivalents at 31 May	13	**25,034**	21,228

The notes on pages 44 to 80 are an integral part of these financial statements.

Pensonic Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its principal place of business and registered office are as follows:

Principal place of business

Plot 98, Perusahaan Maju 8
Bukit Tengah Industrial Park
13600 Prai
Penang

Registered office

87 Muntri Street
10200 Penang

The consolidated financial statements of the Company as at and for the year ended 31 May 2010 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 23 September 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards ("FRS"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company :

FRS effective for annual periods beginning on or after 1 July 2009
- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
- FRS 4, Insurance Contracts *
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations *
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation *
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  - Puttable Financial Instruments and Obligations Arising on Liquidation *
  - Separation of Compound Instruments *

1. **BASIS OF PREPARATION (cont'd)**

(a) **Statement of compliance (cont'd)**

- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions *
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions *
- IC Interpretation 13, Customer Loyalty Programmes *
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction *

Amendments effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues *

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment #
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements #
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation #
- IC Interpretation 17, Distribution of Non-cash Assets to Owners #
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- Amendments to FRS 2, Group Cash-settled Share Based Payment #
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers #

Interpretation effective for annual periods beginning on or after 1 January 2012
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 June 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 or 1 March 2010, except for those marked " * " which are not applicable to the Group and the Company; and

- from the annual period beginning 1 June 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, except for those marked " # " which are not applicable to the Group and the Company.

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

IC Interpretation 15 is not applicable to the Group and the Company.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial application of the remaining standards, interpretations and amendments is not expected to have any significant impact on the Group's and the Company's financial statements or any material change in accounting policy except as follows:

(i) FRS 123, Borrowing Costs (revised)
The revised FRS 123 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of this standard will result in a change in accounting policy. In accordance with the transitional provisions, the Group will apply the revised FRS 123 to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 June 2010.

(ii) Improvements to FRSs (2009)
Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The amendment that impacts the Group is as follows :

FRS 117, Leases

The amendments clarify that the classification of leases of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. The management is still in the midst of assessing the presentation of leasehold land of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All information is presented in RM unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1. BASIS OF PREPARATION (cont'd)

(d) Use of estimates and judgements (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 8.1 - Impairment testing on goodwill and trademarks;
- Note 9 - Deferred tax (recognition of deferred tax assets);
- Note 11.3 - Allowance for doubtful debts; and
- Note 12 - Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in exchange translation reserve. On disposal of the operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant and equipment (cont'd)

The principal annual rates used for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

During the year, the Group revised the useful life of its computers from 50% to 20%. The change in estimate was accounted for prospectively and resulted in a lower depreciation charge of RM378,405 being recognised during the financial year ended 31 May 2010.

(d) Leased assets

(i) Finance lease
Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease
Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheets.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The short term leasehold land of the Group was revalued in 1994 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions of FRS 117.67A.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Freehold land is not depreciated. Leasehold shoplots are depreciated on a straight-line basis over the lease terms of 68 to 77 years. Buildings are depreciated on a straight line basis over the estimated useful lives of the assets using an annual rate of 2%.

(ii) Reclassification to/from investment property

Transfers between investment property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in the income statements in the period of the retirement or disposal.

(f) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(g) Intangible assets

Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Intangible assets (cont'd)

Trademarks

Trademarks acquired on business combinations are measured at cost less any accumulated impairment losses. Trademarks with indefinite useful lives are not amortised but is tested for impairment annually and whenever there is an indication that the asset may be impaired.

(h) Impairment of assets

The carrying amounts of assets except for financial assets (other than investments in subsidiaries and associates), inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statements.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Income recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income is recognised in the income statements on a straight-line basis over the term of the lease.

(iii) Dividend income

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

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Employee benefits

Short-term employee benefits
Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Issue expenses
Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Buildings RM	Computer RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboard and showcase RM	Total RM
Cost								
At 1 June 2008	23,196,765	2,627,489	5,437,778	5,633,679	2,818,133	5,310,113	316,787	45,340,744
Additions	–	317,301	74,295	2,327,056	197,865	–	5,500	2,922,017
Disposals/Written off	–	(5,176)	–	–	(328,333)	(96,047)	–	(429,556)
Exchange difference	–	2,382	–	–	32,899	3,538	–	38,819
At 31 May 2009/1 June 2009	23,196,765	2,941,996	5,512,073	7,960,735	2,720,564	5,217,604	322,287	47,872,024
Additions	–	213,285	213,917	6,564,856	77,496	303,880	–	7,373,434
Disposals	–	(10,792)	–	–	(35,611)	(77,384)	–	(123,787)
Exchange difference	–	(4,587)	–	–	(10,174)	(1,705)	–	(16,466)
At 31 May 2010	23,196,765	3,139,902	5,725,990	14,525,591	2,752,275	5,442,395	322,287	55,105,205
Accumulated depreciation								
At 1 June 2008	4,272,991	1,794,613	2,447,316	3,465,226	1,561,523	2,913,529	246,717	16,701,915
Depreciation for the year	399,963	754,988	390,136	296,349	144,556	395,191	9,783	2,390,966
Disposals/Written off	–	(2,373)	–	–	(297,965)	(96,045)	–	(396,383)
Exchange difference	–	1,945	–	–	28,062	3,538	–	33,545
At 31 May 2009/1 June 2009	4,672,954	2,549,173	2,837,452	3,761,575	1,436,176	3,216,213	256,500	18,730,043
Depreciation for the year	499,375	189,802	459,972	1,011,307	192,494	457,069	13,185	2,823,204
Disposals	–	(10,792)	–	–	(31,508)	(77,384)	–	(119,684)
Exchange difference	–	(4,330)	–	–	(7,619)	(1,705)	–	(13,654)
At 31 May 2010	5,172,329	2,723,853	3,297,424	4,772,882	1,589,543	3,594,193	269,685	21,419,909
Carrying amounts								
At 1 June 2008	18,923,774	832,876	2,990,462	2,168,453	1,256,610	2,396,584	70,070	28,638,829
At 31 May 2009/1 June 2009	18,523,811	392,823	2,674,621	4,199,160	1,284,388	2,001,391	65,787	29,141,981
At 31 May 2010	18,024,436	416,049	2,428,566	9,752,709	1,162,732	1,848,202	52,602	33,685,296

3. PROPERTY, PLANT AND EQUIPMENT - GROUP (cont'd)

3.1 Assets under finance lease

Included in the carrying amount of property, plant and equipment are the following assets acquired under finance lease:

	2010 RM	2009 RM
Motor vehicles	**1,255,211**	1,528,461
Furniture, fittings and office equipment	**54,637**	40,814

3.2 Security

Certain buildings with a total carrying amount of RM13,916,335 (2009 : RM14,300,778) have been pledged as security for borrowings granted to the Group (Note 16).

4. PREPAID LEASE PAYMENTS - GROUP

	Note	Unexpired period less than 50 years RM	Unexpired period more than 50 years RM	Total RM
Cost				
At 1 June 2008/31 May 2009		2,413,532	9,332,099	11,745,631
At 1 June 2009/31 May 2010		2,413,532	9,332,009	11,745,643
Amortisation				
At 1 June 2008		607,655	1,167,209	1,774,864
Amortisation for the year	19	40,226	135,017	175,243
At 31 May 2009/1 June 2009		647,881	1,302,226	1,950,107
Amortisation for the year	19	40,226	135,017	175,243
At 31 May 2010		**688,107**	**1,437,243**	**2,125,350**
Carrying amounts				
At 1 June 2008		1,805,877	8,164,890	9,970,767
At 31 May 2009/1 June 2009		1,765,651	8,029,873	9,795,524
At 31 May 2010		**1,725,425**	**7,894,856**	**9,620,281**

The short-term leasehold land was previously 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 prepaid lease payments.

Certain leasehold land with a carrying amount of RM3,186,748 (2009 : RM3,254,765) have been pledged as security for borrowings granted to the Group (Note 16).

5. INVESTMENT PROPERTIES - GROUP

Cost	Freehold land RM	Buildings and shoplots RM	Total RM
At 1 June 2008/31 May 2009	689,287	747,379	1,436,666
At 1 June 2009	689,287	747,379	1,436,666
Reclassified to non-current assets held for sale	(415,401)	–	(415,401)
At 31 May 2010	**273,886**	**747,379**	**1,021,265**
Accumulated depreciation			
At 1 June 2008	–	102,353	102,353
Depreciation (Note 19)	–	10,220	10,220
At 31 May 2009	–	112,573	112,573
Depreciation (Note 19)	–	10,609	10,609
At 31 May 2010	**–**	**123,182**	**123,182**
Carrying amounts			
At 1 June 2008	689,287	645,026	1,334,313
At 31 May 2009/1 June 2009	689,287	634,806	1,324,093
At 31 May 2010	**273,886**	**624,197**	**898,083**
Estimated fair value			
At 31 May 2009	910,000	1,080,000	1,990,000
At 31 May 2010	**490,000**	**1,080,000**	**1,570,000**

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

The carrying amounts of investment properties pledged as security for borrowings granted to the Group are as follows:

	2010 RM	2009 RM
Freehold land	**273,886**	689,287
Shoplots	**395,790**	401,974
Buildings	**93,559**	95,906
	763,235	1,187,167

6. INVESTMENT IN SUBSIDIARIES - COMPANY

	2010 RM	2009 RM
Unquoted shares, at cost		
At 1 June	**30,792,513**	30,792,513
Subscription of shares in an existing subsidiary	**500,000**	–
At 31 May	**31,292,513**	30,792,513

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest 2010 %	Effective ownership interest 2009 %	Principal activity
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
Pensonic 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
Pensonic Corporation Sdn. Bhd.	Malaysia	**100**	100	Provision of management services
Epicson Sales & Service Sdn. Bhd.	Malaysia	**100**	100	Dormant
Pensia Air Conditioners Sdn. Bhd.	Malaysia	**100**	100	Dormant
Microtag Engineering Sdn. Bhd.	Malaysia	**51**	51	Provision of business solutions via the application of AutoID Technology

6. INVESTMENT IN SUBSIDIARIES - COMPANY (cont'd)

Name of subsidiary	Country of incorporation	Effective ownership interest 2010 %	2009 %	Principal activity
Subsidiaries of Keat Radio Co. Sdn. Bhd.				
Pensonic Industries Sdn. Bhd.	Malaysia	**100**	100	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 KPMG

7. INVESTMENT IN ASSOCIATES - GROUP

	2010 RM	2009 RM
Unquoted shares, at cost	**207,610**	207,610
Share of post acquisition reserves	**(44,847)**	(52,130)
	162,763	155,480

Name of associates	Country of incorporation	Effective ownership interest 2010 %	2009 %	Principal activity
Pensonic (B) Sdn. Bhd. *	Brunei	**40**	40	Trading of electrical and electronic appliances
Microtag System Sdn. Bhd. **	Malaysia	**10**	10	Dormant
MDT Sistem Innovasi Sdn. Bhd. **	Malaysia	**15**	15	Dormant

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

7. INVESTMENT IN ASSOCIATES - GROUP (cont'd)

Summary financial information on associates:

	Revenue (100%) RM	Profit/(Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2010				
Pensonic (B) Sdn. Bhd.	**2,552,963**	**24,081**	**1,794,425**	**1,398,983**
Microtag System Sdn. Bhd.	**–**	**(54,443)**	**100,915**	**195,690**
MDT Sistem Innovasi Sdn. Bhd.	**–**	**–**	**6,256**	**–**
	2,552,963	**(30,362)**	**1,901,596**	**1,594,673**
2009				
Pensonic (B) Sdn. Bhd.	2,422,022	(20,536)	1,721,448	1,339,152
Microtag System Sdn. Bhd.	–	(89,119)	100,935	141,267
MDT Sistem Innovasi Sdn. Bhd.	–	(3,743)	6,256	–
	2,422,022	(113,398)	1,828,639	1,480,419

8. INTANGIBLE ASSETS - GROUP

	Goodwill RM	Trademarks RM	Total RM
Cost			
At 1 June 2008	766,152	870,000	1,636,152
Exchange difference	11,704	–	11,704
At 31 May 2009/1 June 2009	777,856	870,000	1,647,856
Exchange difference	(14,152)	–	(14,152)
At 31 May 2010	**763,704**	**870,000**	**1,633,704**

Trademarks related to the "Cornell" brand name were acquired in a business combination 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 and management believes that there is no foreseeable limit to the period over which the brand is expected to generate cash inflows for the Group, the trademarks were assessed as having an indefinite useful life subject to use in good faith.

8.1 Impairment testing on goodwill and trademarks

Goodwill arising from business combinations and trademarks have been allocated to the electrical and electronic appliances segment for impairment testing purposes. The recoverable amounts have been determined based on value in use calculations using cash flow projections from approved financial budgets covering a period of 5 years. The financial budgets were based on management's assessment of future trends and market developments. The calculations of value in use are sensitive towards assumptions made on sales growth, budgeted gross margins and the pre-tax discount rate.

For the purpose of impairment testing, a pre-tax discount rate of 7% was applied in determining the recoverable amount.

9. DEFERRED TAX - GROUP

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2010 RM	2009 RM
Deferred tax assets		
Tax loss carry-forwards	**1,732,531**	2,029,000
Capital allowance carry-forwards	**14,000**	56,000
Other temporary differences	**92,000**	(46,515)
	1,838,531	2,038,485

	2010 RM	2009 RM
Deferred tax liabilities		
Property, plant and equipment		
- capital allowances	**(1,300,253)**	(1,200,000)
Other temporary differences	**494**	–
	(1,299,759)	(1,200,000)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Movements in temporary differences during the year are as follows:

	At 1 June 2008 RM	Charged to income statement RM	At 31 May 2009 RM	Charged to income statement RM	Exchange difference RM	At 31 May 2010 RM
Deferred tax assets	2,020,350	18,135	2,038,485	(197,000)	(2,954)	1,838,531
Deferred tax liabilities	(1,110,000)	(90,000)	(1,200,000)	(99,759)	–	(1,299,759)
	910,350	(71,865)	838,485	(296,759)	(2,954)	538,772

9. DEFERRED TAX - GROUP (cont'd)

Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM (Restated)**	**RM**	**RM**
Tax loss carry-forwards	**7,605,000**	7,126,000	**185,808**	–
Capital allowances carry-forwards	**196,000**	–	**–**	–
Other temporary differences	**1,000**	–	**–**	–
	7,802,000	7,126,000	**185,808**	–

The tax loss carry-forwards, capital allowance carry-forwards and other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

The comparative figures have been restated to reflect the revised tax loss carry-forwards and other temporary differences available to the Group.

10. NON-CURRENT ASSETS HELD FOR SALE - GROUP

	2010	**2009**
	RM	**RM**
Balance at 1 June	**–**	418,055
Disposal	**–**	(418,055)
Reclassified from investment properties	**415,401**	–
Balance at 31 May	**415,401**	–

The assets held for sale consist of freehold land measured at the lower of their carrying amount and fair value less cost to sell. The intended disposal of this freehold land is expected to be completed in the next financial year.

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade receivables		**63,207,259**	63,972,374	**–**	–
Associate	11.2	**1,371,842**	1,213,053	**–**	–
		64,579,101	65,185,427	**–**	–
Less : Allowance for doubtful debts	11.3	**(522,283)**	(1,211,063)	**–**	–
		64,056,818	63,974,364	**–**	–
Non-trade					
Amount due from:					
- Subsidiaries	11.2	**–**	–	**39,674,442**	41,341,867
- An associate	11.2	**194,340**	–	**–**	–
Other receivables		**4,032,336**	4,037,362	**179,743**	179,743
Deposits		**607,245**	512,532	**–**	–
Prepayments		**1,180,422**	2,505,938	**–**	–
Dividend receivable from a subsidiary		**–**	–	**1,800,000**	–
		6,014,343	7,055,832	**41,654,185**	41,521,610
		70,071,161	71,030,196	**41,654,185**	41,521,610

11.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Foreign currency	Group 2010 RM	Group 2009 RM
US Dollar ("USD")	**9,470,142**	8,514,331

11.2 Amount due from an associate and subsidiaries

The trade amount due from an associate is subject to normal trade terms.

The non-trade amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

11.3 Allowance for doubtful debts

An estimate for doubtful debts is made when collection of the amount is no longer probable. Allowance for doubtful debts is provided by management for delinquent balances with reference to past default experience and customers' creditworthiness.

12. INVENTORIES - GROUP

	2010 RM	2009 RM
Raw materials	**8,029,795**	6,744,670
Manufactured inventories	**75,454,247**	79,650,676
Goods in transit	**384,032**	227,282
	83,868,074	86,622,628

The need to write down inventories to net realisable values is determined based on management's review for inventory obsolescence and decline in net realisable value below cost. These review are carried out on an ongoing basis and requires the use of management judgement.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term deposits with licensed banks	**4,065,615**	2,945,840	**–**	–
Cash and bank balances	**13,488,362**	12,387,928	**25,034**	21,228
	17,553,977	15,333,768	**25,034**	21,228

13.1 Short term deposits with licensed banks

Short term deposits totalling RM3,250,844 (2009 : RM2,927,060) of the Group have been pledged as security for borrowings granted to the Group (Note 16).

13.2 Analysis of foreign currency exposure for significant cash and cash equivalents

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows:

	Group	
Foreign currency	2010 RM	2009 RM
US Dollar ("USD")	**3,475,530**	5,936,592
Chinese Renminbi ("RMB")	**123,768**	260,317

14. SHARE CAPITAL – GROUP/ COMPANY

	2010		2009	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM0.50 each				
Authorised	**100,000,000**	**200,000,000**	100,000,000	200,000,000
Issued and fully paid	**46,310,000**	**92,620,000**	46,310,000	92,620,000

15. RESERVES

	Group 2010 RM	Group 2009 RM (Restated)	Company 2010 RM	Company 2009 RM (Restated)
Non-distributable:				
Share premium	**21,360,893**	21,360,893	**21,360,893**	21,360,893
Warrant reserve	**2,402,828**	2,402,828	**2,402,828**	2,402,828
Revaluation reserve	**387,266**	387,266	**–**	–
Exchange translation reserve	**183,016**	210,883	**–**	–
Capital reserve	**4,487,540**	4,487,540	**–**	–
	28,821,543	28,849,410	**23,763,721**	23,763,721
Distributable:				
Retained earnings	**19,774,734**	17,295,537	**2,679,494**	2,164,790
	48,596,277	46,144,947	**26,443,215**	25,928,511

The movements in the reserves are disclosed in the statements of changes in equity.

15.1 Warrant reserve

The warrant reserve represents the value allocated to the issue of warrants. When the warrants are exercise or expire, the warrant reserve remains in equity, although it may be transferred to another reserve account within equity.

15.2 Revaluation reserve

The non-distributable revaluation reserve of the Group represents surplus on revaluation of short term leasehold land.

15.3 Exchange translation reserve

The exchange translation reserve comprises the foreign currency differences arising from the translation of the financial statements of foreign operations.

15.4 Capital reserve

The non-distributable capital reserve of the Group represents the statutory reserve of foreign subsidiaries as required by the respective foreign legislations.

15.5 Section 108 tax credit and exempt income account

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and exempt income to frank/distribute its entire retained earnings at balance sheet date if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. Effective 1 January 2009, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution. The Company has not made this election. As such, the Section 108 tax credit as at 31 May 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the transitional period on 31 December 2013, whichever is earlier.

16. BORROWINGS - GROUP

	2010 RM	2009 RM
Current		
Unsecured		
Bank overdrafts	**4,303,345**	5,943,197
Bankers' acceptances	**13,059,915**	49,301,589
Term loans	**1,307,943**	400,000
	18,671,203	55,644,786
Secured		
Bank overdrafts	**4,588,474**	5,483,075
Bankers' acceptances	**55,026,191**	22,154,617
Bill payables	**1,074,245**	1,860,349
Trust receipts	**82,924**	878,033
Term loans	**843,382**	802,993
Finance lease liabilities	**285,660**	385,091
	61,900,876	31,564,158
	80,572,079	87,208,944
Non-current		
Unsecured		
Term loans	**1,341,751**	–
Secured		
Term loans	**2,605,871**	3,410,199
Finance lease liabilities	**237,096**	282,191
	2,842,967	3,692,390
	4,184,718	3,692,390

16.1 Interest rates and securities

The term loan bears interest at rates ranging from 6.70% to 8.75% (2009 : 6.25% to 8.15%) per annum. Finance lease liabilities are subject to fixed interest at rates ranging from 3.00% to 3.60% (2009 :2.40% to 2.60%) per annum. The interest rates for other borrowings ranges from 3.35% to 8.75% (2009 : 2.85% to 8.15%) per annum.

The unsecured borrowings are guaranteed by the Company. The secured borrowings are secured against certain buildings, leasehold land, investment properties and term deposits of the Group as disclosed in Notes 3.2, 4, 5 and 13.1 respectively to the financial statements.

Finance lease liabilities are secured as the rights to the assets under the finance lease that revert to the lessor in the event of default.

16. BORROWINGS - GROUP (cont'd)

16.2 Terms and debts repayment schedule

Group	Year of maturity	Carrying amounts RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
2010						
Bank overdrafts						
- RM		**8,869,593**	**8,869,593**	–	–	–
- SGD		**22,226**	**22,226**	–	–	–
Bankers' acceptances						
- RM	2011	**68,086,106**	**68,086,106**	–	–	–
Term loans						
- RM	2014	**6,098,947**	**2,151,325**	**2,055,445**	**1,892,177**	–
Finance lease liabilities						
- RM	2014	**522,756**	**285,660**	**237,096**	–	–
Bills payable						
- HKD	2011	**1,074,245**	**1,074,245**	–	–	–
Trust receipts						
- HKD	2011	**82,924**	**82,924**	–	–	–
		84,756,797	**80,572,079**	**2,292,541**	**1,892,177**	–
2009						
Bank overdrafts						
- RM		11,426,272	11,426,272	–	–	–
Bankers' acceptances						
- RM	2010	71,456,206	71,456,206	–	–	–
Term loans						
- RM	2014	4,613,192	1,202,993	844,164	2,524,371	41,664
Finance lease liabilities						
- RM	2014	667,282	385,091	282,191	–	–
Bills payable						
- HKD	2010	1,860,349	1,860,349	–	–	–
Trust receipts						
- HKD	2010	878,033	878,033	–	–	–
		90,901,334	87,208,944	1,126,355	2,524,371	41,664

Term loans are repayable over 3 to 10 years commencing July 2004, February 2005, October 2005 and January 2010 respectively.

16. BORROWINGS - GROUP (cont'd)

16.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2010 Minimum lease payments RM	2010 Interest RM	2010 Principal RM	2009 Minimum lease payments RM	2009 Interest RM	2009 Principal RM
Less than 1 year	**306,424**	**20,764**	**285,660**	412,020	26,929	385,091
Between 1 and 5 years	**261,354**	**24,258**	**237,096**	294,376	12,185	282,191
	567,778	**45,022**	**522,756**	706,396	39,114	667,282

17. PAYABLES AND ACCRUALS

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade payables	17.2	**29,492,485**	22,592,576	**–**	–
Companies in which certain Directors have a substantial financial interest	17.3	**1,359,495**	1,183,963	**–**	–
		30,851,980	23,776,539	**–**	–
Non-trade					
Amount due to subsidiaries	17.4	**–**	–	**154,090**	147,031
Other payables		**3,461,103**	2,322,221	**–**	–
Accrued expenses		**4,016,100**	5,097,286	**98,000**	94,000
		7,477,203	7,419,507	**252,090**	241,031
		38,329,183	31,196,046	**252,090**	241,031

17.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Foreign currency	Group 2010 RM	Group 2009 RM
US Dollar ("USD")	**6,581,039**	5,525,947

17. PAYABLES AND ACCRUALS (cont'd)

17.2 Trade payables
Included in trade payables is RM6,209,998 (2009 : RM7,231,795) being advance payments made to suppliers.

17.3 Amount due to companies in which certain Directors have a substantial financial interest
The trade amount due to companies in which certain Directors have a substantial financial interest is subject to normal trade terms.

17.4 Amount due to subsidiaries
The non-trade payables due to subsidiaries are unsecured, interest-free and payable on demand.

18 REVENUE

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

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

19. OPERATING PROFIT

Operating profit is arrived at:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
After charging:				
Allowance for doubtful debts	**310,176**	–	**–**	–
Amortisation of prepaid lease payments (Note 4)	**175,243**	175,243	**–**	–
Auditors' remuneration (statutory audit)				
- Auditor of the Company				
- current year	**139,400**	110,800	**21,000**	14,000
- prior year	**7,200**	11,200	**4,000**	2,000
- Other auditors	**26,365**	37,537	**–**	–
Bad debts written off	**23,753**	210,606	**–**	–
Directors' remuneration				
- Present Directors				
- fees	**80,000**	80,000	**80,000**	80,000
- other emoluments	**1,069,824**	1,029,120	**–**	–
- Past Directors				
- other emoluments	**–**	91,916	**–**	–
- Directors of subsidiaries				
- other emoluments	**486,391**	558,946	**–**	–
Depreciation of investment properties (Note 5)	**10,609**	10,220	**–**	–
Direct operating expenses of investment properties	**6,371**	6,371	**–**	–
Inventories written off	**61,525**	76,840	**–**	–
Loss on foreign exchange, net	**545,548**	–	**–**	–

19. OPERATING PROFIT (cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment				
- depreciation (Note 3)	**2,823,204**	2,390,966	**–**	–
- written off	**–**	20,654	**–**	–
Rental expenses				
- equipment	**93,110**	100,586	**–**	–
- premises	**1,530,012**	1,834,764	**–**	–
- booths	**63,046**	102,766	**–**	–

and after crediting:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Allowance for doubtful debts written back	**130,951**	37,010	**–**	–
Dividends (gross) receivable from a subsidiary	**–**	–	**2,400,000**	2,400,000
Gain on disposal of plant and equipment	**322**	6,782	**–**	–
Gain on disposal of non-current assets held for sale	**–**	711,945	**–**	–
Interest income	**34,862**	42,245	**–**	–
Rental income				
- investment property	**41,800**	41,800	**–**	–
- sublet of factory premises	**134,000**	120,000	**–**	–
Gain on foreign exchange, net	**–**	1,225,995	**–**	–

20. EMPLOYEE INFORMATION

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Staff cost (excluding Executive Directors)	**14,049,100**	15,939,748	**–**	**–**

Staff costs and Directors' emoluments of the Group include contributions to the Employees' Provident Fund of RM1,326,306 (2009 : RM1,214,206).

21. FINANCE COSTS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Interest expense:				
Term loans	**290,049**	339,461	**–**	**–**
Bank overdrafts	**525,835**	665,740	**–**	**–**
Other borrowings	**2,266,200**	3,607,310	**–**	**–**
	3,082,084	4,612,511	**–**	**–**

22. TAX EXPENSE

Recognised in the income statement

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Tax expense on continuing operations	**2,097,086**	1,615,030	**680,950**	620,332

Major components of tax expense include:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current tax expense				
Malaysian tax				
- current year	**1,499,704**	1,470,000	**600,000**	600,000
- prior years	**291,728**	55,099	**80,950**	20,332
	1,791,432	1,525,099	**680,950**	620,332
Foreign tax				
- current year	**2,872**	–	**–**	–
- prior years	**6,023**	18,066	**–**	–
	8,895	18,066	**–**	–
Total current tax	**1,800,327**	1,543,165	**680,950**	620,332
Deferred tax expense				
- origination and reversal of temporary differences	**278,257**	(56,135)	**–**	–
- prior years	**18,502**	128,000	**–**	–
Total deferred tax	**296,759**	71,865	**–**	–
Total tax expense	**2,097,086**	1,615,030	**680,950**	620,332

22. TAX EXPENSE (cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Profit for the year	**3,168,730**	2,177,215	**1,383,011**	1,440,618
Total tax expense	**2,097,086**	1,615,030	**680,950**	620,332
Profit excluding tax	**5,265,816**	3,792,245	**2,063,961**	2,060,950
Tax calculated using Malaysian tax rate at 25%	**1,316,454**	948,061	**515,990**	515,238
Effect of different tax rates in foreign jurisdictions *	**(24,424)**	(397,048)	**–**	–
Non deductible expenses	**599,816**	563,907	**37,557**	84,762
Non-taxable income	**(43,604)**	(190,750)	**–**	–
Tax incentives	**(228,265)**	(379)	**–**	–
Deferred tax assets not recognised	**169,194**	489,958	**46,453**	–
Other items	**(8,338)**	116	**–**	–
Under provision in prior years	**316,253**	201,165	**80,950**	20,332
Total tax expense	**2,097,086**	1,615,030	**680,950**	620,332

* The tax rates in the foreign jurisdictions in which certain foreign subsidiaries operate are different from that of the Malaysian tax rate.

23. EARNINGS PER ORDINARY SHARE - GROUP

i) Basis earnings per ordinary share
The calculation of basic earnings per ordinary share is based on the net earnings attributable to ordinary shareholders of RM3,347,504 (2009 : RM2,229,535) and the weighted average number of ordinary shares outstanding during the year of 92,620,000 (2009 : 92,620,000).

ii) Diluted earnings per ordinary share
Diluted earnings per share is not applicable as the exercise price of the warrants is higher than the market price of the Company's ordinary shares.

24. DIVIDENDS - COMPANY

2010	Total amount RM	Date of payment
Final dividend of 2.50% less 25% tax for financial year 2009	868,307	30 December 2009
2009		
Final dividend of 2.50% less 25% tax for financial year 2008	868,313	30 December 2008

A first and final dividend of 3.00% per share less 25% tax amounting to approximately RM1,041,975 in respect of the financial year ended 31 May 2010 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

25. RELATED PARTIES

25.1 For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

i) Its subsidiaries and associates as disclosed in the financial statements.

ii) Companies in which certain Directors namely, Chew Chuon Jin and Chew Chuon Ghee are deemed to have a substantial financial interest:

- Pensia Plastic Industries Sdn Bhd
- Personic Technology Sdn. Bhd.

iii) Key management personnel
Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the executive Directors and certain members of senior management of the Group and of the Company respectively.

25.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

i) Transaction with a subsidiary:

	2010 RM	2009 RM
Company		
- Dividends receivable from a subsidiary	**1,800,000**	1,800,000

ii) Transaction with an associate

	2010 RM	2009 RM
Group		
- Sales	**1,277,836**	1,405,240

25. RELATED PARTIES (cont'd)

iii) Transactions with related parties

	2010 RM	2009 RM
Group		
- Purchase of shares in a subsidiary	**–**	4,000
- Purchases	**5,746,858**	5,256,665
- Rental charged for sub-letting of factory premises	**134,000**	120,000
- Electricity charges for sub-letting of factory premises	**319,200**	308,603
- Subcon and service charges	**370,797**	–

iv) There were no transactions with the key management personnel other than the rental expense charged by a Director to the Group amounting to RM60,000 (2009 : RM60,000) and the remuneration package paid to them in accordance with the terms and conditions of their appointment as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors				
- Fees	**80,000**	80,000	**80,000**	80,000
- Other remuneration	**1,447,853**	1,479,968	**–**	–
- Defined contribution plans	**108,362**	108,098	**–**	–
	1,636,215	1,668,066	**80,000**	80,000

25.3 The non-trade balances of the Group and of the Company with related parties outstanding at balance sheet date are as disclosed in Note 11 and Note 17 respectively to the financial statements.

All the amounts outstanding are unsecured and are expected to be settled in cash except as disclosed in Note 30 to the financial statements.

26. SEGMENTAL INFORMATION - 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. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax assets and liabilities and borrowings.

Segment capital expenditure is the total cost incurred during the year 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.

26. SEGMENTAL INFORMATION - GROUP (cont'd)

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.

	Segment revenue	
	2010	2009
	RM	RM
Malaysia	**269,357,492**	208,706,352
Other Asian countries	**27,011,290**	67,228,540
Africa	**4,299,427**	3,204,239
Others	**3,107,960**	149,200
	303,776,169	279,288,331

	Segment assets		Capital expenditure	
	2010	2009	2010	2009
	RM	RM	RM	RM
Malaysia	**202,472,972**	199,750,789	**7,363,369**	2,907,612
China (including Hong Kong)	**8,587,302**	8,699,840	**6,679**	10,861
Singapore	**6,685,703**	6,445,417	**3,386**	3,829
	217,745,977	214,896,046	**7,373,434**	2,922,302

27. CONTINGENT LIABILITIES, UNSECURED

Company

The Company has issued corporate guarantees amounting to RM201.0 million (2009 : RM249.3 million) as security for banking facilities granted to its subsidiaries of which RM64.7 million (2009 : RM35.2 million) were utilised at balance sheet date.

Group

A subsidiary of the Company had been issued with prior years' notices of additional tax arising from the Inland Revenue Board ("IRB") disallowing certain expenses claimed as a deduction for income tax purposes covering assessment years 2000 to 2004 (including penalties) amounting to approximately RM2.5 million of which, the subsidiary had recognised approximately RM2.1 million as tax expense previously.

The subsidiary had submitted its appeal to the High Court on the above matter. Pending the hearing by the High Court, the management after consulting their tax lawyers, is of the opinion that there are grounds for the subsidiary's appeal and as such, no provision has been made in the financial statements at 31 May 2010 for the remaining unpaid balance of RM0.4 million.

28. CAPITAL COMMITMENTS - GROUP

	2010 RM	2009 RM
Property, plant and equipment		
Contracted but not provided for in the financial statements		
- within one year	–	114,000

29. FINANCIAL INSTRUMENTS

Financial risk management

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

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currency. The currency giving rise to this risk is primarily US the Dollar.

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 to a certain extent; and

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 and maintains a mix of fixed and floating rate borrowings.

Credit risk

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

The Group manages its exposure to credit risk by assessing the counter parties' financial standing on an ongoing basis and only trades with creditworthy parties. The risk of counterparties defaulting is controlled by the application of credit approvals, limits and credit terms. The Group does not have any major concentration of credit risk relating to any individual customer or counter party.

29. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

The Group and the Company practise prudent liquidity risk management and manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements.

Effective interest rates and repricing analysis

In respect of interest-earning financial asset and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2010					
Financial asset					
Short term deposits with licensed banks	0.11- 2.50	4,065,615	4,065,615	–	–
Financial liabilities					
Bank overdrafts	6.25 - 8.75	8,891,819	8,891,819	–	–
Bankers' acceptances	3.35 - 5.35	68,086,106	68,086,106	–	–
Term loans - variable rate	6.70 - 8.75	6,098,947	6,098,947	–	–
Finance lease liabilities	3.00 - 3.60	522,756	285,660	237,096	–
Bills payable	7.00	1,074,245	1,074,245	–	–
Trust receipts	6.25	82,924	82,924	–	–
2009					
Financial asset					
Short term deposits with licensed banks	0.11 – 2.10	2,945,840	2,945,840	–	–
Financial liabilities					
Bank overdrafts	6.25 – 8.15	11,426,272	11,426,272	–	–
Bankers' acceptances	2.85 – 4.85	71,456,206	71,456,206	–	–
Term loans - variable rate	6.25 - 8.15	4,613,192	4,613,192	–	–
Finance lease liabilities	2.40 - 2.60	667,282	385,091	282,191	–
Bills payable	7.00	1,860,349	1,860,349	–	–
Trust receipts	6.25	878,033	878,033	–	–

29. FINANCIAL INSTRUMENTS (cont'd)

Fair values

Recognised financial instruments

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.

The aggregate fair values of the other liabilities carried on the balance sheet as at 31 May are shown below:

	2010		**2009**	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Group				
Financial liability				
Finance lease liabilities	522,756	#	667,282	#

\# The Directors believe that there is no significant difference between the fair value and the carrying amount of the above financial liability as the current interest rates do not significantly differ from the intrinsic rates.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be significant as the probability of the subsidiaries defaulting on the credit lines is remote.

30. EVENT SUBSEQUENT TO BALANCE SHEET DATE

Subsequent to balance sheet date on 6 August 2010, the Company subscribed for an additional 1,000,000 new ordinary shares of RM1.00 each in Cornell Sales & Service Sdn. Bhd. ("CSS") for RM1,000,000 satisfied by way of capitalisation of amount owing by CSS to the Company of RM200,000 and the remaining RM800,000 in cash.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation and restated to recognise the amount allocated to the warrants that were issued in conjunction with the rights issue of the Company previously on 5 January 2001.

	Group	
	As restated RM	As previously reported RM
Consolidated balance sheet		
Receivables, deposits and prepayments	71,030,196	78,812,023
Payables and accruals	31,196,046	38,977,873
Consolidated income statement		
Cost of sales	222,651,226	222,627,288
Administrative and general expenses	19,749,820	20,224,160
Selling and distribution expenses	30,714,176	30,738,115
Other operating expenses	474,341	–
Consolidated statement of changes in equity		
Share premium at 1 June 2008	21,360,893	23,763,721
Warrant reserve at 1 June 2008	2,402,828	–

	Company	
Statement of changes in equity		
Share premium at 1 June 2008	21,360,893	23,763,721
Warrant reserve at 1 June 2008	2,402,828	–

Statement By Directors Pursuant
To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 34 to 80 are 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 of the Company at 31 May 2010 and of their financial performance and cash flows for the year then ended.

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

____
Dato' Seri Chew Weng Khak @ Chew Weng Kiak

____
Chew Chuon Jin

Penang,

Date : 23 September 2010

Statutory Declaration Pursuant
To Section 169(16) Of The Companies Act, 1965

I, **Dato Seri Chew Weng Khak @ Chew Weng Kiak**, the Director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 80 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 the abovenamed at Georgetown in the State of Penang on 23 September 2010.

____
Dato' Seri Chew Weng Khak @ Chew Weng Kiak

Before me :

Independent Auditors' Report
To The Members Of Pensonic Holdings Berhad

(Company No. 300426 - P) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pensonic Holdings Berhad, which comprise the balance sheets as at 31 May 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 80.

The financial statements of the Group and the Company as at 31 May 2009 were audited by another firm of auditors whose report dated 16 September 2009 expressed an unqualified opinion on those financial statements.

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. 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 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 Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 its 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

d) The audit reports on the accounts 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 Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

LEE KEAN TEONG
1857/02/12 (J)
Chartered Accountant

Date : 23 September 2010

Penang

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 31.05.2010 RM
KRC	Plot 5, Tingkat Perusahaan 6, Phase 4, Prai Industrial Estate, 13600 Prai, Penang.	Industrial land with warehouse and office	15	Leasehold Expiring in 2052	1.8441 acres/ 40,000 sq.ft.	1,437,323
KRC	158,160 & 162, Jalan Perak, 10150 Penang.	Shop/ warehouse	Pre-war	Freehold	4,945 sq.ft.	367,445
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	11	Leasehold	7,200 sq.ft.	361,450
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	25	Leasehold Expiring in 2075	624 sq.ft.	395,790
PENSONIC INDUSTRIES	Shoplot B1.1.29 Komtar, Penang.	Shoplot	25	Leasehold Expiring in 2075	312 sq.ft.	134,846
PENSIA ELECTRONIC	Plot 98, MK.11, Bukit Tengah Industrial Park, SPT, Prai, Penang.	Industrial land with factory, warehouse and office	11	Leasehold Expiring in 2054	3.05632 acres/ 112,050 sq.ft.	5,413,991
PSS	Lot 4, Towering Industrial Centre, 4½ Miles Penampang, 88300 Kota Kinabalu, Sabah.	Warehouse and office	16	Leasehold Expiring in 2037	2,700 sq.ft.	253,333
PSS	Lot 11-B, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	16	Leasehold Expiring in 2069	43,560 sq.ft.	6,433,535
PSS	31, Laluan Perusahaan Kledang 9, Kawasan Perindustrian Chandan Raya, 31450 Menglembu.	Warehouse and office	11	Leasehold Expiring in 2082	5,494 sq.ft.	344,180
PSS	Lot 11-A, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	4	Leasehold Expiring in 2070	43,560 sq.ft.	4,789,502
PENSIA INDUSTRIES	Plot 215, MK.13, Bukit Minyak Industrial Park, SPT, Prai, Penang.	Industrial land with factory and warehouse	5	Leasehold Expiring in 2064	3 acres / 75,260 sq.ft.	5,462,269

Analysis Of Shareholdings / Warrantholdings

As At 5 October, 2010

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.
	:	Warrantholders Every warrantholder of the Company present in person or by proxy shall on a show of hand have one vote, and in the case of poll, shall have one vote for every warrant of which he is a holder in the meeting of warrantholders.
No. of outstanding warrants	:	22,690,000
Number of shareholders	:	3,538
Number of warrantholders	:	1,067

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	109,875	0.12
2,309	1,001 to 10,000 shares	11,114,741	12.00
622	10,001 to 100,000 shares	15,921,400	17.19
60	100,001 to less than 5% of issued shares	39,012,128	42.12
4	5% and above of issued shares	26,461,764	28.57
3,134		**92,620,000**	**100.00**

Analysis Of Shareholdings / Warrantholdings (cont'd)

As At 5 October, 2010

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	Chew Weng Khak Realty Sdn. Bhd.	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	Nation Rex Sdn. Bhd.	3,040,700	3.28
8	Chew Weng Khak Realty Sdn. Bhd.	2,021,040	2.18
9	Chew Weng Khak @ Chew Weng Kiak	1,931,974	2.09
10	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Phnuah Farn Farn (E-Bmm)	1,764,600	1.91
11	Berjaya Sompo Insurance Berhad	1,750,000	1.89
12	The Kulim-Baling Road Transport Company, Sdn. Bhd.	1,724,000	1.86
13	Tan Yong Siang	1,415,200	1.53
14	Lim Lieng Piau	1,381,200	1.49
15	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan King Tai @ Tan Khoon Hai (471821)	1,371,000	1.48
16	Chew Chuon Jin	1,151,000	1.24
17	Chew Chuon Fang	974,200	1.05
18	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account 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	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Phnuah Farn Farn (474003)	678,700	0.73
22	Chew Chuon Ghee	637,000	0.69
23	Ong Wan Bing Alias Kie Tjhan	624,500	0.67
24	Tan Ah Nya @ Tan Bee Tiang	584,400	0.63
25	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad For Tan King Tai @ Tan Khoon Hai (Smart)	530,000	0.57
26	Tan Tong Chait	526,000	0.57
27	Muafakat Rakyat Johor Sdn. Bhd.	400,000	0.43
28	Pee Yu Chi	390,000	0.42
29	Alic Chen	360,000	0.39
30	Tan Hui Lun	347,000	0.37
	Total	**59,547,582**	**64.29**

SUBSTANTIAL SHAREHOLDERS

	NO. OF SHARES HELD			
	DIRECT		INDIRECT	
Name of Shareholder	**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
Tan Sri 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
Khairilanuar Bin Tun Abdul Rahman	–	–	–	–
Dato' Dr. Ku Abd Rahman Bin Ku Ismail	5,000	0.01	–	–

Note
* Certain shares are held through nominees 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
2	Less than 100 warrants	124	0.00
223	101 to 1,000 warrants	217,854	0.96
598	1,001 to 10,000 warrants	2,298,060	10.13
164	10,001 to 100,000 warrants	5,665,976	24.97
36	100,001 to less than 5% of issued warrants	10,341,034	45.58
2	5% and above of issued warrants	4,166,952	18.36
1,025		**22,690,000**	**100.00**

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS – WARRANTHOLDERS

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	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged securities a/c for Koh Yu Kiew (STA 2)	1,000,000	4.41
4	Chew Chuon Ghee	754,100	3.32
5	Chew Chuon Jin	705,300	3.11
6	Chua Jui Meng	485,200	2.14
7	Tan King Tai @ Tan Khoon Hai	483,000	2.13
8	Chan Mei Cheng	473,100	2.09
9	Chew Chuon Ghee	426,000	1.88
10	Tan Bak Fooi @ Tang Kiat	419,000	1.85
11	Chew Weng Khak @ Chew Weng Kiak	381,444	1.68
12	OSK Nominees (Tempatan) Sdn. Berhad Pledged securities a/c for Tan Gaik Suan	324,700	1.43
13	Tan Tong Chatt	310,000	1.37
14	Loh Ban Mooi	270,000	1.19
15	Chew Weng Khak @ Chew Weng Kiak	263,900	1.16
16	Teh Bee Cheong	250,000	1.10
17	Ting Jian Ming	240,000	1.06
18	Khaw Siang Hee	234,000	1.03
19	Chew Chuon Fang	228,200	1.01
20	Chong Chung Wei	224,900	0.99
21	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Siew Hoon (Sta 2)	201,600	0.89
22	Lai Chee Choy	200,000	0.88
23	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities A/C For Tan King Tai @ Tan Khoon Hai	200,000	0.88
24	Tan Jee Kean	200,000	0.88
25	Liew Sow Ying	188,000	0.83
26	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Tzer Ching (E-Klc)	180,000	0.79
27	Teh Teaw Kee	178,900	0.79
28	Tham Ah Lan	168,000	0.74
29	Thiang Yam Mee	160,000	0.71
30	Chua Cheong Lim	160,000	0.71
	Total	**13,476,296**	**59.41**

SUBSTANTIAL WARRANTHOLDERS

	NO. OF WARRANTS HELD			
	DIRECT		INDIRECT	
Name of Warrantholder	**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	1,439,578	6.34	–	–

* Held through Chew Weng Khak Realty Sdn. Bhd.

Financial Calendar

ANNOUNCEMENT OF RESULTS

26 October, 2009	Preliminary announcement of unaudited consolidated results for the first quarter ended 31 August 2009.
26 January, 2010	Preliminary announcement of unaudited consolidated results for the second quarter ended 30 November 2009.
22 April, 2010	Preliminary announcement of unaudited consolidated results for the third quarter ended 29 February 2010.
23 July, 2010	Preliminary announcement of unaudited consolidated results for the fourth quarter ended 31 May 2010.

DIVIDENDS

30 December, 2009	Payment of the final dividend of 2.5% per share less tax of 25% for the year ended 31 May 2010.
3 November , 2010	Notice of the entitlement and payment of the final dividend of 3.0% per share less tax of 25% for the year ended 31 May 2010.

ANNUAL REPORT & GENERAL MEETINGS

3 November, 2010	Notice of the 16th Annual General Meeting, Extraordinary General Meeting and posting of the 2010 Annual Report to shareholders.
26 November, 2010	16th Annual General Meeting & Extraordinary General Meeting.

PENSONIC Holdings Berhad
(Company No. 300426-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Proxy Form

No. of Share Held	

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 G Hotel, Ballroom 1, 168A Persiaran Gurney, 10250 Penang, on Friday, 26 November, 2010 at 11.00a.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) Tan Sri Dato Seri' Tan King Tai @ Tan Khoon Hai	**(Resolution 4)**		
	(b) Dato' Dr. Ku Abd Rahman bin Ku Ismail	**(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)**		
	Renewal of authority to purchase its own shares	**(Resolution 8)**		

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

Date: ______________________ 2010

____
Signature / Seal

Notes:

1. This proxy form, duly signed or sealed, must be deposited at the Registered Office of the Company listed on the reverse side of the form not less than 48 hours before the meeting.
2. If you wish to appoint a proxy, please insert the full name of the proxy (in block letters) in the space provided. A proxy need not be a member of the Company.
3. If the appointer is a corporation, this form must be executed under its common seal of underhand of its duly authorized officer or attorney.

fold along this line

fold along this line

STAMP
HERE

TO

PENSONIC HOLDINGS BERHAD
(COMPANY NO. 300426-P)
87, MUTRI STREET
10200 PENANG.

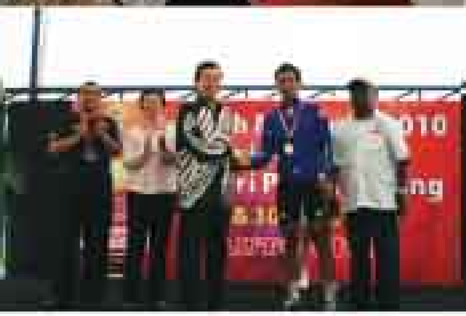
fold along this line

JELAJAH MALAYSIA 2010

Date: 29th~30th Apr 2010
Venue: Autocity, Penang





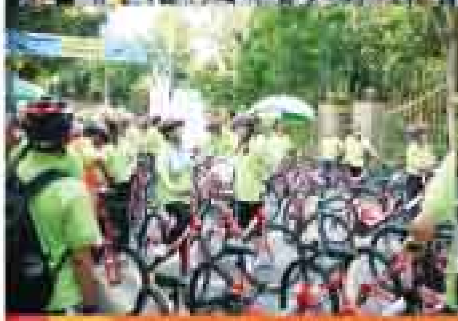



100 CELEBRITIES 10KM CYCLING 2010 IN CONJUNCTION WITH KWYP CENTENNIAL CELEBRATION

Date: 26th Sep 2010
Venue: Youth Park, Penang







Pensonic Sales & Service Centre

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Abidjan Trei'chville Avenue
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18 BP 1800 Abidjan 18
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PENANG

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Showroom
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Customer Care Centre
Tel.Fax (603) 7954 5221 / 7954 5706

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Jln Gedung, 93450 Kuching, SARAWAK

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info@pensonic.com